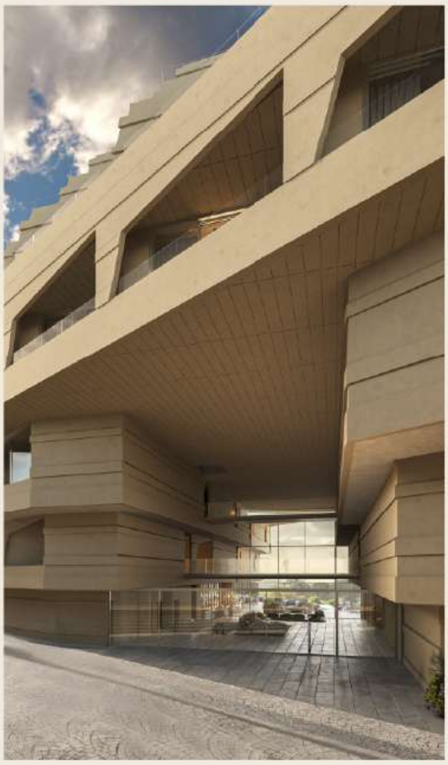
AX REAL ESTATE



INTERIM REPORT & INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

30TH APRIL 2025 | AX REAL ESTATE PLC | C 92104

CONTENTS

INTERIM DIRECTORS' REPORT

The Directors present their report and the condensed consolidated financial statements for the six-month period ended 30 April 2025.

PRINCIPAL ACTIVITIES

AX Real Estate Group ('the Group') is involved in the letting of a diverse portfolio of real estate to subsidiary companies of AX Group p.l.c. and to third parties.

REVIEW OF THE BUSINESS

The Board of Directors is pleased to present the financial results for the six-month period ended 30 April 2025.

During the period under review, the Group registered EUR7,132,236 (30 April 2024: EUR6,816,718) in total revenue, an increase of 4.6% over the same period last year. This growth was primarily driven by higher variable rent from the hospitality properties, reflecting improved operational performance from the hotels.

	30 April 2025		30 April 2024	
	EUR		EUR	
Hospitality	5,366,599	77%	5,029,408	75%
Care Home	879,775	13%	862,214	13%
Offices	387,666	6%	391,635	6%
Residential	149,201	2%	182,831	3%
Warehousing	223,995	3%	231,002	3%
	7,007,236		**6,697,090**	

In both periods presented, all properties available for rent were leased out. Rental income from AX Group and related parties accounted to EUR6,519,404 (30 April 2024: EUR6,163,389) representing 93% (30 April 2024: 92%) of the rental revenues generated by the Group. The rental income by property type can be analysed in the adjacent table.

Other operating costs amounted to EUR409,300 (30 April 2024: EUR389,084). Staff costs including directors' remuneration amounted to EUR164,267 (30 April 2024: EUR136,797).

During the period under review, the Group registered an operating profit of EUR6,656,573 (30 April 2024: EUR6,324,578) representing a consistent operating profit margin of 93% (30 April 2024: 93%). The operating profit achieved is in line with the projected performance for the period under review.

Net finance costs amounted to EUR3,196,860 (30 April 2024: EUR3,162,589). This includes interest on debt securities in issue, bank borrowings and interest due on related party loans.

Profit before tax during the period under review amounted to EUR3,459,713 (30 April 2024: EUR3,161,989).

In December 2024, the Group entered into a loan agreement with a related party for an amount of EUR4,503,000. The loan carries an interest rate of 4.25% and is repayable over a period of 15 years. The facility was secured to support expenditure related to the Verdala Wellness Hotel project.

Works on the Verdala project in Rabat are nearing completion. The much-anticipated Verdala Wellness Hotel is set to open to guests in a few weeks. This luxury, wellness-focused hotel adds a new dimension to the Group's property portfolio, introducing a new niche within the hospitality segment. The property will specialise in exclusive wellness programmes, retreats and wellness services that are based on seasonal, bespoke or signature offerings.

