

EXALCO PROPERTIES LIMITED

Annual Report and Financial Statements
31 December 2025

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Independent auditor's report

To the Shareholders of Exalco Properties Limited

Report on the audit of the financial statements

Our opinion

In our opinion:

- The financial statements give a true and fair view of the financial position of Exalco Properties Limited as at 31 December 2025, and of the company's financial performance for the year then ended in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-sized Entities) Regulations (S.L. 281.05) and the Schedule accompanying and forming an integral part of those Regulations (GAPSME); and
- the financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

What we have audited

Exalco Properties Limited's financial statements, set out on pages 6 to 25, comprise:

- the statement of financial position as at 31 December 2025;
- the income statement for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.



Independent auditor's report - continued

To the Shareholders of Exalco Properties Limited

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to audits of financial statements in Malta and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have also fulfilled our other ethical responsibilities in accordance with these Codes.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with GAPSME and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.



Independent auditor's report - continued

To the Shareholders of Exalco Properties Limited

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 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.



Independent auditor's report - continued

To the Shareholders of Exalco Properties Limited

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Other matters on which we are required to report by exception

We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:

- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.

We have nothing to report to you in respect of these responsibilities.



Independent auditor's report - continued

To the Shareholders of Exalco Properties Limited

Other matter - use of this report

Our report, including the opinion, has been prepared for and only for the Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

A handwritten signature in black ink, appearing to read 'Cardona', is positioned above the name of the signatory.

Christopher Cardona

Principal

For and on behalf of

PricewaterhouseCoopers

78, Mill Street

Zone 5, Central Business District

Qormi

Malta

16 April 2026

Statement of financial position

		As at 31 December	
		2025	2024
		€	€
ASSETS	Notes		
Non-current assets			
Property, plant and equipment	2	8,608,913	6,348,477
Investment property	3	69,589,430	69,406,022
Available-for-sale financial assets		161,375	96,085
Total non-current assets		78,359,718	75,850,584
Current assets			
Trade and other receivables	4	831,272	822,443
Cash and cash equivalents		2,309,292	3,167,506
Total current assets		3,140,564	3,989,949
Total assets		81,500,282	79,840,533

Statement of financial position - continued

		As at 31 December	
		2025	2024
	Notes	€	€
EQUITY AND LIABILITIES			
Equity			
Share capital		2,840,000	2,840,000
Revaluation reserves	5	37,959,905	37,959,905
Retained earnings		15,806,741	13,958,212
Total equity		56,606,646	54,758,117
LIABILITIES			
Non-current liabilities			
Borrowings	6	15,280,000	15,280,000
Deferred tax liabilities	7	5,970,000	5,970,000
Trade and other payables	8	649,108	520,085
Total non-current liabilities		21,899,108	21,770,085
Current liabilities			
Trade and other payables	8	2,320,959	2,609,111
Current tax liabilities		673,569	703,220
Total current liabilities		2,994,528	3,312,331
Total liabilities		24,893,636	25,082,416
Total equity and liabilities		81,500,282	79,840,533

The notes on pages 10 to 25 are an integral part of these financial statements.

The financial statements on pages 6 to 25 were authorised for issue by the board on 16 April 2026 and were signed on its behalf by:



Mr. Alexander Montanaro
Director



Mr. Jean Marc Montanaro
Director

Income statement

	Notes	Year ended 31 December	
		2025 €	2024 €
Revenue	9	5,454,434	5,553,395
Direct operating expenses		(1,278,002)	(1,131,372)
Administrative expenses		(711,542)	(594,669)
Operating profit	10	3,464,890	3,827,354
Finance costs		(763,790)	(761,351)
Profit before tax		2,701,100	3,066,003
Tax expense	13	(652,571)	(680,424)
Profit for the year		2,048,529	2,385,579

The notes on pages 10 to 25 are an integral part of these financial statements.

