

Preliminary Statement of Annual Results

FOR THE YEAR ENDED
31 JANUARY 2018



TRIDENT

ESTATES PLC

Review of the business

TRADING PERFORMANCE

The Board of Directors is pleased to announce the Trident Group's (hereinafter "Trident") financial results for the year ended 31 January 2018.

Trident generated a profit before tax of €437,000, compared to a profit before tax of €5,081,000 registered during the previous year. Fair value gains of €165,000 recorded in the current year under review were significantly lower than the increase in the fair value of investment property held by the Group amounting to €4,667,000 included in the accounts for the year ended 31 January 2017. Revenues from rental income increased by 9.5% and stood at €796,000 (2017: €727,000) following the renegotiation of the lease agreements with Food Chain effective 1 February 2017. Going forward, revenues are expected to increase following the acquisition of the control over the remaining 50% of the share capital of Sliema Fort Company Limited. Administrative expenses, primarily relating to payroll costs, increased compared to last year to reflect the new organisational setup of the Group.

In 2014 the board of Simonds Farsons Cisk plc (hereinafter "SFC") confirmed its intent to hive off the property interests from the other business activities, and eventually spin-off this segment into a separate and distinct public company. The restructuring process was completed during 2017 after SFC's shareholders approved the spin-off of Trident during the Annual General Meeting held in June 2017. The entire shareholding held by SFC in Trident was transferred to SFC's shareholders as an interim dividend settled 'in kind' *pro rata* to the number of shares held on 21 December 2017.

Following the approval of the Prospectus by the Listing Authority and published on 18 December 2017, an application was made to the Listing Authority and the Malta Stock Exchange for admission of the Company's ordinary shares (the "Shares") to listing on the Malta Stock Exchange. The Shares were subsequently listed on the Malta Stock Exchange on 30 January 2018 and trading commenced on the following day.

INVESTMENTS AND PROPERTY INTERESTS

The principal highlight of the year was the acquisition of the Farsons Brewery façade. On 7 December 2017, the Board of the Planning Authority unanimously approved the permit for the creation of a business park along Mdina Road, Mrieħel consisting of International Grade A offices with landscaped courtyards, a naturally ventilated multi-level car park for approximately 700 cars, conference facilities and a gymnasium, which will be known as Trident Park. This €45 million development project will seek to include the transformation of a listed industrial building while following best practice in terms of environmentally sustainable design and aiming for BREEAM excellent certifications. The design has been crafted to produce an architecture that complements and enhances the scheduled portico as well as the memory of the industrial heritage and will provide high quality contemporary work spaces. The civil works contract has been awarded and development works commenced. The project is scheduled to be completed within 3 years.

The Company's three principal shareholder groups have signed an undertaking agreement to take up their proportional share of a two-stage rights issue of €15 million planned for 2019/2020 which will part-finance the development along with bank funding that has been secured.

Trident also divested itself of one property and entered into promise of sale agreements to acquire the remaining shareholding in Sliema Fort Company Limited and the *utile dominium* of a property from Food Chain Limited.

INFLUENCING FACTORS AND PERFORMANCE

The lease agreements with Food Chain were renegotiated and renewed on an arm's length basis. The agreements regulate terms typical of lease arrangements such as duration of the lease, use of premises, improvements and alterations, and rent payable.

OUTLOOK FOR FINANCIAL YEAR ENDING 31 JANUARY 2019

The development of the Trident Park project will be Trident's principal focus. The civil works contract has been awarded and soft stripping of the premises was completed in April 2018. Demolition and excavation works have commenced. The procurement process for the works package on mechanical and electrical services and plant is expected to be awarded shortly.

Dividends and reserves

The Board did not declare an interim dividend and will not be recommending the payment of a final dividend.

Retained profits carried forward at the reporting date amounted to €4,841,000 (2017: €4,686,000) for the Group and €4,634,000 (2017: €4,675,000) for the Company.