Attention has now shifted to finishing work on the Virtu Heights residences, which will be integrated as an annex to the hotel. During this period, units within the Virtu Heights residences were vacated or had their leases terminated to facilitate the start of construction in this area.

A gross dividend of EUR0.0084 (gross prior to 15% top-up tax where applicable) per ordinary share equivalent to EUR2,311,012 was declared and approved during the Annual General Meeting in April 2025. The dividend was paid on 14 May 2025.

REVIEW OF THE BUSINESS - CONTINUED

Financial Key Performance Indicators		
EUR millions	**30 April 2025**	**30 April 2024**
Revenue	7.1	6.8
Operating profit	6.7	6.3
Profit before tax	3.5	3.2
Operating profit margin (%)	93%	93%
Interest cover (times)	2.1	2.0

Net assets at period end stood at EUR137,734,296 compared to EUR 137,188,392 as at 31 October 2024. The movement represents the profit for the period less the dividend declared in April 2025. The Group's balance sheet remains sound with a gearing ratio of 52.5% in line with the Group projections.

OUTLOOK FOR THE REST OF THE FINANCIAL YEAR AFTER THE REPORTING PERIOD

As of the reporting date, all of the Group's rental properties are currently under contract, with several leases approaching expiry and negotiations for renewal currently ongoing. This sustained demand reinforces the resilience of our rental assets and supports a consistent and predictable revenue stream.

Our hospitality segment continues to perform strongly, with results across our hotel operations exceeding budgeted expectations. This positive trend positions the Group favourably to meet its variable rent targets and reflects the ongoing strength of our market positioning and operational strategy.

In the coming weeks, the Group will be opening the much-anticipated Verdala Wellness Hotel in Rabat. This new property marks an important step in the Group's long-term vision, further enhancing our hospitality portfolio and contributing to the diversification of our offering in the premium wellness and lifestyle segment. The addition of this property is expected to contribute positively to the Group's revenue generation going forward.

GOING CONCERN

Having made an appropriate assessment of going concern as discussed in Note 3 to these financial statements, the Directors, at the time of approving these interim condensed consolidated financial statements, have determined that there is reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. For this reason, these financial statements have been prepared on a going concern basis which assumes that the Group will continue in operational existence for the foreseeable future and will meet its financial obligations as and when they fall due.

INTERIM DIRECTORS' REPORT - CONTINUED

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is exposed to risks inherent to its operations and can be summarized as follows:

1. Strategy risk

Risk management falls under the responsibility of the Board of Directors. The Board is continuously analysing its risk management strategy to ensure that risk is adequately identified and managed. The Audit Committee regularly reviews the risk profile adopted by the Board of Directors.

2. Operational risks

The Group's revenue is mainly derived from rental income charged to related parties and hence the Group is heavily dependent on the performance of the AX Group. The Group regularly reviews the financial performance of the AX Group of companies to ensure that there is sufficient liquidity to sustain its operations.

3. Legislative risks

The Group is governed by a number of laws and regulations. Failure to comply could have financial and reputational implications and could materially affect the Group's ability to operate. The Group has embedded operating policies and procedures to ensure compliance with existing legislation.

Angelo Xuereb
Chairman

Denise Xuereb
Chief Executive Officer

By Order of the Board
23 June 2025

STATEMENT PURSUANT TO CAPITAL MARKETS RULE 5.75.3 ISSUED BY THE MALTA FINANCIAL SERVICES AUTHORITY

We confirm that to the best of our knowledge:

- The interim condensed consolidated financial statements give a true and fair view of the financial position of the Group as at 30 April 2025, and of its financial performance and its cash flows for the six-month period then-ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to Interim Financial Reporting (IAS 34); and

- The interim Directors' Report includes a fair review of the information required in terms of Capital Markets Rules 5.81 to 5.84.

