

Chairman's Statement

RESULTS

I am pleased to report to you that Farmer Business Developments plc ("the Group") performed strongly in 2021 recording a group profit before tax of €11.64m down from €50.69m in the prior year. Our 2020 results had benefited significantly from the disposal of development land in Berlin held by our subsidiary, Bulberry Properties.

To assist shareholders in understanding our results, we have produced a Divisional Summary Statement below, which separates the results for the Group, and we explain the main elements before commenting on each division in more detail later.



Divisional Summary Statement	2021	2020
	€000s	€000s
FBD Hotels & Resorts EBITDA	13,128	(1,633)
Bulberry Properties EBITDA	59	56,383
Farmer Business Developments Investment EBITDA	2,971	1,725
Depreciation	(4,019)	(3,985)
Profit Before Interest, Tax and Impairments	12,139	52,490
Impairment of hotel assets	-	(1,054)
Interest Income	1,058	1,017
Interest Expense	(1,558)	(1,762)
Profit before taxation	11,639	50,691
Shareholders' funds attributable to the owners	231,068	227,923

The Summary Statement shows the recovery in 2021 in FBD Hotels & Resorts on reopening in June 2021, which recorded a profit of €13.13m, compared to a loss of €1.63m in 2020.

The Berlin vehicle, Bulberry Properties, in which we have a 61% stake, did not transact in any land deals during 2021. In 2020 Bulberry Properties, recorded a profit of €56.38m after completing €97.72m of land sales.

On the investment side, there was a €2.97m net mark-up recorded in 2021.

Interest income of €1.06m mainly relates to the FBD Holdings Loan Note 5% coupon. The interest expense has fallen by €0.20m to €1.56m in 2021 reflecting the lower debt levels in the Group.

This leaves our Group profit before taxation at a healthy €11.64m for 2021, a 5% return on Shareholders' funds.

Our Balance Sheet shows the value attributable to the shareholders was €231.07m at the end of 2021, up €3.15m for the year.

FBD HOLDINGS PLC

FBD Holdings plc produced a strong operating performance for 2021, reporting a profit before tax of €110.4m including an underwriting profit of €95.2m.

The underlying dynamics of the business remain strong with a solvency capital ratio of 214% providing a substantial capital buffer. Ordinary shareholders' funds at 31 December 2021 grew by 23% to €472m,

with the net asset value per share increasing from €10.95 to €13.38 at the end of 2021.

With a robust capital position and strong profitability, FBD Holdings plc announced a welcome return of dividends and proposed a dividend payment of €1 per share for the 2021 financial year, after two years when dividends were suspended due to Covid-19.

On the stock market, the FBD Holdings plc share price closed the year at €7.34 per share, down from €7.50 on the previous year, resulting in a €1.37m reduction in the book value of our 24.2% stake to €65m. During the year, we acquired an additional €1m FBD Loan Notes at 5% coupon bringing our total investments in those Loan Notes to €21m and our overall investment in FBD Holdings plc to €86m or 37% of our shareholder funds.

The strategy of FBD Insurance includes a strong focus on its core farm and SME customers and direct customer relationships, while maintaining underwriting discipline in a highly competitive market. The quantum hearing judgement brought much-needed clarity on Business Interruption claims and agreement with reinsurers on the application of reinsurance cover has greatly reduced the uncertainty surrounding these claims.

The challenge for FBD Holdings plc is to maintain its strong performance and grow the business profitably as the economy recovers post pandemic. Our policy is to maintain our stake in FBD Holdings plc as a long-term investment.

FBD INSURANCE DISCOUNT

I take this opportunity to remind our shareholders, who hold or acquire at least 10,000 ordinary shares in our Company, that their investment is recognised and rewarded through a discount of 10% on their general insurance premiums with FBD Insurance. FBD has a proven track record of delivering a superior product and service to its core farming customers.

REVIEW OF INVESTMENTS

A) FBD HOTELS & RESORTS (“FBDH&R”)

In last year’s Annual Report, we described Covid-19 as the biggest challenge in the history of the global

hospitality industry. At the time of last year’s AGM, the trading environment was highly uncertain and it was impossible to give a definite outlook for 2021.

