AX GROUP

PROSPECTUS

26 September 2023

An issue of up to

€40,000,000 5.85% unsecured bonds 2033
issued and redeemable at their nominal value (at €100 per Bond) by

AX GROUP P.L.C.
(a public limited liability company registered under the laws of Malta with company registration number C12271)

ISIN MT0002361229

Sponsor

MZ INVESTMENTS

Manager & Registrar

BOV
Bank of Valletta

Legal Counsel

CAMILLERI PREZIOSI
ADVOCATES

SUMMARY

DATED 26 SEPTEMBER 2023

This document is a Summary issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the MFSA and in accordance with the provisions of the Prospectus Regulation.

This Summary is being issued by:

AX GROUP P.L.C.

a public limited liability company registered under the laws of Malta with company registration number C 12271

in respect of an issue of up to €40,000,000 5.85% unsecured bonds due 2033
issued and redeemable at their nominal value (at €100 per Bond)

ISIN MT0002361229

Sponsor	Manager & Registrar	Legal Counsel
MZ INVESTMENTS	BOV Bank of Valletta	CAMILLERI PREZIOSI ADVOCATES

THIS SUMMARY HAS BEEN APPROVED BY THE MFSA, AS COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MFSA ONLY APPROVED THIS SUMMARY AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER AND THE SECURITIES THAT ARE THE SUBJECT OF THIS SUMMARY.

THIS SUMMARY IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE THEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE ISSUER IS NOT OBLIGED TO SUPPLEMENT THIS SUMMARY IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.

APPROVED BY THE BOARD OF DIRECTORS

ANGELO XUEREB	MICHAEL WARRINGTON

signing in their own capacity as directors of the AX Group p.l.c. and on behalf each of Denise Xuereb, Claire Zammit Xuereb, Christopher Paris, John Soler and Josef Formosa Gauci.

INTRODUCTION AND WARNINGS

This Summary is prepared in accordance with the requirements of the Prospectus Regulation and the delegated acts issued thereunder. This Summary contains key information which investors require in order to understand the nature and the risks of the Issuer and the Bonds. Except where the context otherwise requires, the capitalised words and expressions used in this Summary shall bear the meanings assigned to them in the Registration Document and the Securities Note, as the case may be.

This Summary contains key information on the Issuer and the Bonds, summarised details of which are set out below:

Legal and commercial name:	AX Group p.l.c.
Registered address:	AX Group, AX Business Centre, Triq id-Difiza Civili, Mosta MST 1741, Malta
Registration number:	C 12271
Telephone number:	+356 2331 2345
Issuer's website:	http://axgroup.mt
Legal Entity Identifier ('LEI'):	213800ZQHNATYCTNN592
Competent authority approving the Prospectus:	The MFSA, being the competent authority to approve prospectuses of any offer of securities to the public in Malta in terms of the Financial Markets Act (Cap. 345 of the laws of Malta)
Address of the MFSA:	Malta Financial Services Authority, Triq l-Imdina, Zone 1, Central Business District, Birkirkara, Malta, CBD 1010
Telephone number of the MFSA:	+356 2331 2345
MFSA's website:	https://www.mfsa.mt/
Name of the Bonds:	5.85% Unsecured Bonds due 2033 issued by the Issuer
ISIN of the Bonds:	MT0002361229
Prospectus approval date:	26 September, 2023

Prospective investors are hereby warned that:

(i) this Summary should be read as an introduction to the Prospectus. It is being provided to convey the key characteristics and risks associated with the Issuer and the Bonds being offered pursuant to the Prospectus. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this Summary in making a decision as to whether to invest in the Bonds described in this document;

(ii) any decision of the investor to invest in the Bonds should be based on a consideration of the Prospectus as a whole by the investor;

(iii) an investor may lose all or part of the capital invested in subscribing for Bonds;

(iv) where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and

(v) civil liability attaches only to those persons who have tabled the Summary, including any translation thereof, but only if the Summary, when read together with the other parts of the Prospectus, is misleading, inaccurate, or inconsistent or does not provide key information in order to aid investors when considering whether to invest in the Bonds.

1. KEY INFORMATION ON THE ISSUE

1.1. Who is the Issuer of the Bonds?

1.1.1. <u>Domicile and legal form, its LEI and country of incorporation</u>

The Issuer of the Bonds is AX Group p.l.c., a public limited liability company registered in Malta in terms of the Companies Act (Cap. 386 of the laws of Malta), having company registration number C 12271. The Issuer was incorporated and is domiciled in Malta, with LEI number 213800ZQHNATYCTNN592.