Angelo Xuereb
Chairman

Denise Xuereb
Chief Executive Officer

By Order of the Board
23 June 2025

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six-month period ended 30 April 2025

	Note	30 April 2025 (unaudited) EUR	30 April 2024 (unaudited) EUR
Revenue	7	**7,132,236**	6,816,718
Other operating income		**97,904**	33,741
Other operating costs		**(409,300)**	(389,084)
Staff costs		**(164,267)**	(136,797)
Operating profit		**6,656,573**	6,324,578
Net finance costs		**(3,196,860)**	(3,162,589)
Profit before taxation		**3,459,713**	3,161,989
Taxation	8	**(602,797)**	(559,463)
Profit after tax		**2,856,916**	2,602,526
Other comprehensive income		**-**	-
Total comprehensive income for the period		**2,856,916**	2,602,526
Basic earnings per share	9	**0.010**	0.009

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2025

	Note	30 April 2025 (unaudited)	31 October 2024 (audited)
ASSETS AND LIABILITIES		**EUR**	EUR
Non-current assets			
Intangible assets		**798**	1,064
Investment property	10	**318,410,397**	310,530,381
		318,411,195	310,531,445
Current assets			
Inventories		**242,395**	275,275
Trade and other receivables	14	**4,291,642**	8,561,763
Cash at bank and in hand		**2,794,245**	4,280,461
		7,328,282	13,117,499
Total assets		**325,739,477**	323,648,944
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		**34,292,088**	34,292,088
Share premium		**41,374,079**	41,374,079
Revaluation reserve		**38,336,540**	38,375,301
Other reserves		**330,752**	330,752
Retained earnings		**23,400,837**	22,816,172
Total equity		**137,734,296**	137,188,392
Non-current liabilities			
Trade and other payables		**307,419**	307,419
Bank borrowings		**40,958,124**	43,004,737
Other financial liabilities	14	**56,633,676**	52,859,119
Debt securities in issue	11	**39,639,287**	39,611,543
Non-current lease liabilities		**3,199,082**	3,268,317
Deferred tax liabilities		**26,553,946**	26,661,663
		167,291,534	165,712,798
Current liabilities			
Trade and other payables		**5,548,938**	4,543,233
Bank borrowings		**4,551,676**	4,970,183
Other financial liabilities		**7,315,468**	8,234,450
Debt securities in issue	11	**322,192**	1,027,945
Tax liabilities		**2,852,176**	1,940,278
Current lease liabilities		**123,197**	31,665
		20,713,647	20,747,754
Total liabilities		**188,005,181**	186,460,552
Total equity and liabilities		**325,739,477**	323,648,944

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Six-month period ended 30 April 2025

(Unaudited)	Share capital EUR	Share premium EUR	Revaluation reserve EUR	Other reserves EUR	Retained earnings EUR	Total EUR
At 1 November 2024	**34,292,088**	**41,374,079**	**38,375,301**	**330,752**	**22,816,172**	**137,188,392**
Profit for the period	-	-	-	-	2,856,916	2,856,916
Total comprehensive income for the period	-	-	-	-	2,856,916	2,856,916
Dividends	-	-	-	-	(2,311,012)	(2,311,012)
Other transfer	-	-	(38,761)	-	38,761	-
As at 30 April 2025	**34,292,088**	**41,374,079**	**38,336,540**	**330,752**	**23,400,837**	**137,734,296**
(Unaudited)						
At 1 November 2023	**34,292,088**	**41,374,079**	**38,809,360**	**330,752**	**20,779,332**	**135,585,611**
Profit for the period	-	-	-	-	2,602,526	2,602,526
Total comprehensive income for the period	-	-	-	-	2,602,526	2,602,526
Dividends	-	-	-	-	(4,009,390)	(4,009,390)
As at 30 April 2024	**34,292,088**	**41,374,079**	**38,809,360**	**330,752**	**19,372,468**	**134,178,747**