I am pleased to report that once trading resumed in our locations in June 2021, the performance was positive and FBDH&R has recorded an EBITDA of €13.1m in 2021, with Leisure contributing €6.4m and Property €6.7m in profits. This compares to a loss of €1.63m in 2020 and a profit of €13.7m in 2019. This is a very positive outcome for 2021 and is testimony to the management and staff of FBDH&R who have put in an outstanding performance in dealing with the unprecedented circumstances of past two years.

Overall Leisure revenue for 2021 was €39m compared to €24m in 2020. Ireland has recovered faster than Spain with our Irish resorts 22% behind 2019 revenues and Spanish resorts 53% behind 2019.

Our property development activity with Taylor Wimpey at La Cala Resort had a record year, with 68 built units sold together with 18 villa/townhouse plots. The cash generated from sales closings at La Cala has been vital to our cash flow, and at year end 2021 FBDH&R cash/liquidity was €30.58m compared to €15.75m at year end 2020.

At end 2021, we transferred a 195-unit apartment site to Taylor Wimpey which means that 87% of our property developments with Taylor Wimpey are now built or in progress.

With the positive liquidity in the Group plus an overall positive outlook for our business, FBDH&R purchased Killashee Hotel outside Naas in March 2022 for €25m. This asset is a strong strategic fit for us. It brings strong fundamentals in historical performance, brand, location and asset quality and will add circa 15% to FBDH&R earnings in its first 12 months. We are confident that this acquisition will deliver superior shareholder returns in the medium term.

The outlook for our business in 2022 is positive, although some adverse factors in the global environment will put a drag on growth and demand this year and next. Rising energy costs, record commodity and transport costs and global supply chain challenges will result in slower business investment and lower than previously expected

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consumer spending. In all our businesses, we are very much focussed on trying to minimise rising cost pressures especially in the areas of labour, energy and food costs.

B) BULBERRY PROPERTIES LIMITED (BERLIN)

Our investment in development lands at Schönefeld, southeast of Berlin and close to the German capital's new Willy Brandt Airport, remains our third largest interest. Our 61% subsidiary, Bulberry Properties, holds a prime plot of 33,067 sqm, which is of great interest to developers because of its proximity to the new airport and excellent transport links to the city.

Following the completion of €97.7m of land sales by Bulberry Properties in early 2020, the uncertainty of the pandemic meant the market was not ready for a successful sale and there were no disposals of land during 2021. Concerns over the pandemic are now receding and the new airport should have close to pre-pandemic Berlin traffic levels by mid-summer. However, the Russian war in Ukraine is a new factor giving rise to uncertainty. Bulberry is therefore monitoring the market closely and taking a "wait and see" approach to ensure we realise full value in exiting this investment.

At 31 December 2021, the Group carried its investment in Bulberry at €26m, which represents 11% of shareholders' funds. The remaining development land is carried in our consolidated accounts at circa €13m. We will not rush into a sale and are confident that we can achieve a substantial premium on that carrying value.

C) OTHER INVESTMENTS

Our remaining Balance Sheet consists of a portfolio of smaller investments totalling €25.4m, net debt of €5m and other net assets of €1.5m. The investments include international equities, private companies and private equity funds, together with an Irish venture capital fund. In 2021, we materialised a gain of €0.7m on the 2020 year-end valuations.

DIVIDEND

As a result of the strong performance in 2021, the Directors are pleased to recommend a final dividend of 7 cent per ordinary share for the year 2021. This comes on top of the interim dividend of 10 cent per

share paid on 30 November 2021 and brings the total dividend for the year to 17 cent. The record date for dividend payment is 13 May 2022. Your Board is committed to a sustainable dividend policy of using available resources to benefit shareholders.

PROPOSED VOLUNTARY SHARE BUY-BACK

The Board is concerned that sellers in our private grey market have been experiencing difficulties in finding buyers for their shares. As a result, prices on the grey market have remained depressed at 85 to 90 cent per share over the past two years.