1.1.2. <u>Principal Activities of the Issuer</u>

The Issuer acts as the ultimate holding company of the AX Group and its trading activity is limited to: (i) the raising of capital and advancing thereof to members of the AX Group as and when the demands of its business so requires; (ii) the acquisition of investment property for lease or resale; and (iii) the provision of management services to Subsidiaries. The AX Group is principally engaged in the provision of hospitality services, leisure, and entertainment ('AX Hotels'); retirement residences and elderly care ('AX Care'); ownership of real estate ('AX Real Estate'), construction and building materials ('AX Construction'); investment in renewable energy projects ('AX Renewable Energy'), through its Subsidiaries. Accordingly, the Issuer is economically dependent on the operations and performance of the Subsidiaries to a significant extent.

1.1.3. Major Shareholders of the Issuer
As at the date of this Summary, Angelo Xuereb holds 55% of the issued share capital of the Issuer. The shares held by Angelo Xuereb are of the same class and carry the same voting rights as the rest of the shares issued by the Issuer.

1.1.4. Directors of the Issuer
The Board of Directors of the Issuer is composed of the following persons: Josef Formosa Gauci (Independent Non-Executive Director), Denise Xuereb (Executive Director), Christopher Paris (Non-Executive Director), John Soler (Independent Non-Executive Director), Michael Warrington (Executive Director and Chief Executive Officer), and Angelo Xuereb (Executive Chairman).

1.1.5. Statutory Auditors
The auditors of the Issuer as of the date of this Summary are Ernst & Young Malta Limited of Ernst & Young Malta Limited, Regional Business Centre, Achille Ferris Street, Msida MSD 1751, Malta. The annual statutory financial statements of the Issuer for the financial year ended 31 October, 2020, 31 October, 2021 and 31 October, 2022 have been audited by Ernst & Young Malta Limited.

1.2. What is the key financial information regarding the Issuer?

The key information regarding the Issuer on a consolidated basis is set out below:

Statement of Comprehensive income (€'000)	**Financial year ended 31 Oct'22 (audited)**	**Financial year ended 31 Oct'21 (audited)**	**Financial year ended 31 Oct'20 (audited)**	**Six months ended 30 April'23 (unaudited)**	**Six months ended 30 April'22 (unaudited)**
Revenue	38,443	35,806	29,056	16,134	15,521
Operating profit (loss)	1,973	4,929	(4,467)	(4,285)	(2,168)
Total comprehensive income (expense)	(1,781)	20,098	(21,280)	(4,003)	(2,946)

Statement of Financial Position (€'000)	**At 31 Oct'22 (audited)**	**At 31 Oct'21 (audited)**	**At 31 Oct'20 (audited)**	**At 30 April'23 (unaudited)**
Total assets	422,759	374,099	348,657	440,738
Total equity	248,223	237,143	217,449	242,816
Total liabilities	174,536	136,956	131,209	197,922

Statement of cash flows (€'000)	**Financial year ended 31 Oct'22 (audited)**	**Financial year ended 31 Oct'21 (audited)**	**Financial year ended 31 Oct'20 (audited)**	**Six months ended 30 April'23 (unaudited)**	**Six months ended 30 April'22 (unaudited)**
Net cash from (used in) operating activities	(4,489)	2,959	(588)	(12,829)	(4,582)
Net cash from financing activities	42,719	7,644	19,500	24,321	33,822
Net cash used in investing activities	(32,363)	(6,725)	(20,653)	(21,155)	(13,299)

1.3. What are the key risks that are specific to the Issuer?

The most material risk factors specific to the Issuer, which may adversely impact the operations and, or financial position of the Issuer should the circumstances mentioned therein materialise, are as follows:

1.3.1. Risks relating to the Issuer's dependence on its Subsidiaries
The Issuer is the ultimate holding company of the AX Group and is economically dependent on the financial position and performance of the companies forming part of the AX Group. In this respect, therefore, the operating results of the AX Group have a direct effect on the Issuer's financial position and as such the risks intrinsic in the business and operations of the AX Group will have a direct effect on the financial performance and position of the Issuer and the ability of the Issuer to meet its obligations under the securities issued by it.

1.3.2. The Group is subject to certain risks common to the hospitality industry

The Group's hospitality operations and the results thereof are subject to a number of external factors that could adversely affect the Group's business, many of which are common to the hospitality industry and beyond the Group's control, the impact of one or more of which may cause a reduction in the income generated from the Group's hospitality division.

1.3.3. Risks associated with the healthcare industry

The Group owns, manages, and operates the Hilltop Gardens Retirement Village and the Simblija Care Home, which includes the Revive Physiotherapy and Aquatic Centre. The Group is, therefore, subject to risks inherent in the healthcare industry inherent in the provision of accommodation and care for elderly persons, one or more of which may adversely affect the business, results of operations and financial condition of the Group.

1.3.4. Risks specific to the construction industry, including, in particular, the risk of injury or fatality and exposure to liability and reputational damage

Any failure in health and safety performance may result in penalties for non-compliance with the relevant regulatory requirements and, or in a major or significant health and safety incident, which may be costly in terms of potential liabilities, as well as the generation of adverse publicity having a negative impact on the Group's reputation.