The Company's share capital as at period end comprises both Ordinary 'A' and 'B' shares. Ordinary 'A' shares and Ordinary 'B' shares shall entitle the holders thereof to the same rights, benefits and powers in the Company, except that Ordinary 'B' shares shall not entitle their holders to vote on any matter at any general meeting of the Company save in the following instances: in respect of a resolution which has the effect of reducing the capital of the Company; in respect of a resolution for the winding-up of the Company; and in respect of a resolution which has the effect of directly affecting the rights and privileges of Ordinary 'B' shareholders.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six-month period ended 30 April 2025

	30 April 2025	30 April 2024
	(unaudited)	(unaudited)
	EUR	EUR
Net cash flows from operating activities	**5,552,187**	6,079,146
Net cash flows used in investing activities	**(4,902,846)**	(7,022,276)
Net cash flows used in financing activities	**(2,135,557)**	(3,120,675)
Net movement in cash and cash equivalents	**(1,486,216)**	(4,063,805)
Cash and cash equivalents at the beginning of the period	**4,280,461**	7,706,065
Cash and cash equivalents at end of the period	**2,794,245**	3,642,260

There were no significant non-cash transactions during the six-month periods ended 30 April 2025 and 30 April 2024.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six-month period ended 30 April 2025

1. GENERAL INFORMATION

The interim condensed consolidated financial statements ("Interim Financial Statements") of AX Real Estate p.l.c. ("the Company") and its subsidiaries (collectively "the Group" or "the Estates Group") for the six-month period ended 30 April 2025 were authorised for issue in accordance with a resolution of the Directors on 23 June 2025.

AX Real Estate p.l.c. (C 92104) is a public limited liability company incorporated in Malta. The Company acts as the holding company of the Estates Group within the AX Group. The Group is involved in the letting of a diverse portfolio of real estate to subsidiary companies of AX Group p.l.c. and third parties. The Company's registered office is at AX Group, AX Business Centre, Triq id-Difiza Civili, Mosta, MST 1741, Malta.

2. BASIS OF PREPARATION

The Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* and in terms of the Capital Markets Rules 5.81 to 5.84. These Interim Financial Statements for the six-month period ended 30 April 2025 are being published pursuant to Capital Markets Rule 5.74 issued by the Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, 2005. In terms of Capital Markets Rule 5.75.5, this interim report has not been audited or reviewed by the Group's independent auditors.

The financial information of the Group as at 30 April 2025 and for the six-month period then ended reflect the financial position and the performance of AX Real Estate p.l.c. and all its subsidiaries. The comparative amounts reflect the position of the Group as included in the audited financial statements ended 31 October 2024 and the unaudited results for the six-month period ended 30 April 2024.

The Interim Financial Statements have been prepared under the historical cost convention, except for investment property which is stated at fair value. The same accounting policies, presentation and methods of computation have been followed in these Interim Financial Statements as were applied in the preparation of the Group's annual financial statements for the year ended 31 October 2024.

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 October 2024, which form the basis for these Interim Financial Statements. These Interim Financial Statements are intended to provide an update on the latest complete set of annual financial statements and accordingly they focus on new activities, events and circumstances.

3. GOING CONCERN

Profitability

The Group generated EUR7,007,236 (30 April 2024: EUR6,697,090) in rental income from the lease of the Group's investment properties.

The Group has reported operating profit of EUR6,656,573 (30 April 2024: EUR6,324,578) in the current period representing 93% (30 April 2024: 93%) of revenue. The increase in revenue was driven by higher variable rent from the hospitality properties, reflecting improved performance by the Group's hotels.

3. GOING CONCERN - CONTINUED

Financial position

As at reporting date, the Group's current liabilities exceeded its current assets by EUR13,385,365 (31 October 2024: EUR7,630,255) whereas the Group's total assets exceeded its total liabilities by EUR137,734,296 (31 October 2024: EUR137,188,392).

