

Balmoral International Land Holdings plc

Annual Report 2022

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Balmoral International Land Holdings plc

Shareholder Information

Investor relations

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

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Balmoral International Land
Holdings plc
29 North Anne Street
Dublin 7
D07 PH36
Ireland*

*Telephone: (01) 887 2788
Email: nquigley@bilplc.com*

Registrar

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

*Computershare Investor Services (Ireland) Limited
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: WebCorres@computershare.co.uk*

Website

Further information on Balmoral is available at www.bilplc.com.

Amalgamation of financial statements

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

Electronic communications

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

Share trading

Trading in the group's shares, which are unlisted, is less efficient than before Brexit. In June 2021 the UK based Crest System ceased to hold regulatory permission to operate in the EU and this change has unfortunately resulted in changes to the system for share dealings so that it is no longer electronic. While stockbrokers are in a position to continue buying and selling Balmoral shares, the paper-based system is slower and more cumbersome.

Share Redemption Programme

In response to requests from shareholders to provide a low-cost disposal option for their shares, the directors are proposing a Share Redemption Programme for 2023 which, if approved at the EGM in June, will be available in July. Further details available on www.bilplc.com.

Balmoral International Land Holdings plc

Chairman's Statement

We are pleased to report a year of significant progress in 2022.

The Group agreed a new Debt Facility with Bank of Ireland which permitted the refinancing of the Group's general Corporate Facility. The Group also settled the litigation with the owner of that Facility and this resulted in a gain in the Group's net assets. This has placed the Group on a secure financial footing for the first time in very many years.

Balmoral subsequently sold two properties for €33m generating a satisfactory gain over book value. These achievements have resulted in the Group moving to a net positive cash position. Net asset value per share increased by 10% in 2022 in a weakening market.

This progress is timely as greater economic uncertainty and increasing interest rates have caused commercial property values to lose momentum and, in very many cases, have caused a reduction in their values. It seems likely that the Group's assets will be worth less at the end of 2023. Most property companies listed on the Stock Exchange trade at a substantial discount to book value, reflecting this expectation.

The departure of the UK from the EU and the loss of access to the UK Crest electronic settlement system has impacted the ability of shareholders to trade Balmoral shares. Following the resolution of our banking issues and in response to shareholders requests, we are pleased to propose to shareholders a new Share Redemption Programme. If approved at our forthcoming EGM, we plan to make purchases under this Programme in July. We will monitor its progress and uptake.

This Programme is entirely optional for shareholders but it may be of interest to many. There will be a target initial outlay of €2m which will provide liquidity for shareholders. In addition, many shareholders may be able to benefit from offsetting any tax losses arising. Balmoral will, in particular, bear the dealing costs which can be penal for smaller shareholdings.

We are delighted to welcome Tom Murphy to the Board. Tom, a Chartered Accountant, has served in various senior executive positions over a long and highly successful career.

Our first-class team of people does exceptional work every year in solving problems and creating opportunities. They are busy dealing with our existing portfolio of development and investment assets. We hope to add to this platform if we see very attractive opportunities. We spend a good deal of time and effort analysing new opportunities to increase shareholder value.

The refinancing and stabilisation of the business finally concluded in 2022. This is the result of many years of hard work and determination to find a good solution and we overcame many challenges. We are grateful to our people and our advisors for this achievement. We would like to thank our team for their exceptional work again in 2022.

Carl McCann

Chairman

22 May 2023

Balmoral International Land Holdings plc

Operating and Financial Review

Operating review

Developments during the year

Net asset value per share of 17.93 cent at 31 December 2022 was up from 16.33 cent at 31 December 2021.

Developments during the year included:

- Settlement of debt and litigation with Everyday Finance and refinancing with Bank of Ireland.
- At December 2022, the group had debt of €35.0 million (2021: €57.5 million) and net assets of €140.6 million (2021: €127.7 million).
- The group's net cash at 31 December 2022 amounted to €7.5 million (2021: net borrowings of €33.7 million).
- The group has a net cash to gross property asset ratio of 5.5% improved from a net debt to gross property asset ratio of 20.0% at 31 December 2021.
- Net receipt from sales of €32.6m from an industrial building and offices in Milton Keynes and an industrial building in Dublin.
- Reduction of €6.1m in the carrying value of equity accounted investee in Belgium.

Investment property

Total investment property assets at 31 December 2022 amounted to €137.2 million compared to €162.6 million at the start of the year. The movements in values, analysed geographically, were as follows:

	Ireland €'m	UK €'m	Total €'m
Value at 1 January 2021	105.1	57.5	162.6
Investments during year	0.4	0.3	0.7
Disposals in year	(9.1)	(24.4)	(33.5)
Fair value adjustments	(2.7)	12.4	9.7
Translation of sterling denominated properties	-	(2.3)	(2.3)
Value at 31 December 2022	93.7	43.5	137.2

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:

	Ireland	UK	Total
At 31 December 2022	€'m	€'m	€'m
Industrial/warehouse	71.2	24.1	95.3
Office	8.6	10.9	19.5
Mixed use land	13.9	8.5	22.4
Total	93.7	43.5	137.2
Percentage	68.3%	31.7%	100.0%

The group's property portfolio at 31 December 2022 by value comprised 70% industrial/warehouse, 14% office and 16% mixed use land. In Ireland, 76% was weighted to industrial/warehouse, 15% to mixed use land and 9% to office. In the UK, it is 20% mixed use land, 55% industrial/warehouse and 25% office.

Analysis of gross rental income and related income by geography

The group's gross rental and related income of €10.7 million in the year ended 31 December 2022 was derived 59% from Ireland and 41% from the UK.

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 a decrease of €3.1 million. The movement in the value of the group's UK property assets includes a decrease of €2.3 million arising from the strengthening of sterling against the euro during the year and a further €0.8 million decrease in net assets arising on the translation of cash and loans denominated in sterling and other movements.

Post balance sheet events

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

Future plans

The operating environment for the group's business has become more challenging as a result of increased interest rates. This reduces the amount of credit available for expansion and puts pressure on our tenants' businesses. It also makes development less attractive until rental rates adapt. Nonetheless 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 and to avail of opportunities to sell properties as they arise.

Balmoral International Land Holdings plc

Financial review

Finance

In March 2022, Balmoral International Land Limited concluded a settlement of legal proceedings with its principal lender, Everyday Finance DAC. At the date of settlement Balmoral International Land Limited owed €33.4 million and £20.2 million to Everyday Finance DAC. Balmoral made payments of €48 million inclusive of all costs in full and final settlement of the debt. The settlement was funded from cash and a new term loan facility agreement comprising €29.4 million and £12.4 million from Bank of Ireland. The facility, secured over certain assets of the group, is for 3 years with a minimum annual repayment obligation of €2 million plus interest. As a result of this settlement, on 23 March 2022 the legal proceedings with Everyday Finance DAC were struck out. See note 16 to the consolidated financial statements for further details.

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 €10.7 million (2021: €8.9 million). Property outgoings were €3.6 million (2021: €2.7 million), giving net rental income of €7.1 million (2021: €6.2 million). Net rental income is higher in 2022 than in 2021 due to the increase in income in Ireland as a result of new tenants offset by the loss of income in the UK due to the disposal of property in June.

Net property valuation movement

Total net property valuation gain for the year was €10.0 million (2021: 21.4 million) comprising a positive movement in the UK of €12.4 million (2021: €5.3 million) and a decrease of the EPA provision (see note 19 to the consolidated financial statements for further details) of €3.7 million (2021: an increase of €0.3 million) off-set by a negative fair value movement on properties in Ireland of €2.8 million (2021: a positive movement of €13.1 million), a foreign currency exchange loss on UK properties of €2.2 million (2021: gain of €3.4 million) and disposal costs of €0.9 million (2021: €0.1 million).

Administrative expenses

Total administrative expenses for the year were €8.6 million (2021: €4.2 million) comprising continuing administrative expenses of €3.7 million (2021: €4.0 million) with €4.9 million non-recurring expenses (2021: €0.2 million). The non-recurring expenses include an amount of €3.4 million related to the settlement of the legal proceedings with Everyday Finance, re-financing with Bank of Ireland and a reorganisation of the group's property and financial holding structures.

Share of result of equity accounted investees

The group holds a 50% interest in a Belgian property. In the year, there was a charge in the income statement of €6.1 million (2021: €0.3 million income) arising from a reduction in the valuation of the property. This is due to a significant increase in expected vacancies at the building, projected reductions in rental values and potential upgrading requirements to meet future environmental standards. The carrying value of the investment has been reduced to €Nil.

Balmoral International Land Holdings plc

Net finance income/(expense)

Net finance income was €10.8 million (2021: net finance expense of €1.1 million), comprising a net gain on the refinancing of €13.0 million and a net gain on translation of sterling loans and other foreign currency gain of €0.7 million (2021: a net loss of €1.7 million) off-set by a loss on translation of cash and cash equivalents and other monetary assets and liabilities of €1.5 million (2021: a gain of €0.6 million) and interest payable on borrowings of €1.3 million (2021: €Nil). See note 8 to the consolidated financial statements for further details.