1.3.5. Risks specific to property development activities

Property development projects are subject to a number of specific risks, including: the risk of cost overruns; the risk of insufficiency of resources to complete development projects as planned; the risk of rental or sales transactions not being effected at the prices and within the timeframes envisaged; delays or refusals in obtaining the required governmental permits and authorisations; and high levels of activity in the sector which could place a strain on the availability of human and other capital resources required to undertake and complete the development projects. Any of such factors could have a material adverse effect on the Group's business, financial condition and results of operations.

1.3.6. Risks associated with the real estate industry

Risk factors inherent to the local property market are likely to cause property prices to change, and in turn, an increase in supply and, or a reduction in demand in the property market to which the AX Group is exposed. Additionally, the Group's operating and other expenses could increase without a corresponding increase in revenue, including unforeseen increases in the costs of maintaining the property; material increases in operating costs that may not be fully recoverable from tenants; and increases in the rate of inflation above the level of annual increments contracted with tenants. These factors could have an adverse effect on the AX Group's financial condition and results.

1.3.7. Risks relating to title over immovable property

The AX Group's property developments are dependent on the performance of a due diligence exercise on the good title over the land or immovable property being acquired and, or developed. To the extent that the AX Group, or its third-party advisers, fail to identify defects in title or erroneously assess the materiality or implication of the findings of the due diligence exercise, including environmental liabilities, structure or operational defects, or other material issues, the AX Group may subsequently be exposed to claims and, or liabilities relating to such issues. As at the date of this Prospectus, the Group is subject to a claim for compensation relative to the alleged illegal occupation of a portion of land within the Qawra Properties, which claim is strongly disputed by the relevant Group companies. Should such claim, or similar claims of this nature, prove successful, they could have a material adverse effect on the Group's business and operations.

1.3.8. Risks relating to the global economy and financial markets

The operations of the Group are affected by conditions in the global economy and financial markets. Inflation rates have risen in the EU and in most countries over the world due to a number of factors, including but not limited to, the Russian invasion of Ukraine, leading to higher energy and commodity prices. Inflation pressures may, in turn, result in periods of significant volatility in the financial markets and may increase the risks of recession. Changes in overall economic conditions, inflation, interest rates, consumer and business spending, recession, and other general factors, including public health crisis such as the COVID-19 pandemic, which are beyond the Group's control, may have an adverse effect on the Group's business and financial performance.

1.3.9. Risks relating to the Group's financing and investment strategies

The AX Group may not be able to obtain the capital it requires for the continued operation of its business and investments, including for the acquisition, development, expansion or improvement of existing or new properties, on commercially reasonable terms, or at all, and, or on time. Failure to obtain, or delays in obtaining, the capital required to complete current or future development and improvement projects on commercially reasonable terms, including increases in borrowing costs or decreases in loan availability, may limit the Group's growth and adversely affect its business, financial condition, results of operations and prospects.

1.3.10. Consumer trends and competition

The success of the Group's business operations is dependent upon the priority and preference of customers, whether local or foreign, and its ability to swiftly anticipate, identify and capitalise upon these priorities and preferences. If the Group is unable to do so, the Group could experience a reduction in its turnover, which reduction could have a material adverse effect on the Group's operational results, financial condition and its prospects. In addition, the business of the Group is also susceptible to strong and increasing local and global competition, influenced by a variety of determining factors. A decline in the relative competitive strength of the Group could adversely affect the Group's results of its operations, financial condition, and its prospects.

2. KEY INFORMATION ON THE SECURITIES

2.1. What are the main features of the securities?

ISIN:	MT0002361229;
Description, amount:	up to €40,000,000 unsecured Bonds due 2033, having a nominal value of €100 per Bond issued at par;
Bond Issue Price:	at par (€100 per Bond);
Interest:	5.85% per annum;
Redemption Date:	7 November 2033;
Status of the Bonds:	the Bonds constitute the general, direct, unsecured, and unconditional obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such obligations as may be mandatorily preferred by law, at all times rank at least equally with all the Issuer's present and future unsecured obligations;
Minimum amount per subscription:	minimum of €1,000 and multiples of €100 thereafter;
Denomination:	Euro (€);
Form:	the Bonds shall be issued in fully registered and dematerialised form and shall be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
Rights attaching to the Bonds:	a Bondholder shall have such rights as are attached to the Bonds, including the repayment of capital; the payment of interest; ranking with respect to other indebtedness of the Issuer; the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bonds; and the enjoyment of all such other rights attached to the Bonds emanating from the Prospectus;
Transferability:	the Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time;
Underwriting:	the Bond Issue is not subject to an underwriting agreement on a firm commitment basis.