Statement of changes in equity

	Share capital €	Revaluation reserve €	Retained earning €	Total equity €
Notes				
Balance at 1 January 2024	2,840,000	37,959,905	12,073,813	52,873,718
Profit for the year	-	-	2,385,579	2,385,579
Total recognised income for 2024	-	-	2,385,579	2,385,579
Transactions with owners				
Dividends	-	-	(501,180)	(501,180)
Balance at 31 December 2024	2,840,000	37,959,905	13,958,212	54,758,117
Balance at 1 January 2025	2,840,000	37,959,905	13,958,212	54,758,117
Profit for the year	-	-	2,048,529	2,048,529
Total recognised income for 2025	-	-	2,048,529	2,048,529
Transactions with owners				
Dividends	-	-	(200,000)	(200,000)
	2,840,000	37,959,905	15,806,741	56,606,646

The notes on pages 10 to 25 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The financial statements have been prepared in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, Legal Notice 289 of 2015 (GAPSME), and the requirements of the Maltese Companies Act (Cap. 386).

These financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings included within property, plant and equipment and investment property.

1.2 Foreign currency translation

(a) Functional and presentation currency

The company's financial results and financial position are measured in the functional currency, i.e. euro ("€"), which is the currency of the primary economic environment in which the company operates. These financial statements are presented in euro ("€"), i.e. the presentation currency, which is the currency in which the company's share capital is denominated.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within administrative expenses.

1.3 Property, plant and equipment

All property, plant and equipment is initially recorded at historical cost. Land and buildings, comprising mainly offices, are shown at fair value, less subsequent depreciation for buildings. Valuations are carried out on a regular basis such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

All other property, plant and equipment is subsequently stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs are recognised in profit or loss as incurred, in accordance with the company's accounting policy (Note 1.16).

1. Summary of significant accounting policies - continued

1.3 Property, plant and equipment - continued

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited directly to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve directly in equity; all other decreases are charged to profit or loss.

Land is not depreciated as it is deemed to have an indefinite life. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	%
Buildings	1
Lifts and escalators	15
Furniture, fixtures, fittings and equipment	10
Motor vehicles	20
Computer and other equipment	25

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.5).

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve relating to the assets are transferred to retained earnings.

1.4 Investment property

Investment property, principally comprising freehold commercial property, is held for long-term rental yields or for capital appreciation or both, and is not occupied by the company. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

Investment property is measured initially at its historical cost, including related transaction costs. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs are recognised in profit or loss in accordance with the company's accounting policy (Note 1.16).

1. Summary of significant accounting policies - continued

1.4 Investment property - continued

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

After initial recognition, investment property is carried at fair value, representing open market value determined annually, less subsequent depreciation for buildings, and impairment. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

These valuations are reviewed annually by the directors with the assistance of professional valuers. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Increases in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss; with any remaining increase recognised directly in equity in a revaluation reserve. Any resulting decrease in the carrying amount of the property is initially charged directly to equity against any previously recognised revaluation surplus, with any remaining decrease charged to profit or loss.

Land is not depreciated as it is deemed to have an indefinite life. The capitalised cost of buildings is amortised using the straight-line method over the respective useful lives. Useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

A property's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.5).

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve relating to the assets are transferred to retained earnings.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of the reclassification becomes its cost and accumulated depreciation for subsequent accounting purposes. When the company decides to dispose of an investment property without development, the company continues to treat the property as an investment property. Similarly, if the company begins to redevelop an existing investment property for continued future use as investment property, it remains an investment property during the redevelopment.

1. Summary of significant accounting policies - continued

1.4 Investment property - continued

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation as described above.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

1.5 Impairment of non-financial assets

Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.6 Financial assets

1.6.1 Classification

The company classifies its financial assets in the following categories; loan and receivables and available-for-sale investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments on initial recognition and re-evaluates this designation at every reporting date.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the asset. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position (Notes 1.7 and 1.8).

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as available-for-sale assets. They are included in non-current assets unless the asset matures or management intends to dispose of it within twelve months from the end of the reporting period.

1. Summary of significant accounting policies - continued

1.6 Financial assets - continued

1.6.2 Recognition and measurement

The company recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. All financial assets are initially recognised at fair value plus transaction costs.

After initial recognition, available-for-sale financial assets are subsequently carried at the lower of cost and fair value less costs to sell.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership or has not retained control of the asset.

Under the cost model, only adjustment in order to measure the investment's carrying amount at the lower of cost and fair value less costs to sell, is recognised in profit or loss for the period.