Taxation

The net tax balance for the year was a charge of €0.5 million (2021: €0.6 million), comprising an income tax charge of €0.5 million (2021: €0.4 million) and a deferred tax charge of €Nil (2021: €0.2 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 €0.0164 (2021: €0.0273) and diluted result per share for the year was €0.0160 (2021: €0.0262).

Dividend

Consistent with the stated distribution policy of the company, no dividend has been declared for the year (2021: €Nil).

Total equity attributable to shareholders

Total equity attributable to shareholders at 31 December 2022 amounted to €140.6 million (2021: €127.7 million), resulting in a net asset value per share of €0.1793 (2021: €0.1633).

Borrowings

The group's net cash at 31 December 2022 amounted to €7.5 million (2021: net debt of €33.7 million). This figure comprised cash balances of €42.5 million (2021: €23.8 million) less gross borrowings of €35.0 million (2021: €57.5 million).

Conclusion

Notwithstanding the challenges in the group's general operating environment, the group plans to build its net asset value, to pursue progress with its development assets, to maximise rental income from its portfolio and to focus on acquisitions in Ireland and the UK.

22 May 2023

Balmoral International Land Holdings plc

Directors and Secretary

Carl McCann, BBS, MA, FCA, Chairman, is also chairman of Dole 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, 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, 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, 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, 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, is a member of the audit committee and continues to provide consultancy services to the group.

Andrew Kelliher, B.Comm, 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, 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.

Tom Murphy, Non-Executive

Tom Murphy is a chartered accountant with over 30 years of financial and commercial experience while based in the UK, the US and Ireland. He served as CFO of Fyffes Plc. for 14 years. Now retired, he is a non-executive director of several companies. He is chairperson of the Balmoral audit committee.

Niall Quigley, FCA, 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.

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Financial statements

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Balmoral International Land Holdings plc

Corporate profile

Directors	C. McCann (Chairman) R. Knox (Chief Executive) (British) C. Ghose P. Halpenny A. Kelliher D. McCourt T. Murphy (appointed 1 July 2022) T. Neasy
Company Secretary	N. Quigley
Registered Office	1 Stokes Place St. Stephen's Green Dublin 2 Ireland
Solicitors	Arthur Cox LLP Ten Earlsfort Terrace Dublin 2 Ireland
Auditor	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2 Ireland
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 2022.

Principal activities and business review

Balmoral International Land Holdings plc ("Balmoral") is an unquoted 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 2022 are set out in the consolidated income statement on page 30.

Dividend

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

Share Redemption Programme

In response to requests from shareholders to provide a low-cost disposal option for their shares, the directors are proposing a Share Redemption Programme for 2023 which, if approved at the EGM in June, will be available in July. Further details available on www.bilplc.com.

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

Balmoral International Land Holdings plc

Directors' report *(continued)*

Interests of directors and secretary

The directors and secretary who held office at 31 December 2022 have the following interests in the shares of the company or group companies.

	Nature of Interest	Ordinary shares held at 22 May 2023	Ordinary shares held at 31 December 2021
Directors			
C. McCann	Ordinary shares	69,556,777	69,556,777 ¹
R. Knox	Ordinary shares	6,015,988	3,879,236
C. Ghose	Ordinary shares	9,273,504	5,000,000
T. Neasy	Ordinary shares	3,439,068	3,439,068
P. Halpenny	Ordinary shares	2,513,318	2,521,318
A. Kelliher	Ordinary shares	80,000	80,000
D. McCourt	Ordinary shares	5,778,068	5,778,068
T. Murphy	Ordinary shares	66,959,127	- ²
Company Secretary			
N. Quigley	Ordinary shares	12,850	12,820

The directors and company secretary who held office at 31 December 2022 also had beneficial interests, in options over the company's ordinary shares. See Directors' Remuneration in the corporate governance statement on pages 23 to 25 for more information.

Substantial holdings

As of 22 May 2023, the company has been notified of the following significant interests and ownerships relating to the ordinary share capital of the company.

	Number of Ordinary Shares	Percentage
Huntroyde Ltd (i)	259,229,613	32.88%
C. McCann	69,556,777	8.82%
D. McCann	50,508,060	6.41%
Balkan Investment Unlimited Company & related parties (ii)	82,479,892	10.46%
T. Murphy	66,959,127	8.49%

- (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 5.74% 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.

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

² T. Murphy's shareholding at 1 July 2022, the date of his appointment as Director, was 66,959,127 ordinary shares.

Balmoral International Land Holdings plc

Directors' report *(continued)*

Share capital

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

Directors' interests in contracts

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

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 cash 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 cash/(debt) to gross property assets. The consolidated net cash/(debt) to gross property assets of the group at 31 December 2022 was net cash 5.5% (2021 net debt: (20.0%)).
- *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:

- *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.
 - Energy ratings of properties

Balmoral International Land Holdings plc

Directors' report *(continued)*

Principal risks and uncertainties *(continued)*

- *Property values (continued)*

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, by focusing on the markets where it has location and knowledge 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 proactive asset management approach to retaining these tenants, including early planning for potential voids.

- *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 those financial covenants and authorisation procedures. 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 implemented and regularly reviewed.

- *Interest rate*

The group is exposed to risks of increases in interest rates. The board has mitigated this risk by fixing the interest rate for a significant portion of debt.

- *Financing*

The group is exposed to the reduced number of banks offering finance to Irish companies which has consequences for financing acquisitions, financing projects and, ultimately, for refinancing the portfolio. The group mitigates this risk by maintaining and fostering relationships with a wide range of banks, by maintaining cash reserves and by holding properties attractive for bank financing.

- *Development*

The group's ability to realise its business strategy is dependent on management's ability to source occupiers and finance to enable it to exploit development opportunities in its portfolio. The board has mitigated these risks by the appointment of a suitably qualified management team, professional advisors and by conserving cash and continuing to negotiate appropriate financing arrangements to evaluate and fund its plans.

- *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.

- *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 denominated financing arrangements.

Balmoral International Land Holdings plc

Directors' report *(continued)*

Principal risks and uncertainties *(continued)*

- *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 the adoption of prudent monitoring and remediation strategies.
- *Sustainability*
As a result of the age and condition of its properties, the group is exposed to changing criteria for bank financing reflecting a new green agenda. The board mitigates the risk by investing in property improvements to improve the sustainability credentials of its portfolio.
- *Taxation and political risks*
The group owns properties in a number of jurisdictions and is exposed to changes in local tax legislation rules and in particular the group holds a portfolio of Irish development land. There are a number of government proposals in circulation which could have the effect of applying high levels of taxation to gains arising from rezoning and planning. The board mitigates the risk through the engagement of expert tax advice and prudent planning.

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, post balance sheet events and contingent liabilities.

The directors have concluded that there is a reasonable expectation that the group and the company have adequate resources to continue in operational existence for the foreseeable future. As a result the financial statements are prepared on the going concern basis.

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.

Political contributions

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

Post balance sheet events

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

Balmoral International Land Holdings plc

Directors' report *(continued)*

Relevant audit information

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

Directors' compliance statement

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

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

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

Auditor

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

Subsidiaries and equity accounted investees

Information on the group's significant subsidiaries and equity accounted investees is set out in note 29 to the consolidated financial statements.

Notices of Annual General Meeting and Extraordinary General Meeting

Notices of the AGM and EGM of the company, to be held on 28 June 2023, will be sent to shareholders under separate cover and are available on the website www.bilplc.com.

On behalf of the board

Carl McCann
Chairman

Catherine Ghose
Finance Director

22 May 2023

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 2022, the board comprised four executive directors and four non-executive directors. Biographical details of the directors are set out on page 8.

The board considers that between them, the directors bring the range of skills, knowledge and experience necessary to lead the 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 2022 was as follows:

Number of meetings	Board	Audit	Remuneration
	6	2	3
C. McCann	6	n/a	n/a
R. Knox	6	n/a	n/a
C. Ghose	6	2*	n/a
T. Neasy	6	n/a	n/a
P. Halpenny	5	2	n/a
A. Kelliher	5	2	3
D. McCourt	4	n/a	3
T. Murphy**	2	1	n/a

* *In attendance only*

** T. Murphy was appointed to the board on 1 July 2022.

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 2022, 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 2022, the audit committee comprised of three non-executive directors, A. Kelliher, P. Halpenny and T. Murphy (appointed July 2022), all of whom are considered independent by the board.

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 on the committee at the time.

In November 2022, T. Murphy was appointed chairman of the audit committee. The board believes that T. Murphy has the requisite recent relevant financial experience to chair the audit committee. It is also satisfied that P. Halpenny and A. Kelliher are sufficiently knowledgeable in relevant financial matters to enable them to fulfil their 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 by the board.

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 once 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 in 2015 were for 22,435,896 shares at an exercise price of €0.0234 per share, with an expiry date of 28 October 2022. In October 2022, this option date was extended to 28 October 2025.