2.2. Where will the securities be traded?

Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List.

2.3. What are the key risks that are specific to the securities?

2.3.1. No prior market
Prior to the Bond Issue, there has been no public market, nor trading record for the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue. The market price of the Bonds could be subject to significant fluctuations in response to numerous factors, including the occurrence of any of the risk factors identified below.

2.3.2. Orderly and liquid market
The existence of an orderly and liquid market for the Bonds depends on a number of factors over which the Issuer has no control, including the presence of willing buyers and sellers of the Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Moreover, there can be no assurance that Bondholders will be able to sell the Bonds at or above the Bond Issue Price or at all.

2.3.3. Future public offers
No prediction can be made about the effect which any future public offerings of the Issuer's securities (including but not limited to the effects arising out of a change in the cash flow requirements of the Issuer or other commitments of the Issuer vis-à-vis the new security holders), or any takeover or merger activity involving the Issuer (including but not limited to a de-listing, in full or in part, of the Bonds), will have on the market price of the Bonds prevailing from time to time.

2.3.4. Status of the Bonds
Any secured or privileged debts of the Issuer shall rank at all times ahead of the obligations of the Issuer under the Bonds, as a result of which the Bondholders may not be able to recover their investment in the Bonds in the case of insolvency or an equivalent situation, whether in full or in part. Furthermore, subject to the negative pledge covenant made by the

Issuer towards Bondholders, third-party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer, as the case may be, for so long as such security interests remain in effect.

2.3.5. Subsequent changes in interest rates and the potential impact of inflation

The Bonds are fixed rate debt securities. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the Bonds. When prevailing market interest rates are rising, the prices that market participants will generally be willing to pay for the Bonds can be expected to decline. Conversely, if market interest rates are declining, secondary market prices for the Bonds can generally be expected to rise. Moreover, the coupon payable on the Bonds is a nominal interest rate. The real interest rate is computed by subtracting inflation from the nominal interest rate, the result of which indicates the real return on the Bond coupons. In a period of high inflation, an investor's real return on the Bonds will be lower than the Bonds' nominal interest rate and thus undermine an investor's expected return. Furthermore, an increase in inflation may result in a decrease in the traded price of the Bonds on the secondary market.

3. KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND THE ADMISSION TO TRADING ON A REGULATED MARKET

3.1. Under which conditions and timetable can I invest in this security?

3.1.1. Plan of distribution, allotment and allocation policy

The Bonds shall be made available for subscription as follows:

(a) an amount of up to €40,000,000 in nominal value of Bonds, shall be made available for subscription by Existing Bondholders during the Offer Period by way of Exchangeable Bond Transfer up to the extent of their holdings of Exchangeable Bonds, subject to any Cash Top-Up as and if applicable;

(b) the balance of the Bonds not subscribed for by Existing Bondholders by means of the Exchangeable Bond Transfer, if any, shall be made available for subscription by: (i) Existing Bondholders in respect of any Excess (provided that such Existing Bondholders transfer their entire holding in Exchangeable Bonds by way of Exchangeable Bond Transfer); and (ii) the Preferred Applicants, *pari passu*, without priority or preference amongst them; and

(c) in the event that, following the allocations made pursuant to paragraphs (a) and (b) above, there shall still remain unallocated Bonds, such Bonds shall be made available for subscription by Authorised Financial Intermediaries through an Intermediaries' Offer.

The Bonds are open for subscription during the Offer Period by: (i) Existing Bondholders applying for Bonds by Exchangeable Bond Transfer; (ii) Existing Bondholders applying for any Excess (provided that such Existing Bondholders transfer their entire holding in Exchangeable Bonds by Exchangeable Bond Transfer); and (iii) the Preferred Applicants, all subject to a minimum subscription amount of €1,000 in nominal value of Bonds.

Existing Bondholders applying for Bonds are to submit an Application through any of the Authorised Financial Intermediaries, who shall in turn process same through a customised IT system, and may elect to settle all or part of the amount due on the Bonds applied for (whether in whole or in part consideration for the Bonds being applied for) by completing an Application Form 'A', indicating that the consideration for the Bonds applied for shall be settled by way of transfer to the Issuer of all or part of the Exchangeable Bonds held as at the Cut-Off Date in an amount equivalent to the par value of the Bonds applied for (this being, the Exchangeable Bond Transfer). Any Existing Bondholders whose holding in Exchangeable Bonds is less than €1,000 shall be required to pay the Cash Top-Up together with the submission of their Application Form.

The transfer of Exchangeable Bonds to the Issuer in consideration for the subscription Bonds shall cause the obligations of the Issuer with respect to such Exchangeable Bonds to be extinguished, and shall give rise to obligations on the part of the Issuer under the Bonds.