Having taken professional advice in order to find a balanced and sustainable solution, the Board is proposing to give shareholders the option of participating in a voluntary share buy-back scheme this summer, which would provide an exit opportunity for shareholders who want to sell shares and realise value.

The buy-back price would be €1.53 per share for this summer's scheme, which is 75% above the average selling price achieved in the grey market over the last two years. The buy-back price formula represents 35% of the balance sheet value attributable to shareholders in our latest annual results less the amount proposed in dividend payments to shareholders. The intention of the Board would be to cancel all shares purchased under the scheme.

The buy-back would have advantages for all shareholders. Those who wish to sell shares will get a much improved price, while those who stay invested will see the value of their holdings increase.

Subject to the approval of the buy-back scheme by shareholders in a special resolution at the Annual General Meeting on 15 June 2022:

- the Company will commit a maximum of €2.0m to the scheme at a buy-back price of €1.53;
- in the event of an oversubscription by shareholders above this amount, preference will be given to the first 10,369 shares offered by each shareholder (this is the number of shares held today by a typical original investor who invested £50 in FBD in the late 1960s) and applications will be scaled back proportionately;

- the Company will write to all shareholders on 20 June giving them the option of applying for the scheme; applications to our share registrars, Link Registrars Limited, will close on 22 July and following verification and any scale-back of applications, applicants will receive payment for shares sold on 19 August.

The Board will review the operation of the scheme and its impact on the grey market. Our objective is to achieve a sustainable situation where shareholders can realise their investment at a reasonable price. We are therefore signalling our intention to intervene again when necessary.

In the event of abnormal financial or other circumstances, the Board would reserve the right to review this approach and to act in the best interests of the Company.

RESTRICTION OF DAVY SELECT SHARE DEALING

Davy Select has informed the Company that, due to regulatory requirements concerning the purchase of unquoted shares such as ours, they no longer allow Execution-only account holders to buy our shares. (Davy still permits Execution-only account holders to sell our shares and their Advisory and Discretionary account holders may buy and sell as heretofore.) For further information, Davy Select may be contacted at 01 6149000 or davysselect@davy.ie.

LAUNCH OF IN-HOUSE SHARE TRADING SERVICE

In view of the Davy restriction and in order to improve the service to our shareholders, the Company will launch an in-house matched bargain, share trading service commencing in September, ie following the conclusion of the proposed buy-back scheme if approved. This service will facilitate willing buyers and willing sellers who wish to trade our shares at agreed prices. Full details will be published at www.FarmerBusinessDevelopments.ie in September.

Our website will continue to record the dates, prices and volumes of share trades, as well as providing ready access to useful investor information, company announcements and advice on how to transfer shares.

The Company is open to new farmer shareholders under your Board's policy which is to maintain our character as a farmers' company.

SHARE REGISTRARS

Link Registrars Limited manages share dividend payments, and the registration and certification of share transfers arising from the settlement of estates and private transactions. They may be contacted at 01-5530050 or enquiries@linkgroup.ie.

CONCLUSION

Our Company has demonstrated its resilience and performed very well in dealing with the extraordinary challenges presented by the Covid-19 pandemic over the past two years. FBDH&R is now well on the road to recovery in both Spain and Ireland and is clearly focussed on maximising business opportunities and growing shareholder value, as the acquisition of Killashee Hotel earlier this year demonstrates. Strong property sales at La Cala were critical to our cash flow during the pandemic and the property outlook remains positive. FBD Holdings plc produced an impressive set of results in 2021 while maintaining underwriting discipline in a very competitive market. Our Berlin investment remains on track to deliver handsome rewards.

Our Company has a strong balance sheet and we are well positioned to benefit from the post-pandemic economic recovery and to manage the inflationary challenges and cost pressures which are affecting all businesses. We are confident that our businesses and investments will deliver superior returns to our loyal shareholders.

Thank you for your support.

Padraig Walshe
Chairman

10 May 2022