During 2022, payments in total of €351,000 were made to a director and management in lieu of options over 9,615,354 ordinary shares granted in 2015 at €0.0234. These payments were calculated on the basis of €0.0600 a share.

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 (see note 15 for options exercised to date). As at 31 December 2022, options over 6,410,256 shares remain under this award.

Balmoral International Land Holdings plc

Corporate governance statement *(continued)*

Remuneration committee *(continued)*

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 €0.0600 per share, with an expiry date of 16 December 2026.

The share options granted vested on 16 December 2022.

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.

Balmoral International Land Holdings plc

Corporate governance statement *(continued)*

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 26. 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

2022	Salary and fees €'000	Other benefits and payments €'000	Payment in lieu of share options €'000	Restructuring (non-recurring) €'000	Total €'000
<i>Executive directors</i>					
C. McCann	205	-	-	200	405
R. Knox	582	4	-	114	700
C. Ghose	-	245	-	447	692
T. Neasy	278	-	117	-	395
	1,065	249	117	761	2,192
<i>Non-executive directors</i>					
P. Halpenny	-	55	-	50	105
A. Kelliher	45	-	-	50	95
D. McCourt	45	-	-	50	95
T. Murphy	25	-	-	-	25
	115	55	-	150	320
Share-based payment charge					22
Total directors' remuneration					2,534
2021	Salary and fees €'000	Other benefits and payments €'000	Payment in lieu of share options €'000	Restructuring (non-recurring) €'000	Total €'000
<i>Executive directors</i>					
C. McCann	189	-	-	-	189
R. Knox	612	3	-	-	615
C. Ghose	-	328	-	-	328
T. Neasy	274	-	-	-	274
	1,075	331	-	-	1,406
<i>Non-executive directors</i>					
P. Halpenny	-	63	-	-	63
A. Kelliher	40	-	-	-	40
D. McCourt	40	-	-	-	40
	80	63	-	-	143
Share-based payment charge					45
Total directors' remuneration					1,594

Balmoral International Land Holdings plc

Corporate governance statement *(continued)*

Directors' remuneration *(continued)*

In 2022, non-recurring remuneration was paid on conclusion of the multi-year project to stabilise the group's finances. It involved refinancing of the portfolio, the acquisition of the group's debt at a discount and the resolution of the group's banking litigation.

C. McCann, chairman of Balmoral, was also chairman of Dole plc throughout 2021 and 2022. In 2022 his remuneration was €405,000 (2021: €189,000).

R. Knox is UK based and his salary and other benefits are agreed and paid in sterling and were €700,000 in 2022 (2021: €615,000).

C. Ghose was finance director of Balmoral and was also managing director of Charles McCann Investments Limited throughout 2021 and 2022. In accordance with an agreement between the parties, another company in the Charles McCann Investments Limited Group, Balkan Investment Unlimited Company, charges an agreed portion of C. Ghose's employment costs to Balmoral. In 2022, this amounted to €692,000 (2021: €328,000). In 2022, €111,000 was also paid in respect of services for prior years which had not been charged.

T. Neasy's remuneration in 2022 was €395,000 (2021: €274,000), including an amount of €117,000 (2021: €Nil) in lieu of share options.

P. Halpenny is a member of the board and, in addition, provides consultancy services to the company. Fees paid to him under this arrangement amounted to €105,000 in 2022 (2021: €63,000).

T. Murphy was appointed to the board on 1 July 2022.

The directors and company secretary who held office at 31 December 2022 had the following beneficial interests in options over the company's ordinary shares:

	Options held at 31 December 2021 €	Granted during the year €	Exercised /waived during the year €	Options held at 31 December 2022 €	Exercise Price €	Date first exercisable Date	Expiry date Date
Directors							
C. McCann	150,000	-	-	150,000	0.0600	16/12/22	16/12/26
R. Knox	100,000	-	(50,000)	50,000	0.0234	01/05/19	28/10/25*
	165,000	-	-	165,000	0.0600	16/12/22	16/12/26
C. Ghose	100,000	-	-	100,000	0.0234	01/05/19	28/10/25*
	135,000	-	-	135,000	0.0600	16/12/22	16/12/26
T. Neasy	75,000	-	(75,000)	-	0.0234	01/05/19	(see Note 1)
	120,000	-	-		0.0600	16/12/22	16/12/26
Company Secretary							
N. Quigley	50,000	-	(50,000)	-	0.0234	01/05/19	(see Note 1)
	100,000	-	-	100,000	0.0600	16/12/22	16/12/26

*expiry date extended from 28 October 2022 to 28 October 2025 in October 2022.

Note 1: During 2022 payments totalling €195,000 were made to T. Neasy and N. Quigley in lieu of the options reflecting a share price of €0.0600 per share.

Balmoral International Land Holdings plc

Corporate governance statement *(continued)*

Directors' remuneration *(continued)*

In February 2023, C. Ghose exercised options over €100,000 at €0.0234 per share.

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.

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

22 May 2023

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 financial statements of Balmoral International Land Holdings plc ('the Company') and its consolidated undertakings ('the Group') for the year ended 31 December 2022 set out on pages 30 to 90, 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 financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 December 2022 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 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 *(continued)*

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 undertaken during the course of the audit, we report that:

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

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 (continued)

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 26, 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 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 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 (Ireland) 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 <http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/Description-of-the-auditor-s-responsibilities-for>.

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.

22 May 2023

Keith Watt
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 2022

		2022 €'000	2021 €'000
Continuing operations	<i>Notes</i>		
Gross rental and related income	3	10,728	8,883
Property outgoings	4	(3,618)	(2,717)
Net rental and related income		7,110	6,166
Net property valuation movement	5	10,014	21,386
Net property and related income		17,124	27,552
Administrative expenses	6	(8,581)	(4,210)
Result from operating activities	7	8,543	23,342
Share of result of equity accounted investees	12	(6,084)	(247)
Profit on disposal of subsidiary		-	3
Finance income	8	13,707	545
Finance expense	8	(2,870)	(1,692)
Net finance income/(expense)		10,837	(1,147)
Result before tax		13,296	21,951
Income tax expense			
- current	9	(434)	(377)
- deferred	9	(28)	(270)
Net income tax expense		(462)	(647)
Result for the year		12,834	21,304
Attributable to:			
Equity shareholders of the company		12,840	21,325
Non-controlling interest		(6)	(21)
Result for the year		12,834	21,304
Basic result per share (euro cent)	21	1.64	2.73
Diluted result per share (euro cent)	21	1.60	2.62

Balmoral International Land Holdings plc

Consolidated statement of comprehensive income

for the year ended 31 December 2022

	2022 €'000	2021 €'000
Result for the year	12,834	21,304
Other comprehensive income		
<i>Items that will or may be reclassified to profit or loss:</i>		
Foreign currency translation (loss)/gain on equity accounted investees	-	-
Total comprehensive income for the year	12,834	21,304
Attributable to:		
Shareholders of the company	12,840	21,325
Non-controlling interest	(6)	(21)
Total comprehensive income for the year	12,834	21,304

Balmoral International Land Holdings plc

Consolidated statement of changes in equity

for the year ended 31 December 2022

	31 December 2022							
	Attributable to equity holders of the parent							
	Share capital €'000	Share premium €'000	Retained earnings €'000	Share-based payment reserve €'000	Reorganisation reserve €'000	Total €'000	Non-controlling interest €'000	Total equity €'000
Balance at 31 December 2021	41	7,875	(87,382)	295	206,879	127,708	499	128,207
Total comprehensive income	-	-	12,840	-	-	12,840	(6)	12,834
Share-based payment charge	-	50	17	(28)	-	39	-	39
Balance at 31 December 2022	41	7,925	(74,525)	267	206,879	140,587	493	141,080

	31 December 2021							
	Attributable to equity holders of the parent							
	Share capital €'000	Share premium €'000	Retained earnings €'000	Share-based payment reserve €'000	Reorganisation reserve €'000	Total €'000	Non-controlling interest €'000	Total equity €'000
Balance at 31 December 2020	41	7,875	(108,707)	230	206,879	106,318	520	106,838
Total comprehensive income	-	-	21,325	-	-	21,325	(21)	21,304
Share-based payment charge	-	-	-	65	-	65	-	65
Balance at 31 December 2021	41	7,875	(87,382)	295	206,879	127,708	499	128,207