1.6.3 Impairment

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The company first assesses whether objective evidence of impairment exists. The criteria that the company uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; and
- observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment loss. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

1. Summary of significant accounting policies - continued

1.6 Financial assets - continued

1.6.3 Impairment - continued

For financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss. Impairment testing of trade receivables is described in Note 1.7.

1.7 Trade and other receivables

Trade receivables comprise amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (note 1.6.3). The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. Cash and cash equivalents include cash in hand and deposits held at call with banks.

1.9 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

1.10 Financial liabilities

The company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value, including transaction costs. These liabilities are subsequently measured at amortised cost. The company derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1.11 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1. Summary of significant accounting policies - continued

1.12 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred, and subsequently measured in accordance with the policy described in note 1.10. On derecognition, any difference between the carrying amount and the redemption or settlement amount is recognised in profit or loss.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

1.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.14 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised directly in equity.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.15 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of services in the ordinary course of the company's activities. Revenue is recognised upon performance of services, and is stated net of sales tax, returns, rebates and discounts.

The company recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the company's activities as described below.

Rentals receivable, short-term lets receivable and premia charged to tenants of immoveable property are recognised in the period when the property is occupied. Premia are taken to profit or loss over the period of the leases to which they relate.

1. Summary of significant accounting policies - continued

1.15 Revenue recognition - continued

Revenue from services related to complex management is generally recognised in the accounting period in which the services are provided, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Interest income is recognised for all interest-bearing instruments using the effective interest method.

1.16 Borrowing costs

Borrowing costs are recognised in profit and loss as incurred.

1.17 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

2. Property, plant and equipment

	Office buildings €	Property held for development €	Furniture, fixtures, fittings and equipment €	Motor vehicles €	Total €
At 1 January 2025					
Cost (or valuation)	448,743	5,909,039	482,759	22,742	6,863,283
Accumulated depreciation	(9,305)	-	(482,759)	(22,742)	(514,806)
Net book amount	439,438	5,909,039	-	-	6,348,477
Year ended 31 December 2025					
Opening net book amount	439,438	5,909,039	-	-	6,348,477
Additions	-	2,259,151	3,485	-	2,262,636
Disposal	-	-	-	(22,742)	(22,742)
Depreciation charge	(1,329)	-	(871)	-	(2,200)
Depreciation released on disposal	-	-	-	22,742	22,742
Closing net book amount	438,109	8,168,190	2,614	-	8,608,913
At 31 December 2025					
Cost (or valuation)	448,743	8,168,190	486,244	-	9,103,177
Accumulated depreciation	(10,634)	-	(483,630)	-	(494,264)
Net book amount	438,109	8,168,190	2,614	-	8,608,913

If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2025 €	2024 €
At 31 December		
Cost	8,301,102	6,041,951
Accumulated depreciation	(11,299)	(9,970)
Net book amount	8,289,803	6,031,981

The Company's property, plant and equipment principally comprises the offices situated in Mosta that are occupied by the Company for operational purposes and the 'Savoy Hotel' or 'Savoy Guest Hotel' situated in Sliema purchased from a related party for a consideration amounting to €5.7m. During the year ended 31 December 2025, the Company continued development works on the property, resulting in the capitalisation of an additional €2,259,151 for the demolition, excavation and construction expenses incurred.

As at the year ended 31 December 2025, the company has an outstanding commitment amounting to €2m in relation to the planned future development work of the property.

3. Investment property

	€
At 1 January 2025	
Valuation	72,351,083
Accumulated depreciation	(2,945,061)
Net book amount	69,406,022
Year ended 31 December 2025	
Opening net book amount	69,406,022
Additions	529,056
Depreciation charge	(345,648)
Closing net book amount	69,589,430
At 31 December 2025	
Valuation	72,880,139
Accumulated depreciation	(3,290,709)
Net book amount	69,589,430

The investment properties comprise a portfolio of properties, which mainly consist of commercial properties leased out to third parties located in different locations.