Preferred Applicants applying for Bonds are to submit an Application through any of the Authorised Financial Intermediaries, by completing an Application Form 'B', who shall in turn process same through a customised IT system.

It is expected that an allotment advice will be dispatched to Applicants within five Business Days of the announcement of the allocation policy. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta), and regulations made thereunder. Such monies shall not bear interest while retained as aforesaid.

Dealings in the Bonds shall not commence prior to the Bonds being admitted to the Official List.

3.1.2. Expected timetable of the Bond Issue

1	Offer Period for Existing Bondholders and Preferred Applicants	5 October 2023 to 23 October 2023
2	Intermediaries' Offer*	3 November 2023
3	Commencement of interest on the Bonds	7 November 2023
4	Announcement of basis of acceptance	7 November 2023
5	Refunds of unallocated monies (if any)	14 November 2023
6	Expected dispatch of allotment advices	14 November 2023
7	Expected date of admission of the Bonds to listing	14 November 2023
8	Expected date of commencement of trading in the Bonds	15 November 2023

*The Issuer reserves the right to close the Offer Period before the 23 October 2023 with respect to any one or more classes of Applicants depending on the total level of subscription in the Bond Issue, in which case the Intermediaries' Offer' would not take place and the events set out in steps 4 onwards may be brought forward and take place in the same chronological order as set out above.

3.1.3. Total estimated expenses

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €750,000 in the aggregate. The expenses pertaining to the Bond Issue shall be borne exclusively by the Issuer.

3.2. Why is this prospectus being produced?

3.2.1. The use and estimated net amount of the proceeds

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €39,250,000, will be utilised by the Issuer for the following purposes:

(a) an amount of up to €40,000,000 in the form of Exchangeable Bonds surrendered by Existing Bondholders in favour of the Issuer by virtue of an Exchangeable Bond Transfer resulting in the purchase of Exchangeable Bonds from said Existing Bondholders by the Issuer, for cancellation (as at the date of the Prospectus the total value of Exchangeable Bonds in issue stands at €40,000,000); and

(b) the proceeds derived from the balance of the Bonds not subscribed for by Existing Bondholders by means of the Exchangeable Bond Transfer, as well as any amounts received through the exercise of the Cash Top-Up, will be used by the Issuer for the redemption of the outstanding amount of the Exchangeable Bonds remaining in issue as at 6 March, 2024 being the redemption date of the Exchangeable Bonds.

In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for, and it shall apply the net proceeds received to the uses specified in the paragraphs above. Any residual amount which may be required by the Issuer for the purpose of the redemption of the balance of the outstanding amount of the Exchangeable Bonds, which shall not be raised through the Bond Issue, shall be financed from the Group's own funds and, or bank financing.

3.2.2. Conflicts of interest pertaining to the Bond Issue

Save for the subscription for Bonds by Authorised Financial Intermediaries, and any fees payable in connection with the Bond Issue to M. Z. Investment Services Ltd as Sponsor and Bank of Valletta p.l.c. as Manager and Registrar, in so far as the Issuer is aware, no person involved in the Bond Issue has an interest, conflicting or otherwise, which is material to the Bond Issue.

REGISTRATION DOCUMENT

DATED 26 SEPTEMBER 2023

This document is a Registration Document issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the MFSA and in accordance with the provisions of the Prospectus Regulation.

This Registration Document is being issued by:

AX GROUP P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA WITH COMPANY REGISTRATION NUMBER C 12271

Sponsor	Manager & Registrar	Legal Counsel
MZ INVESTMENTS	BOV Bank of Valletta	CAMILLERI PREZIOSI ADVOCATES

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A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENT.

APPROVED BY THE BOARD OF DIRECTORS

ANGELO XUEREB	MICHAEL WARRINGTON

signing in their own capacity as directors of the AX Group p.l.c. and on behalf each of Denise Xuereb, Claire Zammit Xuereb, Christopher Paris, John Soler and Josef Formosa Gauci.

IMPORTANT INFORMATION

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION PERTAINING TO AX GROUP P.L.C. (C 12271) (THE "**ISSUER**"), AND THE BUSINESS OF THE GROUP OF WHICH IT FORMS PART, IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES ISSUED BY THE MFSA, THE ACT AND THE PROSPECTUS REGULATION.

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NO PERSON HAS BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS, OR THE ISSUER'S ADVISERS, TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF SECURITIES OF THE ISSUER OTHER THAN THOSE CONTAINED IN THIS REGISTRATION DOCUMENT AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, ITS DIRECTORS, OR ADVISERS.

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THIS REGISTRATION DOCUMENT AND ANY PERSON WISHING TO APPLY FOR ANY SECURITIES ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS OF ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH SECURITIES AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE AND, OR DOMICILE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISERS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE SECURITIES.