Balmoral International Land Holdings plc

Consolidated balance sheet

As at 31 December 2022

	Notes	2022 €'000	2021 €'000
Assets			
Non-current assets			
Investment property	10	137,168	162,555
Property, plant and equipment	11	23	38
Investments in equity accounted investees	12	98	6,176
Deferred tax assets	20	990	70
Total non-current assets		138,279	168,839
Current assets			
Trade and other receivables	13	1,807	3,132
Cash and cash equivalents	14	42,503	23,789
Total current assets		44,310	26,921
Total assets		182,589	195,760
Equity			
Issued share capital	15	41	41
Share premium	15	7,925	7,875
Other reserves	15	132,621	119,792
Total equity attributable to equity shareholders of the company		140,587	127,708
Non-controlling interest		493	499
Total equity		141,080	128,207
Liabilities			
Non-current liabilities			
Loans and borrowings	16	33,001	55,497
Provisions	19	150	3,800
Deferred tax liabilities	20	1,430	482
Total non-current liabilities		34,581	59,779
Current liabilities			
Trade and other payables	18	4,928	5,810
Loans and borrowings	16	2,000	1,964
Total current liabilities		6,928	7,774
Total liabilities		41,509	67,553
Total liabilities and equity		182,589	195,760
Net asset value per share (euro cent):	22	17.93	16.33

On behalf of the board

Carl McCann
Chairman

Catherine Ghose
Finance Director

22 May 2023

Balmoral International Land Holdings plc

Consolidated statement of cash flows

for the year ended 31 December 2022

	Notes	2022 €'000	2021 €'000
Result after tax		12,834	21,304
<i>Adjustments for:</i>			
Net property valuation movement	5	(10,014)	(21,386)
Settlement of bank debt	8	(13,000)	-
Finance income	8	(27)	-
Finance expense	8	1,333	23
Exchange difference on non-property monetary net assets	8	857	1,124
Depreciation	11	17	13
Share-based payment charge	17	(11)	65
Share of result of equity accounted investees	12	6,084	247
Profit on disposal of subsidiary		-	(3)
Net income tax expense	9	462	647
Operating result before changes in working capital		(1,465)	2,034
(Decrease) in trade and other payables		(558)	(770)
Decrease in trade and other receivables		812	281
Cash generated from operations		(1,211)	1,545
Interest paid		(1,296)	(17)
Income tax paid		(551)	(264)
Net cash inflow from operating activities		(3,058)	1,264
Cash flows from investing activities			
Interest received		27	-
Additions to investment property		(806)	(1,063)
Net cash outflow from equity accounted investees		(6)	(8)
Proceeds from disposal of investment property		32,555	3,827
Net cash inflow from investing activities		31,770	2,756
Cash flows from financing activities			
Repayment of borrowings		(8,801)	(6,486)
Share issue		50	-
Net cash outflow from financing activities		(8,751)	(6,486)
Net increase/(decrease) in cash and cash equivalents		19,961	(2,466)
Cash and cash equivalents at beginning of year		23,789	25,737
Foreign exchange loss/gain on cash and cash equivalents		(1,247)	518
Cash and cash equivalents at end of year	14	42,503	23,789

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 2022 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 22 May 2023.

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 2022.

(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 2022

Below is a list of standards and interpretations that were required to be applied in the year ended 31 December 2022, effective 1 January 2022. There was no material impact on the financial statements in the current year.

- *COVID-19-Related Rent Concessions beyond 30 June 2021* (Amendment to IFRS 16)
- *Onerous Contracts – Cost of Fulfilling a Contract* (Amendments to IAS 37)
- *Annual Improvements to IFRS Standards 2018 - 2020*
- *Property, Plant and Equipment: Proceeds before Intended Use* (Amendments to IAS 16)
- *Reference to the Conceptual Framework* (Amendments to IFRS 3)

The adoption of other new standards, interpretations and amendments that become effective for the year ended 31 December 2022 did not have any significant impact on the consolidated financial statements.

New accounting standards and interpretations not adopted

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the group has not early adopted the new or amended standards in preparing these 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)*

New accounting standards and interpretations not adopted (continued)

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 does not believe they will have a material impact on the financial statements.

- IFRS 17: *Insurance Contracts*
- *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.
- *Interest Rate Benchmark Reform – Phase 2* (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

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 29 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, post balance sheet events and contingent liabilities.

The directors have concluded that there is a reasonable expectation that the group and the company have adequate resources to continue in operational existence for the foreseeable future. As a result, the financial statements are prepared on the going concern basis.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

1 Statement of accounting policies *(continued)*

(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 2022.

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.

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.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

1 Statement of accounting policies *(continued)*

(b) Basis of consolidation *(continued)*

Business combinations

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

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

(c) Foreign currency

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

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

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

Net investment in foreign operations

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

(d) Investment property

Investment properties are 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.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

1 Statement of accounting policies *(continued)*

(d) Investment property *(continued)*

External independent valuers, having appropriate professional qualifications and recent experience in the locations and categories of property being valued, valued the portfolio at the 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.

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

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.

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.

Group as a lessee

The group is a lessee under a number of long leasehold arrangements that have previously been accounted for as investment properties 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.

The group 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.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

1 Statement of accounting policies *(continued)*

(f) Property, plant and equipment

(i) *Owned assets*

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

(ii) *Depreciation*

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

5 years	Fixtures and fittings
3 years	Computer equipment

The residual value of plant and equipment is reassessed annually.

(g) Intangible assets and goodwill

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

(h) Trade and other receivables

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

(i) Cash and cash equivalents

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

(j) Derivative financial instruments and financial guarantees

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

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

1 Statement of accounting policies *(continued)*

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

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

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

(k) Interest-bearing borrowings

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

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

(l) Employee benefits

Defined contribution retirement benefit plans

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

Share-based payments

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

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.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

1 Statement of accounting policies *(continued)*

(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.

(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.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

1 Statement of accounting policies *(continued)*

(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.

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.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

1 Statement of accounting policies *(continued)*

(s) Fair value measurement *(continued)*

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.

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.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

2 Operating segments

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

(a) Geographical segments

Income statement	Ireland	UK	Continental Europe	Consolidated
<i>for the year ended 31 December 2022</i>	€'000	€'000	€'000	€'000
Gross rental income	5,579	2,073	-	7,652
Service charge income	789	2,287	-	3,076
Property operating expenses	(1,422)	(2,196)	-	(3,618)
Net rental and related income	4,946	2,164	-	7,110
Valuation movement on investment properties	620	9,394	-	10,014
Operating result	5,566	11,558	-	17,124
Share of result of equity accounted investees	(6)	-	(6,078)	(6,084)
Profit on disposal of subsidiary	-	-	-	-
Operating result before corporate expenses, finance expenses & income tax	5,560	11,558	(6,078)	11,040

Reconciliation to result for the year

Administrative expenses	(8,581)
Net finance income	10,837
Net income tax expense	(462)
Result for year	12,834

Balmoral International Land Holdings plc

Notes to the consolidated financial statements (continued)

2 Operating segments (continued)

(a) Geographical segments (continued)

Income statement	Ireland	UK	Continental Europe	Consolidated
<i>for the year ended 31 December 2021</i>	€'000	€'000	€'000	€'000
Gross rental income	4,928	2,542	-	7,470
Service charge income	435	978	-	1,413
Property operating expenses	(1,036)	(1,681)	-	(2,717)
Net rental and related income	4,327	1,839	-	6,166
Valuation movement on investment properties	12,711	8,675	-	21,386
Operating result	17,038	10,514	-	27,552
Share of result of equity accounted investees	(8)	-	(239)	(247)
Profit on disposal of subsidiary	-	-	3	3
Operating result before corporate expenses, finance expenses & income tax	17,030	10,514	(236)	27,308

Reconciliation to result for the year

Administrative expenses	(4,210)
Net finance income	(1,147)
Net income tax expense	(647)
Result for year	21,304

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, including non-recurring expenditure for professional fees relating to litigation and financing. The group has four significant tenants from which it derived a total of 68% of its gross rental income in the current year (2021: 56%), each comprising over 10% of gross rental income.

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 2022

Segment assets	Ireland	UK	Continental Europe	Consolidated
	€'000	€'000	€'000	€'000
Investment property	93,625	43,543	-	137,168
Investment in equity accounted investees	98	-	-	98
Trade and other receivables	1,307	495	5	1,807
	<u>95,030</u>	<u>44,038</u>	<u>5</u>	<u>139,073</u>

Reconciliation to total assets as reported in the group balance sheet

Deferred tax asset	990
Property, plant and equipment	23
Cash and cash equivalents	<u>42,503</u>
Total assets	<u>182,589</u>

Segment liabilities	Ireland	UK	Continental Europe	Consolidated
	€'000	€'000	€'000	€'000
Loans and borrowings	21,011	13,981	9	35,001
Provisions	150	-	-	150
Trade and other payables	2,761	1,231	936	4,928
	<u>23,922</u>	<u>15,212</u>	<u>945</u>	<u>40,079</u>

Reconciliation to total liabilities as reported in the group balance sheet

Deferred tax liabilities	<u>1,430</u>
Total liabilities	<u>41,509</u>

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 2021

Segment assets	Ireland €'000	UK €'000	Continental Europe €'000	Consolidated €'000
Investment property	105,050	57,505	-	162,555
Investment in equity accounted investees	98	-	6,078	6,176
Trade and other receivables	1,121	1,006	1,005	3,132
	<u>106,269</u>	<u>58,511</u>	<u>7,083</u>	<u>171,863</u>