On 31 December 2025, the directors approved a valuation assessment of the company's investment properties for a value of €70m . Given the specific nature and location of these assets, the market value was determined by reference to a valuation model based on the investment property's discounted projected cash flows, incorporating both historical performance and forward-looking assumptions, including estimated rental values, occupancy levels, and appropriate discount and capitalisation rates reflective of current market conditions. The future cash flows have been derived from financial forecasts assessed in relation to potential rental streams derived from such assets. These projected free cash flows were discounted to present value. The determination of the discount rate applied was based on the current risk-free rate and inflation, on the general risk associated with property developments, and, finally, on a specific risk premium directly related to the property being valued.

No revaluation movement has been recognised in the financial statements, and the existing carrying amounts remain unchanged

If the investment property were stated on the historical cost basis, the amounts would be as follows:

	2025 €	2024 €
At 31 December		
Cost	27,352,709	26,823,653
Accumulated depreciation	(3,290,709)	(2,945,061)
Net book amount	24,062,000	23,878,592

Investment property with a carrying amount of €30,859,929 is held as security by the trustee of the bondholders of Exalco Finance plc , as per trust agreement dated 13 August 2018 (Note 6).

4. Trade and other receivables

	2025	2024
	€	€
Current		
Trade receivables - gross	755,712	617,288
Less: provision for impairment of trade receivables	(49,345)	-
Trade receivables - net	<u>706,367</u>	617,288
Amounts owed by parent	39,330	33,374
Amounts owed by fellow subsidiary	21,000	22,796
Amounts owed by related parties	14,840	38,288
Other receivables	32,369	29,700
Prepayments and accrued income	17,366	80,997
	<u>831,272</u>	<u>822,443</u>

Amounts owed by parent, fellow subsidiary and related parties are unsecured, interest free and repayable on demand. As of 31 December 2025 and 2024 these amounts were fully performing and hence do not contain impaired assets.

5. Revaluation reserves

	2025	2024
	€	€
Opening and closing book amount	<u>37,959,905</u>	<u>37,959,905</u>

The fair value gains reserve represents changes in fair value of investment property, net of deferred tax movements, which are unrealised at financial reporting dates. These amounts are transferred from retained earnings to this reserve since these gains are not considered by the directors to be available for distribution. Upon disposal of the respective investment property, realised fair value gains are transferred to retained earnings. The fair value gains reserve is a non-distributable reserve.

Increases in the carrying amount arising on revaluation are credited to the revaluation reserve in shareholder's equity. On disposal of a revalued asset, amounts in the revaluation reserve relating to that asset are transferred to retained earnings. The revaluation reserve is a non-distributable reserve.

6. Borrowings

	2025	2024
	€	€
Non-current		
Loan from fellow subsidiary	15,280,000	15,280,000
	<u>15,280,000</u>	<u>15,280,000</u>

The company's banking facilities as at 31 December 2024 and 2025 amounted to €1,000,000.

6. Borrowings - continued

By virtue of offering memorandum dated 31 July 2018, Exalco Finance p.l.c issued 150,000 bonds with a face value of €100 each. The bond is guaranteed by the company, which has bound itself jointly and severally liable for the payment of the bond and interest thereon, pursuant to and subject to the terms and conditions in the offering memorandum. The bonds are secured by property owned by the company in favour of the security trustee (Note 3). Proceeds from this bond have been advanced to the company through a loan from Exalco Finance p.l.c. The loan from fellow subsidiary is repayable in 2028.

The interest rate exposure of borrowings as at 31 December were as follows:

	2025	2024
	€	€
Total borrowings:		
At fixed rates	15,280,000	15,280,000
	15,280,000	15,280,000

Weighted average effective interest rates at the end of the reporting period date:

	2025	2024
Loan from fellow subsidiary	4%	4%

7. Deferred tax liabilities

Deferred income taxes are calculated on temporary differences under the liability method and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted by the end of the reporting period. The principal tax rate used for 2025 and 2024 is 35%, with the exception of deferred taxation on the fair valuation of non-depreciable property which is computed on the basis applicable to disposals of immovable property i.e. tax effect of 8% or 10% of the transfer value.