THE ISSUER HAS CONSENTED TO THE AUTHORISED FINANCIAL INTERMEDIARIES MAKING USE OF THIS REGISTRATION DOCUMENT IN CONNECTION WITH THEIR DISTRIBUTION AND PLACEMENT ACTIVITIES FOR THE SALE OF THE SECURITIES.

SAVE FOR THE ISSUE IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN, OR WILL BE, TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES OF THE ISSUER DESCRIBED IN THE SECURITIES NOTE OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF), OR ANY OFFERING MATERIAL, IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, NO SECURITIES OF THE ISSUER MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS, OR ANY OTHER OFFERING MATERIAL MAY COME, MUST INFORM THEMSELVES ABOUT, AND OBSERVE, IF ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING AND SALE OF SECURITIES.

THIS PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY SECURITIES MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

THIS REGISTRATION DOCUMENT IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE HEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE ISSUER IS NOT OBLIGED TO SUPPLEMENT THIS REGISTRATION DOCUMENT IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.

ALL THE ADVISERS TO THE ISSUER NAMED IN THIS REGISTRATION DOCUMENT UNDER THE HEADING "ADVISERS" IN SECTION 4.1 OF THIS REGISTRATION DOCUMENT HAVE ACTED, AND ARE ACTING, EXCLUSIVELY FOR THE ISSUER IN RELATION TO THE PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON, AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

STATEMENTS MADE IN THIS REGISTRATION DOCUMENT ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.

UNLESS INCORPORATED BY REFERENCE HEREIN, THE CONTENTS OF THE ISSUER'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S WEBSITE DO NOT FORM PART OF THIS PROSPECTUS UNLESS SUCH CONTENTS ARE INCORPORATED BY REFERENCE INTO THE PROSPECTUS. ACCORDINGLY, NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN THE SECURITIES.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISERS.

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1. DEFINITIONS

In this Registration Document the following words and expressions shall bear the following meanings except where the context otherwise requires:

Act	the Companies Act (Cap. 386 of the laws of Malta);
AX Group or Group	collectively, the Issuer and its direct or indirect Subsidiaries, including the Estates Group;
AX Real Estate p.l.c.	AX Real Estate p.l.c., a public limited liability company registered under the laws of Malta with company registration number C 92104 and having its registered office at AX Group, AX Business Centre, Triq id-Difiza Civili, Mosta MST 1741, Malta, which acts as the ultimate holding company of the Estates Group;
Bond Issue	the issue of the Bonds;
Bonds	the unsecured bonds of an aggregate principal amount of up €40,000,000 of a nominal value of €100 per bond, issued at par and redeemable at their nominal value on the Redemption Date, and bearing interest at the rate of 5.85% per annum and having ISIN MT0002361229, as described in further detail in the Securities Note;
Capital Markets Rules	the capital markets rules issued by the MFSA, as may be amended from time to time;
Directors or **Board**	the directors of the Issuer whose names are set out in section 10.1 of this Registration Document under the heading *'The Board of Directors of the Issuer';*
Estates Group	AX Real Estate p.l.c. and each of the following Subsidiaries in which it has a controlling interest: - Central Leisure Developments Limited (C 25774); - Suncrest Hotels p.l.c. (C 8643); - Simblija Developments Limited (C 39400); - St. John's Boutique Hotel Limited (C 76079); - Palazzo Merkanti Leisure Limited (C 76080); - Skyline Developments Ltd (C 34281); - Heritage Developments Limited (C 14217); and - Royal Hotels Limited (C 16994);
Euro or **€**	the lawful currency of the Republic of Malta;
Group Hospitality Properties	the following properties owned by the respective Subsidiaries (which form part of the Estates Group): - AX The Victoria Hotel, Sliema; - AX The Palace Hotel, Sliema; - AX Sunny Coast Resort and Spa, Qawra; - AX ODYCY (formerly AX Seashells Resort at Suncrest), Qawra; - Luzzu Complex, Qawra; - The Saint John - Boutique Accommodation, Valletta; - The AX Rosselli, Valletta; - The Virtu Heights apartments (the "**Verdala Hotel Annex**"); and once developed, the Verdala hotel (the "**Verdala Hotel**");