The current liabilities of the Group include balances of EUR7,315,468 (31 October 2024: EUR8,234,450) as at 30 April 2025 owed to the ultimate parent and other related parties. The ultimate parent and other related parties have confirmed in writing that they shall not request the repayment of amounts due to them until the Group is in a financial position to be able to do so. Furthermore, the Group has the continued backing of its ultimate parent which has committed to providing the necessary financial support to ensure adequate liquidity is maintained, even in the absence of operational inflows.

The Group is involved in the leasing of a diverse portfolio of real estate to subsidiary companies of AX Group p.l.c. and third parties. The majority of the current operative commercial leases are those entered into between the Group and operating and trading companies within the AX Group. Consequently, the risks inherent to AX Group's operations will affect the ability of those companies to operate efficiently, which in turn could have an effect on their ability to pay the rent due and or may result in lower variable rental income in the case of lease agreements featuring a combination of fixed and variable rent components. Management of the AX Group has prepared a cashflow forecast for the AX Group, as disclosed in the AX Group p.l.c.'s business update below and has concluded that the AX Group will be able to sustain its operations over the foreseeable future in a manner that is cash flow positive.

Liquidity

During the period, management took various steps to retain a high level of liquidity in line with the Group's policy. As at reporting date, the Group had aggregate banking facilities of EUR45,509,802 (31 October 2024: EUR47,974,920) which were fully drawn. In addition, the Group had access to an undrawn loan facility of EUR2,424,400 from a related party.

As at 30 April 2025, the Group had a gearing ratio of 52.5% (31 October 2024: 52.3%).

Management has prepared a forecast considering significant events and transactions that have occurred and are expected to occur subsequent to period end. This also considers the servicing of current and projected debt, including debt at variable rates.

Conclusion

Accordingly, based on information available at the time of approving these condensed financial statements, as a result of the strength of the Group's financial position and performance, as well as the AX Group's financial position and performance and availability of financing, the Directors have reasonable expectation that the Group will meet all its obligations as and when they fall due over the foreseeable future and therefore, that the going concern basis adopted for the preparation of these condensed consolidated financial statements is appropriate.

AX Group p.l.c.'s business update

The AX Group is primarily engaged in four main business sectors namely, Hospitality, Care, Construction and Estates but is also involved in property development and renewable energy.

The Hospitality division has performed exceptionally well during the period, with all hotels surpassing their projected performance.

3. GOING CONCERN – CONTINUED

AX Group p.l.c.'s business update – continued

The Healthcare division registered an increase in revenue of 5.7% compared to the corresponding period last year. The independent apartments at Hilltop Gardens remained fully occupied throughout the period, reflecting the sustained demand for our healthcare offerings. Revenue from third-party projects in the Construction division increased by 84%, reflecting a shift in focus from internal developments to external projects as the Verdala project nears completion.

The Verdala residential blocks are practically finished, with contracts of sale currently being signed and further promise of sale agreements underway. The hotel component of the development is nearing completion and set to open in the coming weeks. The continued momentum in property sales reflects sustained confidence in both the destination and the Verdala vision.

As at 30 April 2025, the AX Group maintained a healthy financial stance with a gearing ratio of 50.4% (31 October 2024: 49.6%).

Management of the AX Group has prepared a cashflow forecast for the AX Group and has concluded that the AX Group will be able to sustain its operations over the foreseeable future in a manner that is cash flow positive.

Management of the AX Group has also considered a stress tested scenario to assess the AX Group's resilience and ability to handle unforeseen challenges. Under all scenarios tested, the Group is expected to continue to have sufficient liquidity relative to the funding available to it. Management also notes that a number of the AX Group's properties are unencumbered and could potentially be used as a guarantee in obtaining additional financing from banks should the need arise.

4. APPLICATION OF NEW OR REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Standards, interpretations and amendments to published standards effective during the reporting period.

During the financial period under review, the Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 November 2024. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in changes to the Group's accounting policies.