Reconciliation to total assets as reported in the group balance sheet

Deferred tax asset	70
Property, plant and equipment	38
Cash and cash equivalents	<u>23,789</u>
Total assets	<u>195,760</u>

Segment liabilities	Ireland €'000	UK €'000	Continental Europe €'000	Consolidated €'000
Loans and borrowings	33,381	24,071	9	57,461
Provisions	3,800	-	-	3,800
Trade and other payables	2,970	1,557	1,283	5,810
	<u>40,151</u>	<u>25,628</u>	<u>1,292</u>	<u>67,071</u>

Reconciliation to total liabilities as reported in the group balance sheet

Deferred tax liabilities	482
Total liabilities	<u>67,553</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:

2022	Ireland €'000	UK €'000	Total €'000
Industrial/warehouse	71,215	24,111	95,326
Office	8,550	10,909	19,459
Mixed use land	13,860	8,523	22,383
Total	93,625	43,543	137,168

2021	Ireland €'000	UK €'000	Total €'000
Industrial/warehouse	81,690	29,394	111,084
Office	9,000	16,276	25,276
Mixed use land	14,360	11,835	26,195
Total	105,050	57,505	162,555

Balmoral International Land Holdings plc

Notes to the consolidated financial statements (continued)

3 Gross rental income

	2022 €'000	2021 €'000
Gross lease payments collected/accrued	7,652	7,470
Service charge income	3,076	1,413
	<u>10,728</u>	<u>8,883</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 2022</i>			
Service charge income	874	2,202	3,076
Property operating expense	(668)	(2,950)	(3,618)
	<u>206</u>	<u>(748)</u>	<u>(542)</u>
<i>Year ended 31 December 2021</i>			
Service charge income	-	1,413	1,413
Property operating expense	(339)	(2,378)	(2,717)
	<u>(339)</u>	<u>(965)</u>	<u>(1,304)</u>

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

Property operating expense

	2022 €'000	2021 €'000
Property taxes, fees, rates and ground rent	646	689
Utilities and waste management	1,680	955
Management, security and insurance	1,128	965
Property maintenance and repairs	164	108
Total property operating expense	<u>3,618</u>	<u>2,717</u>

5 Net property valuation movement

	2022 €'000	2021 €'000
Net property valuation movement	<u>10,014</u>	<u>21,386</u>

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

5 Net property valuation movement *(continued)*

	2022 €'000	2021 €'000
Fair value movement on properties – Ireland	(2,819)	13,052
Fair value movement on properties - UK	12,376	5,346
Adjustment to EPA provision – see note 19	3,650	(342)
Foreign currency exchange movement on UK properties	(2,263)	3,399
Disposal costs	(930)	(69)
Net property valuation movement in year	10,014	21,386

6 Administration expenses

	2022 €'000	2021 €'000
<i>Continuing</i>		
Remuneration and related expenditure (a)	1,814	2,612
Non-executive directors' fees	219	80
Property related professional fees	10	93
Other professional fees	394	750
Office, travel and administration	253	213
Corporate expenses	569	249
	3,259	3,997
<i>Non-recurring</i>		
Remuneration and related expenditure (a)	1,337	-
Other professional fees	3,985	213
	5,322	213
Total administration expenses	8,581	4,210

(a) Staff numbers and costs

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

	2022	2021
Corporate management and administration	12	12

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

6 Administration expenses

(a) Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons for the years ended 31 December 2022 and 31 December 2021 were as follows:

	2022 €'000	2021 €'000
<i>Continuing</i>		
Wages and salaries	1,390	2,271
Share-based payment charge	(11)	65
Contributions to retirement benefit plans	198	95
Social security contributions	237	181
	1,814	2,612
<i>Non-recurring</i>		
Restructuring bonuses	986	-
Payment in lieu of share options	351	-
	1,337	-
	3,151	2,612

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

7 Statutory and other information

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

	2022 €'000	2021 €'000
Depreciation on property, plant and equipment	17	13
Auditor's remuneration:		
- Audit of company and group financial statements	70	65
- Audit of subsidiary financial statements	50	45
- Tax advisory	1,213	406
- Other non-audit services	89	69
Operating leases - office buildings	78	120
Operating leases - ground rents	32	31
Executive and non-executive directors' remuneration:		
- fees	320	80
- other remuneration – continuing	1,314	1,469
- share-based payment charge	22	45
- payments in lieu of share options	117	45
- restructuring bonuses	761	45

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

8 Net finance income/(expense)

	2022 €'000	2021 €'000
Interest receivable	27	-
Foreign currency translation gain on borrowings	668	-
Foreign currency gain on cash and cash equivalent	-	518
Other foreign currency gain	12	27
Settlement of bank debt	13,000	-
Finance income	<u>13,707</u>	<u>545</u>
Foreign currency loss on cash and cash equivalents	(1,247)	-
Foreign currency loss on other monetary assets and liabilities	(290)	(96)
Foreign currency translation loss on borrowings	-	(1,573)
Interest payable on borrowings	(1,296)	-
Other finance expense	(37)	(23)
Finance expense	<u>(2,870)</u>	<u>(1,692)</u>
Net finance income/(expense)	<u>10,837</u>	<u>(1,147)</u>

Balmoral International Land Holdings plc

Notes to the consolidated financial statements (continued)

9 Net income tax expense

	2022 €'000	2021 €'000
<i>Current tax expense</i>		
Corporation tax on result for the year:		
<i>Current year</i>		
- Ireland	-	223
- Overseas	403	154
<i>Adjustment in respect of prior year</i>		
- Ireland	31	-
Total current tax expense	434	377
<i>Deferred tax charge/(credit)</i>		
Origination and reversal of temporary differences	157	256
Adjustment in respect of prior years	(129)	14
Total deferred tax charge/(credit)	28	270
Net income tax expense	462	647
Reconciliation of effective tax rate	2022 €'000	2021 €'000
Result before tax	13,296	21,951
Less: share of result of equity accounted investees	6,084	247
	19,380	22,198
Income tax using domestic corporation tax rate (25%)	4,845	5,549
Difference between expenses and deductions for taxation purposes and amounts charged in the financial statements	(3,374)	419
Unrecognised deferred tax assets	(360)	(5,153)
Difference in tax rates	(562)	1,026
Other items	42	(1,208)
Adjustment in respect of prior year	(129)	14
	462	647

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

10 Investment property

	2022 €'000	2021 €'000
Non-current assets		
Investment properties	137,168	162,555
	137,168	162,555
Non-current assets	2022 €'000	2021 €'000
Balance at beginning of the year	162,555	139,717
Additions in the year	806	1,041
Disposal in the year *	(33,487)	-
Fair value movement	9,557	18,398
Foreign currency movement	(2,263)	3,399
Balance at end of the year	137,168	162,555

* During the year, the group sold investment property in the UK and Ireland.

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. After considering the total valuations of €137,168,000 by external appraisers of the UK and Ireland investment properties at 31 December 2022, the directors are of the view that these should be the values used in the financial statements and no adjustment is required to these figures.

Summary of measurement of fair value of investment property

	2022 €'000	2021 €'000
External independent professional property appraisers	<u>137,168</u>	<u>162,555</u>

The fair value measurement for investment property of €137,168,000 (2021: €162,555,000) 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

	2022 €'000	2021 €'000
Comparable market transactions - Land held for sale or development	24,092	26,195
Comparable market transactions - Properties held for letting	<u>113,076</u>	<u>136,360</u>
	<u>137,168</u>	<u>162,555</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 - Linsey; UK - Lambert Smith Hampton and Jones Lang LaSalle and in 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 key unobservable inputs and fair value measurement
<i>Comparable market transactions - Land held for sale or development</i>		
The value is based on comparable market transactions after discussions with external property appraisers.	<p>Ireland</p> <ul style="list-style-type: none"> Comparable market prices of €16,000 - €375,000 per acre (2021: €16,000 - €396,000 per acre) (weighted average €48,000 per acre (2021: €50,000 per acre)) <p>UK</p> <ul style="list-style-type: none"> Comparable market prices of £7,000 - £541,000 per acre (2021: £7,000 - £513,000 per acre) (weighted average £22,000 per acre (2021: £24,000 per acre)) 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> Comparable market values were higher/(lower)
<i>Comparable market transactions - Properties held for letting</i>		
This valuation model considers the estimated total net market rental value per square metre of the property and a capitalisation.	<p>Ireland</p> <ul style="list-style-type: none"> Net market rental income of €2.36 - €33.71 per sq. ft. per annum (2021: €2.36 - €33.71 per sq. ft. per annum) (weighted average of €5.27 per sq. ft. (2021: €5.18 per sq. ft.)) Capitalisation yields of 1.97% - 11.33% (2021: 1.72% - 10.72%) (Weighted average 7.04% (2021: 6.45%)) <p>UK</p> <ul style="list-style-type: none"> Net market rental income of £4.87- £13.75 per sq. ft. per annum (2021 £4.22 - £13.75 per sq. ft. per annum) (weighted average of £6.56 per sq. ft. (2021: £6.26 per sq. ft.)) Capitalisation yields of 7.75% - 12.60% (2021: 7.64% - 11.11%) (Weighted average 9.28 % (2021: 8.14%)) 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> Expected market rental income was higher/(lower) Capitalisation yields were (higher)/lower