The movement on the deferred tax account is as follows:

	2025	2024
	€	€
Opening and closing amount	5,970,000	5,970,000

7. Deferred tax liabilities - continued

The balance at 31 December represents:

	2025	2024
	€	€
Temporary differences arising on fair valuation of land and buildings	5,970,000	5,970,000

The recognised deferred tax liabilities are expected to be recovered or settled principally after more than twelve months.

At 31 December, the company had the following temporary differences which were not recognised in these financial statements:

	2025	2024
	€	€
Temporary differences arising on:		
Trading losses	1,127,202	801,035
Provision for impairment of trade receivables	49,345	-
	1,176,547	801,035

These gave rise to a deferred tax asset of €412,637 (2024: €280,903) which has not been recognised in these financial statements.

8. Trade and other payables

	2025	2024
	€	€
Trade payables	164,668	32,831
Deposits received from customers	905,528	1,083,858
Indirect taxes and social security costs	568,485	652,371
Accruals and deferred income	1,331,386	1,360,136
	2,970,067	3,129,196
Non-current	649,108	520,085
Current	2,320,959	2,609,111
	2,970,067	3,129,196

9. Revenue

	2025 €	2024 €
Rental operations	4,508,225	4,711,261
Management operations	946,209	842,134
	5,454,434	5,553,395

10. Operating profit

Operating profit is stated after charging the following:

	2025 €	2024 €
Employee benefit expense (Note 11)	241,023	220,221
Depreciation (Notes 2, 3)	347,848	332,037
Annual statutory audit fees	24,700	23,529
Repairs, maintenance and other related costs	699,595	616,166
Provision for impairment of trade receivables	49,345	-
	1,362,511	1,191,053

11. Employee benefit expense

	2025 €	2024 €
Wages and salaries	241,023	220,221

The average number of persons employed by the company during the financial reporting period was 12 (2024: 7).

12. Directors emoluments

	2025 €	2024 €
Salaries and other emoluments	396,835	373,353

13. Tax expense

	2025 €	2024 €
Current tax expense:		
On taxable income subject to tax at 15%	673,571	703,220
Group loss relief	(21,000)	(22,796)
Tax expense	652,571	680,424

13. Tax expense - continued

The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2025 €	2024 €
Profit before tax	2,701,100	3,066,003
Tax on profit at 35%	945,385	1,073,101
Tax effect of the impact of:		
Property tax rules on rental income	(551,141)	(596,206)
Disallowed expenses	126,593	123,771
Movement in unrecognised deferred tax in current year	131,734	79,758
Tax expense	652,571	680,424

14. Dividends

	2025 €	2024 €
Final dividends paid on ordinary shares from final tax account: Net dividends	200,000	501,180
Net dividend per share	0.07	0.18

15. Related party transactions

Exalco Properties Limited forms part of Exalco Group of companies, which comprises Exalco Holdings Limited and its subsidiaries.

All companies forming part of the Exalco Group are related parties since these companies all have common ultimate controllers. Trading transactions between these companies typically include interest charges and other such items which are normally encountered in a group context. The group is ultimately fully owned by Montanaro family who are therefore considered to be related parties. Any companies owned by the Montanaro family are considered to be related parties.

Year-end balances with related parties are disclosed in Note 4 to these financial statements. As at 31 December 2025, the company issued a dividend for an amount of €200,000 (2024: €501,180) to its parent company.

The following transactions were entered into with related parties during the financial reporting period:

	2025 €	2024 €
Interest payable to fellow subsidiary	763,118	760,314

16. Commitments

As at 31 December 2025, the Company had capital commitments related to the Savoy property not provided for in these financial statements as follows:

	Contracted €	Authorised not Contracted €
Capital commitments	1,967,211	-

17. Statutory information

Exalco Properties Limited is a limited liability company and is incorporated in Malta. The registered office is Cornerstone Business Centre, Level 4, 16 September Square, Mosta, MST 1180, Malta.

The ultimate and immediate parent company of Exalco Properties Limited is Exalco Holdings Limited, a company registered in Malta, with its registered address at Cornerstone Business Centre, Level 4, 16 September Square, Mosta, MST 1180, Malta.

18. Comparative information

Comparative figures are disclosed in the main components of these financial statements have been reclassified to conform with the current year's presentation format for the purpose of fairer presentation.