Issuer	AX Group p.l.c., a public limited liability company registered under the laws of Malta, with company registration number C 12271 and having its registered office at AX Group, AX Business Centre, Triq id-Difiza Civili, Mosta MST 1741, Malta;
Malta Financial Services Authority or **MFSA**	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta), being the competent authority to approve prospectuses of any offer of securities to the public in Malta in terms of the Financial Markets Act (Cap. 345 of the laws of Malta);
Malta Stock Exchange or **MSE**	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the laws of Malta) with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Manager and **Registrar**	Bank of Valletta p.l.c., a public limited liability company registered under the laws of Malta, with company registration number C 2833 and having its registered office at 58, Zachary Street, Valletta VLT 1130, Malta;
Memorandum and Articles of Association	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus in the form as registered with the Registrar of Companies at the Malta Business Registry. The terms "**Memorandum**", "**Articles**" and "**Articles of Association**" shall be construed accordingly;
Official List	the list prepared and published by the MSE as its official list in accordance with the MSE bye-laws;
Prospectus	collectively, the Registration Document, the Securities Note and the Summary;
Prospectus Regulation	Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended, and in accordance with the provisions of Commission Delegated Regulation No. 2019/979 and Commission Delegated Regulation No. 2019/980 issued thereunder;
Qawra Properties	the properties described in section 7.2.1 under the sub-heading 'Qawra Properties';
Redemption Date	the 7 November 2033;
Registration Document	this document in its entirety;
Securities Note	the securities note issued by the Issuer in respect of the Bond Issue, dated 26 September 2023, forming part of the Prospectus;
Sliema Properties	the properties described in section 7.2.1 under the sub-heading 'Sliema Properties';
Sponsor	M.Z. Investment Services Limited, a private limited liability company registered under the laws of Malta, having company registration number C 23936 and having its registered office at 63, MZ House, St Rita Street, Rabat RBT 1523, Malta, licensed by the MFSA and member of the MSE;
Sterling	the lawful currency of the United Kingdom;
Subsidiaries	each of the companies forming part of the organisational structure chart contained in section 5.2 of this Registration Document headed "*Organisational Structure of the Group*" in which the Issuer has a controlling interest;
Summary	the summary issued by the Issuer dated 26 September 2023, forming part of the Prospectus; and
Valletta Properties	the properties described in section 7.2.1 under the sub-heading 'Valletta Properties'.

Unless it appears otherwise from the context:

a. words importing the singular shall include the plural and *vice versa*;
b. words importing the masculine gender shall include the feminine gender and *vice versa*;
c. the word "*may*" shall be construed as permissive and the word "*shall*" shall be construed as imperative;
d. all references in this Registration Document to "*Malta*" shall be construed as defined in Article 124 (1) of the Constitution of Malta;
e. any phrase introduced by the terms "*including*", "*include*", "*in particular*" or any similar expression is illustrative only and does not limit the sense of the words preceding those terms; and
f. any reference to a law, legislative act, and, or other legislation shall mean that particular law, legislative act and, or legislation as in force at the date of this Registration Document.

2. RISK FACTORS

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISERS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THIS PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS A VIEW ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

THE RISK FACTORS BELOW HAVE BEEN CATEGORISED UNDER THREE MAIN CATEGORIES, AS FOLLOWS: (I) RISKS RELATING TO THE ISSUER PER SE; (II) SECTOR-SPECIFIC RISKS RELATING TO THE GROUP AND ITS BUSINESS; AND (III) OTHER RISKS RELATING TO THE GROUP AND ITS BUSINESS. CATEGORY (II) HAS IN TURN BEEN SUB-CATEGORISED INTO (A) HOSPITALITY; (B) HEALTHCARE; (C) REAL ESTATE; (D) PROPERTY DEVELOPMENT; (E) CONSTRUCTION; AND (F) RENEWABLE ENERGY. CATEGORY (III) HAS IN TURN BEEN SUB-CATEGORISED INTO: (A) ECONOMIC AND FINANCIAL RISKS; (B) BUSINESS AND OPERATIONAL RISKS; AND (C) REGULATORY AND LEGAL RISKS.

THE RISK FACTOR FIRST APPEARING UNDER EACH SUB-CATEGORY CONSTITUTES THAT RISK FACTOR WHICH THE DIRECTORS HAVE ASSESSED TO BE THE MOST MATERIAL RISK FACTOR UNDER SUCH SUB-CATEGORY AS AT THE DATE OF THIS REGISTRATION DOCUMENT. IN MAKING THIS ASSESSMENT OF MATERIALITY, THE DIRECTORS HAVE EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT THE RISK FACTOR OCCURS; AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE OF THE ISSUER, OR THE AX GROUP, IF THE RISK FACTOR WERE TO MATERIALISE.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S AND, OR THE GROUP'S FINANCIAL RESULTS, FINANCIAL CONDITION, OPERATIONAL PERFROMANCE, BUSINESS AND, OR TRADING PROSPECTS, AS WELL AS THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE SECURITIES ISSUED BY IT FROM TIME TO TIME. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS AS AT THE DATE OF THIS REGISTRATION DOCUMENT, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND, OR GROUP FACES OR COULD FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL ADVERSE IMPACT ON THE ISSUER'S AND, OR THE GROUP'S FINANCIAL RESULTS, FINANCIAL CONDITION, OPERATIONAL PERFORMANCE, BUSINESS AND, OR TRADING PROSPECTS.