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

11 Property, plant and equipment

Year ended 31 December 2022

	Computer equipment €'000	Fixtures & fittings €'000	Total €'000
Cost			
At beginning of year	109	142	251
Additions in year	2	-	2
Cost at end of year	111	142	253
Depreciation			
At beginning of year	74	139	213
Charge for year	17	-	17
At end of year	91	139	230
Net book value			
At 31 December 2022	20	3	23

Year ended 31 December 2021

	Computer equipment €'000	Fixtures & fittings €'000	Total €'000
Cost			
At beginning of year	66	142	208
Additions in year	43	-	43
Cost at end of year	109	142	251
Depreciation			
At beginning of year	61	139	200
Charge for year	13	-	13
At end of year	74	139	213
Net book value			
At 31 December 2021	35	3	38

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

12 Investments in equity accounted investees

At 31 December 2022	Equity €'000	Loans €'000	Total €'000
Balance at the beginning of the year	-	6,176	6,176
Investment in year	-	6	6
Share of result after taxation	-	(6,084)	(6,084)
At end of year	-	98	98

Comprised of:

Investments in joint ventures	-	98	98
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At 31 December 2021	Equity €'000	Loans €'000	Total €'000
Balance at the beginning of the year	-	6,415	6,415
Investment in year	-	8	8
Share of result after taxation	-	(247)	(247)
At end of year	-	6,176	6,176

Comprised of:

Investments in joint ventures	-	6,176	6,176
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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 groups interest in the 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 2022

	Operating result before movement on investment properties	Movement on investment properties and other movements	Result for year
	€'000	€'000	€'000
Ireland	-	(6)	(6)
Continental Europe	-	(6,078)	(6,078)
Total	-	(6,084)	(6,084)

Income statement for the year ended 31 December 2021

	Operating result before movement on investment properties	Movement on investment properties and other movements	Result for year
	€'000	€'000	€'000
Ireland	-	(8)	(8)
Continental Europe	504	(743)	(239)
Total	504	(751)	(247)

The group's share of the trading results of our material equity accounted investee amounted to €Nil (2021: €504,000) and the group's share of the results after investment property valuation movements was a loss of €6,084,000 (2021: loss of €247,000).

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 2022

	Investment & development properties at valuation €'000	Cash and other assets €'000	Borrowings €'000	Other liabilities €'000	Adjustment €'000	Total net assets €'000
Ireland	-	98	-	-	-	98
*Continental Europe	9,440	847	(8,300)	(429)	(1,558)	-
Total	9,440	945	(8,300)	(429)	(1,558)	98

*The group holds a 50% interest in a Belgian property. Due to a reduction in the valuation of the property arising from expected vacancies at the building, projected reductions in rental values and potential upgrading requirements to meet future environmental standards, the value of the investment has been reduced to €Nil.

Share of equity accounted investees' assets and liabilities as at 31 December 2021

	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	14,555	782	(8,900)	(359)	6,078
Total	14,555	880	(8,900)	(359)	6,176

Details of the group's significant investments in equity accounted investees are included in note 30 to the consolidated financial statements.

Risks associated with the valuation of investment properties held within these investments are outlined in note 11 to the consolidated financial statements.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

13 Trade and other receivables

	2022 €'000	2021 €'000
Trade and other receivables	543	2,213
Prepayments	1,264	919
	1,807	3,132

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

	2022 €'000	2021 €'000
Bank current balances	32,080	23,789
Bank deposit balances	10,423	-
Cash and cash equivalents in the statement of cash flows	42,503	23,789

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

	2022 €'000	2021 €'000
90,000,000,000 ordinary shares of €0.00001 each	900	900
5,000,000,000 non-voting redeemable deferred shares of €0.00001 each	50	50
5,000,000 non-voting deferred shares of €0.01 each	50	50
At 31 December	1,000	1,000

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

Balmoral International Land Holdings plc

Notes to the consolidated financial statements (continued)

15 Capital and reserves (continued)

Issued share capital

	2022 '000	2022 €'000	2021 '000	2021 €'000
<i>Non-voting deferred shares of €0.01 each</i>				
In issue at beginning and end of year	3,317	33	3,317	33
<i>Ordinary shares of €0.00001 each</i>				
In issue at beginning of year	781,960	8	781,960	8
Shares issued on exercise of share options	2,137	-	-	-
In issue at end of year*	784,097	8	781,960	8
Total issued share capital (€'000)		41		41

*There were 784,096,800 ordinary shares of €0.00001 each in issue at 31 December 2022.

Share premium

	2022 €'000	2021 €'000
Balance at beginning of year	7,875	7,875
Share issue	50	-
Balance at end of year	7,925	7,875

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

	2022 €'000	2021 €'000
Retained earnings	(74,525)	(87,382)
Share-based payment reserve	267	295
Reorganisation reserve	206,879	206,879
	132,621	119,792

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 credited €11,000 (2021: €65,000) 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.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

15 Capital and reserves *(continued)*

Reorganisation reserve

The reorganisation reserve relates to a reorganisation in 2011.

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 finance providers 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 cash 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 loans and borrowings. For more information about the group's exposure to interest rates and foreign currency risk, see note 24.

	2022 €'000	2021 €'000
Non-current liabilities		
Secured bank loans	32,992	55,488
Other payables	9	9
	33,001	55,497
Current liabilities		
Secured bank loans	2,000	1,964
	2,000	1,964

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

	2022 €'000	2021 €'000
Repayable by instalments:		
Repayable within 1 year	2,000	-
Repayable within 2 years	2,000	-
Repayable within 2 -5 years	30,992	-
Repayable other than by instalments:		
Repayable within 1 year	-	1,964
Repayable within 2 years	-	690
Repayable within 2 -5 years	-	2,740
Repayable after 5 years	-	52,058
Total	34,992	57,452

The maximum amount due per the bank agreements is €34,992,000 (2021: €57,452,000).

In March 2022, Balmoral International Land Limited concluded a settlement of legal proceedings with its principal lender, Everyday Finance DAC. At the date of settlement Balmoral International Land Limited owed €33.4 million and £20.2 million to Everyday Finance DAC. Balmoral made payments of €48 million inclusive of all costs in full and final settlement of the debt. The settlement was funded from cash and a new term loan facility agreement comprising €29.4 million and £12.4 million from Bank of Ireland. As a result of this settlement, on 23 March 2022 the legal proceedings with Everyday Finance DAC were struck out.

The Bank of Ireland facility at 31 December 2022 comprises sterling-based debt of £12.4 million with a fixed interest rate of 5.406% and euro-based debt of €21.0 million, being €15.8 million with a fixed interest rate of 4.16% and €5.2 million with a variable interest rate of euribor plus 3%. The facility, secured over certain assets of the group, is for 3 years with an annual repayment obligation of €2 million. A further €6.8 million was repaid in the period from the proceeds of property disposals.

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 01.01.2022	Cash flow	Refinancing	Foreign currency movement	Transfer	At 31.12.2022
	€'000	€'000	€'000	€'000	€'000	€'000
Non-current liabilities	55,497	(52,898)	31,169	(731)	(36)	33,001
Current liabilities	1,964	-	-	-	36	2,000
Total	57,461	(52,898)	31,169	(731)	-	35,001

	At 01.01.2021	Cash flow	Refinancing	Foreign currency movement	Transfer	At 31.12.2021
	€'000	€'000	€'000	€'000	€'000	€'000
Non-current liabilities	55,888	(6,486)	-	1,573	4,522	55,497
Current liabilities	6,486	-	-	-	(4,522)	1,964
Total	62,374	(6,486)	-	1,573	-	57,461

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 2022 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 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.

In October 2022, this expiry date was extended to 28 October 2025. At 31 December 2022, options remain over 6,410,256 shares.

During 2022, payments in total of €351,000 were made to a director and management in lieu of options over 9,615,354 ordinary shares granted in 2015 at €0.0234. These payments are calculated on the basis of €0.0600 a share.

On 16 December 2019, options were granted over 13,666,667 ordinary shares at an exercise price of €0.0600 per share, with an expiry date of 10 December 2026.

The share options granted will only vest on the later of the 3rd 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. These options vested on 16 December 2022.

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

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

17 Employee benefits *(continued)*

Share-based payments (continued)

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

Fair value at measurement date	€0.0080
Weighted average exercise price	€0.0234
Expected volatility	34%
Option life	10 years
Expected dividend yield	0.00%
Risk-free interest rate	0.078%

The weighted average market price of the shares for the three weeks to 20 October 2015 was €0.0234.

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 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 market price of the company's shares at 31 December 2022 was €0.0600 and the range during 2022 was €0.0600 to €0.0650. The total expense for share options recognised in the income statement was a credit of €11,000 (2021: expense of €65,000).