BY ORDER OF THE BOARD
23 May 2018

Notes to the condensed financial statements

- This statement is published pursuant to the Malta Financial Services Authority Listing Rules Chapter 5 and the Prevention of Financial Markets Abuse (Disclosure and Notification) Regulations, 2005.
- The financial information contained herein has been extracted from the Trident Estates plc Group's audited financial statements for the year ended 31 January 2018 as approved by the Board of Directors on 23 May 2018. The accounting policies used in the preparation of the financial statements for the year ended 31 January 2018 are consistent with those used in the annual financial statements for the year ended 31 January 2017, except for the company's voluntary change in the accounting policy with respect to the subsequent measurement of investment property. These assets will be subsequently measured at fair value at the end of each reporting period. Prior to the change in accounting policy, investment property was subsequently carried at historical cost less accumulated depreciation and accumulated impairment losses. The financial impact of this change in accounting policy comprise the retrospective recognition of a fair value gain of €10.1 million, of a deferred tax liability of €1.7 million and of the net resultant effect of €8.4 million within fair value gains reserve as at 1 February 2017. This change in accounting policy also necessitated the reversal of accumulated depreciation which amounted to €1.1 million.
- The Group owns and manages property for rental and investment purposes.
- Earnings per share at €0.045 (2017: €0.907) has been calculated by dividing the profit attributable to the equity shareholders by the weighted average number of ordinary shares in issue during the year. The weighted average number of ordinary shares for financial year 2017 was restated to reflect the re-designation of ordinary shares.

CONDENSED STATEMENTS OF CHANGES IN EQUITY

| GROUP | SHARE CAPITAL | FAIR VALUE GAINS RESERVE | RETAINED EARNINGS | TOTAL EQUITY |
|--|---------------|--------------------------|-------------------|---------------|
| | €'000 | €'000 | €'000 | €'000 |
| Balance at 31 January 2016 | 4,805 | 10,555 | 3,821 | 19,181 |
| Profit for the year | - | - | 4,357 | 4,357 |
| Net transfers of fair value movements on investment property, net of deferred tax | - | 4,060 | (4,060) | - |
| Net transfer of fair value movement related to investment property in associate, net of deferred tax | - | (48) | 48 | - |
| Transfer of fair value gains upon disposal of subsidiary | - | (520) | 520 | - |
| Balance at 31 January 2017 | 4,805 | 14,047 | 4,686 | 23,538 |
| Profit for the year | - | - | 513 | 513 |
| Net transfers of fair value movements on investment property, net of deferred tax | - | 148 | (148) | - |
| Transfer of fair value gains upon disposal of investment property | - | 210 | (210) | - |
| | - | 358 | 155 | 513 |
| Issue of new shares | 6,500 | - | - | 6,500 |
| Capitalisation of amounts due to previous owners | 6,503 | - | - | 6,503 |
| Capitalisation of reserves | 12,192 | (12,192) | - | - |
| | 25,195 | (12,192) | - | 13,003 |
| Balance at 31 January 2018 | 30,000 | 2,213 | 4,841 | 37,054 |

COMPANY

| COMPANY | SHARE CAPITAL | FAIR VALUE GAINS RESERVE | RETAINED EARNINGS | TOTAL EQUITY |
|--|---------------|--------------------------|-------------------|---------------|
| | €'000 | €'000 | €'000 | €'000 |
| Balance at 1 February 2016 | 4,805 | - | 3,123 | 7,928 |
| - as previously reported | 4,805 | - | 3,123 | 7,928 |
| - effect of change in accounting policy, net of deferred tax | - | 8,493 | 888 | 9,381 |
| - as restated | 4,805 | 8,493 | 4,011 | 17,309 |
| Profit for the year | - | - | 4,178 | 4,178 |
| Net transfers of fair value movements on investment property, net of deferred tax | - | 3,514 | (3,514) | - |
| Balance at 31 January 2017 | 4,805 | 12,007 | 4,675 | 21,487 |
| Balance at 1 February 2017 | 4,805 | - | 3,643 | 8,448 |
| - as previously reported | 4,805 | - | 3,643 | 8,448 |
| - effect of change in accounting policy, net of deferred tax | - | 12,007 | 1,032 | 13,039 |
| - as restated | 4,805 | 12,007 | 4,675 | 21,487 |
| Profit for the year | - | - | 169 | 169 |
| Transfer of fair value gains, net of deferred tax on disposal of investment property | - | 210 | (210) | - |
| | - | 210 | (41) | 169 |
| Issue of new shares | 6,500 | - | - | 6,500 |
| Capitalisation of amounts due to previous owners | 6,503 | - | - | 6,503 |
| Capitalisation of reserves | 12,192 | (12,192) | - | - |
| | 25,195 | (12,192) | - | 13,003 |
| Balance at 31 January 2018 | 30,000 | 25 | 4,634 | 34,659 |