4. APPLICATION OF NEW OR REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS - CONTINUED

Standards, interpretations and amendment to published standards that are not yet effective.

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these condensed consolidated interim financial statements, that are mandatory for the Group's accounting periods beginning after 1 November 2024. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the Group's Directors are of the opinion that there are no requirements that will have a possible significant impact on the Group's financial statements in the period of initial application.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these Interim Condensed Consolidated Financial Statements, management has made judgements and estimates that affect the application of accounting policies and that can significantly affect the amounts recognised. The significant judgements made in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

6. FAIR VALUE MEASUREMENT

All financial instruments for which fair value is measured or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets and liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels during the period.

7. REVENUE

In the following table, revenue is disaggregated by revenue category. Revenue falling under IFRS15 *Revenue from Contracts with Customers* and IFRS16 *Leases* is recognised as follows:

	1 November 2024 to 30 April 2025 (unaudited) EUR	1 November 2023 to 30 April 2024 (unaudited) EUR
Sale of property and real estate	**125,000**	119,628
Rental income	**7,007,236**	6,697,090
Total Revenue	**7,132,236**	6,816,718

8. INCOME TAX

The interim period income tax is based on the Maltese corporate tax rate of 35%. Income taxes for the interim reporting period represent a best estimate of the weighted average annual income tax rate expected for the full financial year.

9. EARNINGS PER SHARE

Earnings per share is based on the net result for the period divided by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares in issue during the period amounted to 274,336,700 shares (30 April 2024: 274,336,700 shares).

10. INVESTMENT PROPERTY

During the reporting period, the Group registered additions to its investment property amounting to EUR7,880,016 (30 April 2024: EUR8,484,882). No further movement in investment property occurred during the reporting period.

Valuation process

The Group's investment properties are revalued by professionally qualified architects or surveyors on the basis of assessments of the fair value of the property in accordance with the international valuation standards and professional practice. In the years where an independent valuation is not obtained, management reworks the fair value of the property by verifying all major inputs to the independent valuation report, assessing any property valuation movements when compared to the prior year valuation report and holds discussions with the independent valuer, as necessary. Internal methods are therefore aligned with those used by external valuers.

The Group entered into long-term lease agreements of 20 years with the respective operating companies of the AX Group responsible for the operation of the relevant investment properties with effect from dates ranging between 1 July 2021 to 1 June 2023. For all properties, given the contractual obligations under the leases, their current use equates to the highest and best use.

The Group is planning to open the Verdala Wellness hotel in Rabat in the coming weeks. The Group's plans for its properties in Qawra envision an additional phase, one which will see the redevelopment of the Luzzu and Sunny Coast lido areas, and the demolition and rebuilding of the Sunny Coast Resort & Spa. The Group has the necessary planning permit for the Sunny Coast Resort & Spa redevelopment and is in the process of obtaining a full development permit for the redevelopment of the Luzzu and Sunny Coast lido areas. Preliminary planning for the redevelopment has begun, although there are no confirmed timelines for commencement at this stage.

Furthermore, the Group has entered into a promise of sale agreement to acquire a parcel of land in Naxxar, located adjacent to the Hilltop Complex. The Group has no further restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

A portion of the investment properties owned is encumbered as they serve as securities for bank loans.

The Group's investment property has been determined to fall within level 3 of the fair value hierarchy.

10. INVESTMENT PROPERTY – CONTINUED

Climate-related considerations

For investment properties, which are measured at fair value, the Group considers the effect of physical and transition climate-related risks and whether these could impact the value of the Group's properties.

Management has evaluated potential climate-related risks that could impact the value of the Group's investment properties, and these considerations have been included within the valuation process. These include possible physical risks from climate-change such as potential damage from extreme weather events, or transitional risks such as changes in property attractiveness due to shifting climate conditions and increasing requirement for energy efficiency of buildings.