18 Trade and other payables

	2022 €'000	2021 €'000
Trade and other payables	219	205
Accruals	2,226	2,264
Deferred income	750	1,347
Other taxation and social security	1,733	1,994
	4,928	5,810

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

19 Provisions

	2022 €'000	2021 €'000
Balance at beginning of the year	3,800	3,458
Inflationary adjustment	-	342
Write back in year	(3,650)	-
Balance at end of the year	<u>150</u>	<u>3,800</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 €150,000 (2021: €3,800,000). Following a detailed review in 2022 carried out by suitably qualified and experienced environmental engineers, a revised residual management plan was presented to and approved by the Environmental Protection Agency (EPA). As a result of this, the directors are advised that a full remediation of the source area of the contamination is unlikely to be necessary to achieve licence surrender. A monitoring-based strategy and minor source-based remediation, combined with risk assessment, is likely to be sufficient. The cost of this is estimated to be €150,000. The directors believe that any cash outflows necessary may arise within 1-5 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 2022

	Liabilities 2022 €'000	Assets 2022 €'000
Investment property gain	1,307	-
Tax value of losses carried forward	-	(990)
Tax value of accrued rental income	123	-
Tax value of accrued interest income	-	-
Tax value of accrued pension expense	-	-
Tax liabilities/(assets)	<u>1,430</u>	<u>(990)</u>
Net tax liabilities	<u>440</u>	

At 31 December 2021

	Liabilities 2021 €'000	Assets 2021 €'000
Tax value of accrued rental income	-	(69)
Tax value of accrued interest income	482	-
Tax value of accrued pension expense	-	(1)
Tax liabilities/(assets)	<u>482</u>	<u>(70)</u>
Net tax liabilities	<u>412</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:

	2022	2021
	€'000	€'000
Deductible temporary differences	21,665	24,802

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.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

20 Deferred tax assets and liabilities *(continued)*

Movement in temporary differences during the year ended 31 December 2022

	Balance at beginning of year €'000	Recognised in income €'000	Balance at end of year €'000
Investment property gain	-	1,307	1,307
Tax value of losses carried forward	-	(990)	(990)
Tax value of accrued rental income	(69)	192	123
Tax value of accrued interest income	482	(482)	-
Tax value of accrued pension expense	(1)	1	-
	412	28	440

Movement in temporary differences during the year ended 31 December 2021

	Balance at beginning of year €'000	Recognised in income €'000	Balance at end of year €'000
Tax value of accrued rental income	(36)	(33)	(69)
Tax value of accrued interest income	178	304	482
Tax value of accrued pension expense	-	(1)	(1)
	142	270	412

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 2022 and 31 December 2021 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:

	2022	2021
	€'000	€'000
Result attributable to equity shareholders	12,840	21,325
	2022	2021
	<i>In thousands of shares</i>	
Shares in issue at beginning of year	781,960	781,960
Weighted average number of ordinary shares outstanding at end of year	782,095	781,960
Basic result per share (euro cent)	1.64	2.73

Diluted result per share

The calculations of diluted result per share for the years ended 31 December 2022 and 31 December 2021 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.

	2022	2021
	€'000	€'000
Result attributable to equity shareholders	12,840	21,325
	2022	2021
	<i>In thousands of shares</i>	
Weighted average number of ordinary shares outstanding at end of year	782,095	781,960
Share options with a dilutive effect	20,077	31,829
	802,172	813,789
Diluted result per share (euro cent)	1.60	2.62

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 2022 and 31 December 2021 are based upon the total equity attributable to the shareholders of the company at 31 December 2022 and 31 December 2021 and the number of ordinary shares outstanding at 31 December 2022 and 31 December 2021 as follows:

	2022 €'000	2021 €'000
Total equity attributable to shareholders of company	140,587	127,708
	2022 <i>In thousands of shares</i>	2021
Total number of ordinary shares outstanding at year end	784,097	781,960
Net asset value per share (euro cent)	17.93	16.33

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 2022, the market value of such assets was €16,611,000 (2021: €23,760,000). 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 1.6 years (2021: 1.4 years). The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2022 €'000	2021 €'000
Less than one year	7,182	5,754
Between one and five years	8,269	5,924
More than five years	2,410	262
	17,861	11,940

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 49 years to 975 years. The total amounts due under these operating lease agreements are as follows:

	Minimum lease payments 2022 €'000	Minimum lease payments 2021 €'000
Less than one year	32	34
From one to five years	127	134
From five to 25 years	637	671
After 25 years	1,646	1,733
	2,442	2,572

The present value of future lease payments is €274,000 for the group (2021: €288,000), discounted at 6% per annum (2021: 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 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.

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:

	Carrying Amount 2022 €'000	Carrying Amount 2021 €'000
Variable rate instruments		
Cash and cash equivalents	42,503	23,789
Financial liabilities	(5,211)	-
	37,292	23,789

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 2021.

	Profit or loss		Other equity	
	100 bp increase €'000	100 bp decrease €'000	100 bp increase €'000	100 bp decrease €'000
31 December 2022				
Cash and cash equivalents	-	-	-	-
Financial liabilities	(206)	(206)	-	-
Cash flow sensitivity	(206)	(206)	-	-
31 December 2021				
Cash and cash equivalents	-	-	-	-
Financial liabilities	-	-	-	-
Cash flow sensitivity	-	-	-	-

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.

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

	31 December 2022	31 December 2021
	Stg £'000	Stg £'000
Trade and other receivables	436	845
Cash and cash equivalents	21,971	6,072
Loans and borrowings (see note 16)	(12,400)	(20,227)
Trade and other payables	(34)	(26)
Accruals	(494)	(664)
Other taxation and social security	(863)	(595)
Gross balance sheet exposure	8,616	(14,595)
Add investment property	38,623	48,323
Net balance sheet exposure	47,239	33,728
Gross rental & related income	3,748	3,070
Property outgoings	(1,921)	(1,467)
Net rental income exposure	1,827	1,603
Net interest expense	(476)	(3)
Net profit & loss exposure	1,351	1,600

The following significant exchange rates applied during the year:

	Spot Rate		Average Rate	
	2022	2021	2022	2021
GBP 1:	1.13	1.19	1.17	1.15

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 2021.

	Other equity €'000	Profit or loss €'000
31 December 2022		
GBP	-	(5,363)
31 December 2021		
GBP	-	(4,016)

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

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

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

24 Financial instruments *(continued)*

Liquidity risk

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

The following are the group outstanding financial liability obligations, including interest payments:

At 31 December 2022

Financial liabilities:	Carrying amount €'000	Contractual cash flows €'000	6 months or less €'000	6 – 12 months €'000	1 – 2 years €'000	2 – 5 years €'000	More than 5 years €'000
Secured loan	34,992	38,505	2,156	2,136	4,209	30,004	-
Other non-current payables	9	9	-	-	9	-	-
Accruals	2,226	2,226	2,226	-	-	-	-
Other taxation and social security	1,733	1,733	1,733	-	-	-	-
Trade and other payables	219	219	219	-	-	-	-
Total	39,179	42,692	6,334	2,136	4,218	30,004	-

At 31 December 2021

Financial liabilities:	Carrying amount €'000	Contractual cash flows €'000	6 months or less €'000	6 – 12 months €'000	1 – 2 years €'000	2 – 5 years €'000	More than 5 years €'000
Secured loan	57,452	57,452	1,964	-	690	2,740	52,058
Other non-current payables	9	9	-	-	9	-	-
Accruals	2,264	2,264	2,264	-	-	-	-
Other taxation and social security	1,994	1,994	1,994	-	-	-	-
Trade and other payables	205	205	205	-	-	-	-
Total	61,924	61,924	6,427	-	699	2,740	52,058

Credit risk

The group has four significant tenants from which it derived, respectively, 21% and 23%, 12% and 11% of its revenue in rental income in the current year (2021: 29% and 16%, 7% and 5%).

The group has a concentration of credit risk in relation to its cash and cash equivalents which are cash, amounts held on account by solicitors and short term bank deposits.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

24 Financial instruments *(continued)*

Credit risk *(continued)*

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 26 to the consolidated financial statements.

	Carrying amount	
	2022	2021
	€'000	€'000
Trade and other receivables	543	2,213
Investments in equity accounted investees	98	6,176
Cash and cash equivalents	42,503	23,789
Total	43,144	32,178

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

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

	Carrying amount	
	2022	2021
	€'000	€'000
Ireland	13,947	7,671
Continental Europe	5,987	17,677
United Kingdom	23,210	6,830
Total	43,144	32,178

The amount owed by the group's four most significant tenants at 31 December 2022 was €62,000 (2021: €275,000).