CONDENSED STATEMENTS OF FINANCIAL POSITION

| | GROUP | | COMPANY | |
|---|---------------|---------------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| | €'000 | €'000 | €'000 | €'000 |
| | | | | (RESTATED) |
| ASSETS | | | | |
| Non-current assets | 33,061 | 21,969 | 9,718 | 13,818 |
| Current assets | 6,668 | 3,613 | 18,738 | 3,654 |
| Assets classified as held for sale | - | 2,545 | 10,200 | 8,640 |
| Total assets | 39,729 | 28,127 | 38,656 | 26,112 |
| EQUITY AND LIABILITIES | | | | |
| Capital and reserves attributable to owners of the company | 37,054 | 23,538 | 34,659 | 21,487 |
| Non-current liabilities | 2,378 | 1,742 | 918 | 1,114 |
| Current liabilities | 297 | 2,516 | 2,059 | 2,516 |
| Liabilities directly attributable to non-current assets held for sale | - | 331 | 1,020 | 995 |
| Total liabilities | 2,675 | 4,589 | 3,997 | 4,625 |
| Total equity and liabilities | 39,729 | 28,127 | 38,656 | 26,112 |

CONDENSED INCOME STATEMENTS

| | GROUP | | COMPANY | |
|---|---------------|---------------|------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| | €'000 | €'000 | €'000 | €'000 |
| | | | | (RESTATED) |
| Revenue | 796 | 727 | 692 | 634 |
| Cost of sales | (79) | (106) | (41) | (43) |
| Gross profit | 717 | 621 | 651 | 591 |
| Administrative expenses | (461) | (51) | (460) | (64) |
| Operating profit | 256 | 570 | 191 | 527 |
| Fair value gains on investment property | 165 | 4,667 | - | 3,957 |
| (Loss)/gain on disposal of subsidiaries | - | (61) | - | 293 |
| Net income on acquisition of investment | 11 | - | - | - |
| Share of results of associate | 20 | (23) | - | - |
| Finance income | 41 | 22 | 41 | 50 |
| Finance costs | (56) | (94) | (56) | (94) |
| Profit before tax | 437 | 5,081 | 176 | 4,733 |
| Tax income/(expense) | 76 | (724) | (7) | (555) |
| Profit for the year | 513 | 4,357 | 169 | 4,178 |
| Earnings per share for the year attributable to shareholders | €0.045 | €0.907 | | |

CONDENSED STATEMENTS OF CASH FLOWS

| | GROUP | | COMPANY | |
|--|--------------|-----------|--------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| | €'000 | €'000 | €'000 | €'000 |
| | | | | (RESTATED) |
| Net cash generated from/(used in) operating activities | 2,362 | (626) | (8,382) | (626) |
| Net cash (used in)/generated from investing activities | (9,157) | 646 | 1,584 | 626 |
| Net cash generated from financing activities | 13,003 | - | 13,003 | - |
| Net movement in cash and cash equivalents | 6,208 | 20 | 6,205 | - |
| Cash and cash equivalents at beginning of year | 20 | - | - | - |
| Cash and cash equivalents at end of year | 6,228 | 20 | 6,205 | - |