Management has concluded that, based on the information currently available, these potential climate-related risks are not expected to have a material impact on the value of the Group's investment properties.

The Group remains vigilant and committed to continuously monitoring these climate-related considerations and will adjust the investment property valuations as necessary to reflect any significant changes in these risks or in their potential impact on our business

Details of the investment property and information about their fair value hierarchy as at the end of the period:

Type of Property	Level 3	Total
Commercial property	307,722,041	307,722,041
Residential	10,688,356	10,688,356
At 30 April 2025	318,410,397	318,410,397

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels during the period.

10. INVESTMENT PROPERTY – CONTINUED

Description of valuation techniques used and key inputs to valuation of investment properties

For investment property categorized under Level 3 of the fair value hierarchy, the valuation was determined by a combination of the market approach and the income capitalization approach as applicable.

Type of Property	Valuation Technique	Inputs	Sensitivity
Residential property amounting to EUR4,699,554 (31 October 2024: EUR4,499,025)	Income capitalisation approach	Income capitalization approach: total projected stabilised EBITDA of EUR617,251 (2024: same) using an average growth of 3% (2024: same) and discount rate of future income of 10.5% (2024: same).	The higher the capitalisation rate, the lower the fair value. The higher the rental income and growth rate the higher the fair value
Commercial property amounting to EUR21,714,176 (31 October 2024: EUR21,710,000)	Income capitalisation approach	The inputs used to calculate the total value of the property is an annual return in the range of EUR40 to EUR274 (2024: same) per square meter at a capitalisation rate ranging from 5.75% to 6% (2024: same).	The higher the capitalisation rate, the lower the fair value. The higher the rental income and growth rate the higher the fair value
Commercial property amounting to EUR13,358,638 (31 October 2024: EUR6,622,583)	Income capitalisation approach	Income capitalization approach: total projected stabilised EBITDA of EUR2,049,732 (2024: same) using an average growth of 3% (2024: same) and discount rate of future income of 11.83% (2024: same).	The higher the capitalisation rate, the lower the fair value. The higher the rental income and growth rate the higher the fair value
Commercial property amounting to EUR235,394,359 (31 October 2024: EUR234,514,773)	Income capitalisation approach	The main inputs used are a fixed rental income of EUR9,925,046 (2024: same) per annum, increasing by 2% (2024: same) per annum and with a discount rate between 6-8% (2024: same), and a variable rent with a discount rate of 7-9% (2024: same).	The higher the capitalisation rate, the lower the fair value. The higher the rental income and growth rate the higher the fair value
Commercial property amounting to EUR37,254,868 (31 October 2024: EUR37,200,000)	Income capitalisation approach	The main inputs used are a rental income of EUR1,750,993 (2024: same) per annum, increasing by 2% per annum and a discount rate of 7.75% (2024: same).	The higher the capitalisation rate, the lower the fair value. The higher the rental income and growth rate the higher the fair value
Residential property amounting to EUR5,988,802 (31 October 2024: EUR5,984,000)	Comparative methods (Market approach)	The valuation of investment property was based on market rates for comparable advertised properties taking into account the size, fit out of the subject units, location of the property and current situation of the residential and commercial property market (2024: same).	The higher the market rates, the higher the fair value

During the period, the Group used the same valuation techniques used in the previous year.

11. DEBT SECURITIES IN ISSUE

During 2022, AX Real Estate p.l.c. issued an aggregate principal amount of EUR40,000,000 bonds (2022 -2032), having a nominal value of EUR100 each, bearing interest at the rate of 3.5% per annum. These bonds are unsecured and subject to the terms and conditions in the prospectus dated 6 December 2021. The bonds are listed on the Official Companies List of the Malta Stock Exchange. The quoted market price as at 30 April 2025 for the 3.5% bonds (2022 – 2032) was EUR94.5 (31 October 2024: EUR93). The fair value of the bond as at 30 April 2025 amounted to EUR37,800,000 (31 October 2024: EUR37,200,000).