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

	Carrying amount	
	2022	2021
	€'000	€'000
Not past due	135	1,277
Past due 0-30 days	164	663
Past due 31-120 days	74	113
Past due >120 days	170	160
Total	543	2,213

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 2022		31 December 2021	
	Carrying Amount €'000	Fair Value €'000	Carrying Amount €'000	Fair Value €'000
<i>Loans and receivables</i>				
Trade and other receivables	1,807	-	3,132	-
Investments in equity accounted investees	98	-	6,176	-
<i>Cash and cash equivalents:</i>				
Euro current account	11,917	-	16,563	-
GBP current account	20,163	-	7,226	-
Euro deposit account	1,403	-	-	-
GBP deposit account	9,020	-	-	-
<i>Other liabilities at amortised cost (all level 3)</i>				
<i>Bank loans:</i>				
Euro secured loan	(21,011)	(20,263)	(33,381)	(16,062)
GBP secured loan	(13,981)	(11,100)	(24,071)	(11,737)
Other non-current payables	(9)	-	(9)	-
Trade and other payables	(219)	-	(205)	-
Accruals	(2,226)	-	(2,264)	-
Other taxation and social security	(1,733)	-	(1,994)	-

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 15 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 contingency and guarantee is as follows:

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 2022, the company had no unprovided capital commitments.

27 Related parties

The group has related party relationships with its subsidiaries and equity accounted investees and 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 €2,534,000 (2021: €1,594,000) for the year ended 31 December 2022. In 2022, €111,000 was also paid in respect of services for prior years which had not been charged. 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:

	2022 €'000	2021 €'000
Short term employee benefits	2,512	1,549
Share-based payment charge	22	45
	<u>2,534</u>	<u>1,594</u>

Further details of director compensation are provided in the corporate governance statement on pages 23 to 25.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

27 Related parties *(continued)*

Other group related party transactions

Transactions with subsidiaries and equity accounted investees

Information on the group's significant subsidiaries and equity accounted investees is set out in note 30 to the consolidated financial statements. For additional information surrounding transactions with equity accounted investees, see note 12 to the consolidated financial statements.

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 13 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 11 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
^Δ Balmoral International Land No1 Ltd	1	100	Holding company
Balmoral International Land Limited	6	100	Holding company
Balmoral Land Finance Ltd	1	100	Investment 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 Development Ltd	7	100	Property development company
BL West Farm Commercial Ltd	7	100	Property development company
BL West Farm Residential Ltd	7	100	Property development company
Balmoral International Land UK Ltd	3	100	Property management
Balmoral Land UK Finance Ltd	3	100	Investment holding company
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
[#] Afaia Sarl	5	90	Investment holding company

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

[#] The group's shareholding in Afaia Sarl, a company registered and operating in Luxembourg, 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 2022 amounted to €4,939,000 and the loss for the year then ended consolidated into the group's results amounted to €51,000.

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) Barett 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) 115 George Street, Edinburgh, EH2 4JN, 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

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

31 Approval of financial statements

These consolidated financial statements were approved by the board on 22 May 2023.

Balmoral International Land Holdings plc

Company statement of changes in equity

for the year ended 31 December 2022

	Attributable to equity holders of the parent					
<i>for the year ended 31 December 2022</i>	Issued share capital	Share premium	Retained earnings	Share-based payment reserve	Other reserve	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 31 December 2021	41	7,875	(16,486)	295	24,639	16,364
Total comprehensive gain	-	-	30,425	-	-	30,425
Share-based payment charge	-	50	17	(28)	-	39
Balance at 31 December 2022	41	7,925	13,956	267	24,639	46,828

for the year ended 31 December 2021

for the year ended 31 December 2021

	Attributable to equity holders of the parent					
	Issued share capital	Share premium	Retained earnings	Share-based payment reserve	Other reserve	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 31 December 2020	41	7,875	(16,478)	230	24,639	16,307
Total comprehensive loss	-	-	(8)	-	-	(8)
Share-based payment charge	-	-	-	65	-	65
Balance at 31 December 2021	41	7,875	(16,486)	295	24,639	16,364

Balmoral International Land Holdings plc

Company balance sheet

as at 31 December 2022

	Notes	2022 €'000	2021 €'000
Assets			
Non-current assets			
Investment in subsidiary	C	41,668	10,032
Total non-current assets		41,668	10,032
Current assets			
Trade and other receivables	E	31,322	22,620
Cash and cash equivalents		1,358	10
Total current assets		32,680	22,630
Total assets		74,348	32,662
Equity			
Issued share capital	F	41	41
Reserves	F	46,787	16,323
Total equity - all attributable to equity shareholders		46,828	16,364
Liabilities			
Current liabilities			
Trade and other payables	G	27,520	16,298
Total current liabilities		27,520	16,298
Total liabilities		27,520	16,298
Total liabilities and equity		74,348	32,662

On behalf of the board

Carl McCann
Chairman

Catherine Ghose
Finance Director

22 May 2023

Balmoral International Land Holdings plc

Company statement of cash flows

for the year ended 31 December 2022

	2022 €'000	2021 €'000
Result after tax	30,425	(8)
<i>Adjustments for:</i>		
Profit on disposal of subsidiary	(29,760)	-
Write off of intercompany balances	(1,636)	-
Share-based payment charge	(11)	65
Foreign exchange differences	682	(453)
Operating result before changes in working capital	(300)	(396)
Increase in trade and other receivables	(9,624)	(313)
Increase in trade and other payables	11,222	277
Net cash outflow from operating activities	1,298	(432)
Exercise of share options	50	-
Net cash inflow from financing	50	-
Net increase/(decrease) in cash and cash equivalents	1,348	(432)
Cash and cash equivalents at beginning of year	10	442
Cash and cash equivalents at end of year	1,358	10

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 €30,425,000 (2021: loss of €8,000). 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

	2022 €'000	2021 €'000
Balance at beginning of year	10,032	10,032
Transfer of subsidiaries	31,396	-
Capital contribution	325	-
Foreign currency movement	(85)	-
Balance at end of year	<u>41,668</u>	<u>10,032</u>

In March 2022, as part of a group reorganisation, the company acquired an indirect subsidiary Balmoral Land Finance Limited from another group company. As part of the same reorganisation, the company also made a capital contribution to a subsidiary.

During 2015, as part of a group reorganisation, 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

	2022 €'000	2021 €'000
Amounts owed by group companies	<u>31,322</u>	<u>22,620</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 reserves

Authorised share capital

	2022 €'000	2021 €'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	<u>1,000</u>	<u>1,000</u>

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.

Issued share capital

	2022 '000	2022 €'000	2021 '000	2021 €'000
<i>Non-voting deferred shares of €0.01 each</i>				
In issue at beginning and end of year	<u>3,317</u>	<u>33</u>	3,317	33
<i>Ordinary shares of €0.00001 each</i>				
In issue at beginning of year	781,960	8	781,960	8
Shares issued on exercise of share options	2,137	-	-	-
In issue at end of year*	<u>784,097</u>	<u>8</u>	781,960	8
Total issued share capital (€'000)		<u>41</u>		<u>41</u>

*There were 784,096,800 ordinary shares of €0.00001 each in issue at 31 December 2022.

Reserves

	2022 €'000	2021 €'000
Share premium	7,925	7,875
Retained earnings	13,956	(16,486)
Share-based payment reserve	267	295
Other reserve	<u>24,639</u>	<u>24,639</u>
	<u>46,787</u>	<u>16,323</u>

Balmoral International Land Holdings plc

Notes to the company financial statements *(continued)*

F) Share capital and reserves *(continued)*

Reserves (continued)

Share premium

	2022 €'000	2021 €'000
Balance at beginning of year	7,875	7,875
Share issue	50	-
Balance at end of year	<u>7,925</u>	<u>7,875</u>

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.

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.

Other reserve

The other reserve relates to a reorganisation in 2011.

Of the total reserves of €46.8 million above, €14.0 million are distributable.

G) Trade and other payables

	2022 €'000	2021 €'000
Trade payables	2	-
Accruals	200	200
Amounts owed to group companies	<u>27,318</u>	<u>16,098</u>
	<u>27,520</u>	<u>16,298</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 22 May 2023.

Balmoral International Land Holdings plc

Five year summary of group results

	Year ended Dec 2022	Year ended Dec 2021	Year ended Dec 2020	Year ended Dec 2019	Year ended Dec 2018
	€m	€m	€m	€m	€m
Operating profit before net gain on investment	(1.5)	2.0	2.1	2.3	2.1
Net property valuation movement	10.0	21.4	8.8	12.8	15.3
Result from operating activities	8.5	23.4	10.9	15.1	17.4
Net finance income/(expense)	10.9	(1.1)	1.1	(1.1)	(0.3)
Share of result of equity accounted investees	(6.1)	(0.2)	(0.6)	0.9	0.6
Profit on disposal of subsidiary	-	-	2.9	-	-
Result before tax	13.3	22.1	14.3	14.9	17.7
Basic result per share (euro cent)	1.64	2.73	1.75	1.91	2.29
Total property assets	137.3	168.7	150.0	159.0	142.5
Equity shareholders' funds	140.5	127.7	106.3	92.6	77.5
Net asset value per share (euro cent)	17.93	16.33	13.60	11.84	9.97