



Moralltach
Global

NSX Limited
1 Bligh Street
Sydney
NSW 2000

27th August 2018

Your ref: Ingrid Wei

Re: MORALLTACH GLOBAL PLC – PERIODIC DISCLOSURE QUERY

Dear Sirs,

In relation to your periodic disclosure query of 10th July 2018, we note that the accounts were reviewed and approved by the Directors, audited by our independent auditors and all disclosures were considered in relation to the International Financial Reporting Standards issued by the International Accounting Standards Board.

Critical Accounting Standards that are relevant to your periodic disclosure query are as follows:

IAS 140 para 75 (a) requires that an entity shall disclose whether it applies the fair value model or cost model. This has been disclosed as the cost model at Note 1 (g) of the financial statements lodged with the NSX on 17 March 2018.

IAS 140 para 75 (e) states the extent to which the fair value of an investment property (as measured or disclosed in the financial statements) is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of investment property being valued. If there is no such valuation, that fact shall be disclosed.

Note 10 of the financial statements lodged with the NSX on 17 March 2018 states that 'The fair value of investment properties derived from independent valuations was €195,765,085'.

IAS 140 para 79 requires that the fair value of investment property be disclosed. This is as per Note 10 of the financial statements lodged with the NSX on 17 March 2018.

All key issues raised in your query comply with International Financial Reporting Standards issued by the International Accounting Standards Board. However, we have provided the extra information requested as per the attached documents and the following is relevant:

- 1) The accrued income arises on amounts due from leases yet to be invoiced by the company. It has been calculated in accordance with guidelines over the life of the leases and value on collection of leases for those where collection is doubtful. The breakdown of accrued income as at 31 December 2017 (as per Accounting Standards) is as follows;

15-year income due per leases	€47,138,095
Average annual rent	€ 3,142,540
Director's expectation 2018	10 months
Value	€ 2,618,791
Provision as per reply	€ 870,000
Accrued income	€ 1,748,791

- 2) A full and comprehensive listing has been provided supporting this correspondence in the format you requested, for data protection purposes and GDPR regulations the listing provides only general details, whereas the full information is provided within valuations etc which will not be disclosed to the market.
- 3) Separate to this correspondence but supporting same we have set up a Dropbox containing valuations and contracts relevant to your query. We note that these documents which are many and cross referenced to the listing at 2) above will not be disclosed to the market.
- 4) There is no bank debt associated with the investment properties and property, plant and equipment recorded in the Company's financial statements. The Company incurred no debt as the properties were exchanged for shares in the company at an agreed value except for The Chantry which was financed by director's loan with JK Brennan.
- 5) 4) above refers
- 6) The properties apart from The Chantry were obtained by the Company in exchange for equity in the company. The company incurred no debt. Due to the unique circumstances pertaining to the Irish market it was possible to arrange through complex and sometimes difficult negotiations settlement of debts. These settlements made by our business partners (prior to the Company acquiring the asset) were and continue to be subject to non-disclosure agreements and confidentiality clauses strictly insisted upon by the financial institutions and thus not available. However, it should be emphasised that the Company incurred no debt in acquiring all assets including assets that may fall into this category

(which are a minority) It should also be noted that the company was prudent in acquiring its assets whereby the cost of acquisition was less than the current valuations received on many properties. We refer to the schedule accompanying this response.

Point 7) below refers to the Company's intention to have all deeds processed, necessary consents obtained with our business partners, confidentiality agreements and GDPR compliance addressed within the 2018 calendar year. This root and branch process will further assist in clarifying this particular point on debt on the Company's behalf.

The process for obtaining properties was as follows:

- Moralltach offers to purchase the property at an independent value
- The owner is paid with shares of Company stock priced at a premium price to the market
- The property is leased back to the original owner for typically a 15-year period
- The Lessee has rights to the property including associated revenues etc arising from the property
- The annual rent is based upon market conditions and capital realised by the deal
- The Lessee has the option to buy back the asset at market value at the end of the term or an extended lease can be renegotiated at that time

The loan facility with JK Brennan is a line of credit up to €5,000,000 and is for ten years to 10 November 2026.

7) The Company has acquired all title to the properties as listed under the contracts so provided at 3) above and same is included within the financial report to 31 December 2017. The contracts are subject to confidentiality agreements and inter alia purchase and leaseback arrangements with our business partners. The Company continues to progress on many capital raising fronts which will allow further development of our projects. It is the Company's intention to have all deeds processed, necessary consents obtained from business partners, confidentiality clauses released and all necessary GDPR compliance addressed by 31 December 2018. This will form part of a root and branch review of all matters including obtaining more up to date valuations, a process that has already commenced

8) The current shareholders distribution table is as follows:

CHESS DEPOSITRY INSTRUMENTS

CATEROGRIES	NO OF SHARES	NO OF HOLDERS
1 – 1,000	4,900	6
1,001 – 5,000	113,228	36

5,001 - 10,000	357,441	41
10,001 - 100,000	8,619,537	176
100,000 +	690,904,894	154
TOTAL	700,000,000	413

Includes 154,494,894 in treasury shares.

Yours faithfully



Andrew David Bristow
Company Secretary