The carrying value of the bond as at 30 April 2025 amounted to EUR39,639,287 (31 October 2024: EUR39,611,543). The amount is made up of the total bonds issued amounting to EUR40,000,000 net of bond issue costs which are being amortised over the respective term of the bonds. Interest on the bonds is due and payable annually in arrears on 7 February of each year at the above-mentioned rate. EUR21,645,400 of these bonds were assigned to AX Group p.l.c. as part conversion of the loan payable by the Company on issue.

	30 April 2025	31 October 2024
	(unaudited)	(audited)
	EUR	EUR
At beginning of period	**39,611,543**	39,556,055
Bond issue costs amortisation for the period	**27,744**	55,488
At period end (non-current)	**39,639,287**	39,611,543
Accrued interest (current)	**322,192**	1,027,945
	39,961,479	40,639,488

12. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group's financial assets and financial liabilities comprise trade and other receivables, and cash and cash equivalents, as well as trade and other payables, bank borrowings and debt securities in issue. All financial assets and financial liabilities are classified as measured at amortised cost.

Fair values

The fair value of non-current trade and other payables, and bank borrowings, is not materially different from their carrying amounts particularly due to re-pricing. The fair values of non-current debt securities in issue can be defined by reference to the quoted market price on the Malta Stock Exchange.

At 30 April 2025 and 31 October 2024 carrying amounts of the Group's current financial assets and current financial liabilities approximated their fair values due to the short-term nature of these financial instruments.

13. CONTINGENCIES AND CAPITAL COMMITMENTS

There were no major changes in contingent assets and liabilities, and they remain in essence as reported in the Group's annual financial statements of 31 October 2024.

Commitments for capital expenditure with respect to the development and completion of a number of projects as at 30 April 2025 stand as follows:

	30 April 2025
	(unaudited)
	EUR
Authorised and contracted	**3,679,497**
Authorised but not contracted	**3,120,310**

14. RELATED PARTY TRANSACTIONS

Transactions with related parties are subject to review by the Audit Committee in terms of the Capital Markets Rules, ensuring that such transactions are carried out on an arm's length basis and are for the benefit of the AX Group. Transactions between the Company and its subsidiaries have been eliminated on consolidation.

Outstanding balances with other related parties have been disclosed in note 18 and note 23 to the audited financial statements as at 31 October 2024. Transactions and balances with these other related parties during the interim period are included in these interim condensed consolidated financial statements within trade and other receivables, and other financial liabilities, including the below.

Rental income from AX Group and related parties accounted to EUR6,519,404 (30 April 2024: EUR6,163,389) during the six-month period ended 30 April 2025.

Capital expenditure on properties held by the Group by AX Construction Limited, a related party, amounted to EUR949,767 (30 April 2024: EUR1,873,897).

Following the above, amongst others, amounts owed by such related parties as at 30 April 2025 of EUR2,431,545 (31 October 2024: EUR1,351,871) are included within trade and other receivables, which are non-interest bearing and have no fixed date of repayment.

As at 30 April 2025, amounts owed to parent for an aggregate of EUR47,639,552 (31 October 2024: EUR47,240,388) are included within other financial liabilities, which are unsecured, bear interest between the weighted average borrowing rate of the AX Group which stood at 5.11% as at 30 April 2025 and a fixed rate of 6.25% and are repayable on 31 December 2034. The payment of the interest due on this loan is also deferred until December 2032.

Other financial liabilities also include amounts owed to other related parties for an aggregate of EUR2,078,600 which bears interest of 4.25% and is repayable by March 2040.

15. DISTRIBUTIONS MADE AND PROPOSED

	1 November 2024 to 30 April 2025 (unaudited) EUR	1 November 2023 to 30 April 2024 (unaudited) EUR
Dividends on ordinary shares declared:		
Interim dividend	**-**	4,009,390
Final dividend for the year ended 31 October 2024	**2,311,012**	-