THE PROSPECTUS, THE DOCUMENTATION INCORPORATED BY REFERENCE HEREIN AND, OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH SECURITIES ISSUED BY THE ISSUER:

(I) IS NOT INTENDED TO PROVIDE THE BASIS FOR ANY CREDIT OR OTHER EVALUATION;
(II) IS NOT AND SHOULD NOT BE CONSIDERED AS A RECOMMENDATION (BY THE ISSUER, THE DIRECTORS, ANY OF THE ADVISERS LISTED IN SECTION 4.1 BELOW, OR ANY OF THE AUTHORISED FINANCIAL INTERMEDIARIES), FOR ANY RECIPIENT (OF THIS PROSPECTUS, THE DOCUMENTATION INCORPORATED BY REFERENCE HEREIN, OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH), TO PURCHASE ANY SECURITIES ISSUED BY THE ISSUER (AND THEREFORE PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS REGISTRATION DOCUMENT); AND
(III) CONTAIN STATEMENTS THAT ARE, OR MAY BE DEEMED TO BE, "FORWARD-LOOKING STATEMENTS".

2.1 FORWARD-LOOKING STATEMENTS

Forward-looking statements can be identified by the use of forward-looking terminology, including the terms "*believes*", "*estimates*", "*forecasts*", "*projects*", "*anticipates*", "*expects*", "*envisages*", "*intends*", "*may*", "*will*", or "*should*" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places within the Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer and, or the Directors concerning, amongst other things, the Issuer's strategy and business plans, financial condition and performance, results of operations, liquidity, prospects, investments, and the markets in which it operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may, or may not occur, in the future. Forward-looking statements are subject to numerous assumptions, risks and uncertainties. Many of these assumptions, risks and uncertainties are beyond the Issuer's control. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Group's actual operational results, financial condition and performance, and trading prospects may differ materially from the impression created by the forward-looking statements contained in the Prospectus. In addition, even if the operational results, financial condition and performance, and trading prospects of the Issuer are consistent with the forward-looking statements contained in the Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to, those factors identified under this Section 2 of this Registration Document and elsewhere in the Prospectus. There can be no assurance that: (i) the Group has correctly measured or identified all of the factors affecting its business or the extent of their likely impact, (ii) the publicly available information with respect to these factors on which the Group's analysis is based is complete or accurate, (iii) the Group's analysis is correct or (iv) the Group's strategy, which is based in part on this analysis, will be successful. No attempt has been made by the Group to verify the forward-looking statements in this Prospectus. No representation is made that any of these statements, projections or forecasts will come to pass or that any forecasted result will be achieved. Where, in any forward-looking statement, the Group expresses an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished.

All forward-looking statements contained in the Prospectus are made only as at the date hereof. Subject to applicable legal and regulatory obligations, the Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

2.2 RISKS RELATING TO THE ISSUER

As further described in section 7.1 ("*Principal Activities and Markets*") of this Registration Document, the Issuer is the ultimate holding company of the AX Group and is economically dependent on the financial position and performance of the companies forming part of the AX Group. In this respect, therefore, the operating results of the AX Group have a direct effect on the Issuer's financial position and as such the risks intrinsic to the business and operations of the AX Group will have a direct effect on the financial performance and position of the Issuer and the ability of the Issuer to meet its obligations under the securities issued by it. In the event that any one or more of the Subsidiaries under-performs in any one financial year, such underperformance may adversely affect the financial and operational results of the Group, and in turn, the Issuer, and impact negatively the value of the securities issued by the Issuer from time to time and, or the ability of the Issuer to meet its obligations towards holder of its securities.

2.3 SECTOR-SPECIFIC RISKS RELATING TO THE GROUP AND ITS BUSINESS

The AX Group has a diversified business portfolio, with activities spread across multiple sectors, including the hospitality, health care, real estate, construction, property development, and renewable energy sectors. The AX Group's operations and the results thereof are subject to a number of factors that could adversely affect the Group's business, many of which are common to the hospitality, healthcare, real estate, construction, property development, and renewable energy industries and which are beyond the Group's control.

2.3.1. HOSPITALITY

2.3.1.1. The Group is subject to certain risks common to the hospitality industry

The Group's hospitality operations and the results thereof are subject to a number of external factors that could adversely affect the Group's business, many of which are common to the hospitality industry and beyond the Group's control, including the following:

- changes in travel patterns or seasonal variations, as well as consumer preferences concerning price, quality, location, and type of hospitality packages;
- any cutbacks and stoppages on Malta-bound air or sea travel routes, or increases in taxes, surcharges and other expenses associated therewith, as well as the imposition of travel restrictions, bans or other measures by the relevant authorities;
- changes in laws and regulations, including those concerning the management and operation of hotels and other hospitality outlets, employment, catering and entertainment establishments, health and safety, alcohol licensing, environmental concerns, fiscal policies and zoning and development, and the related costs of compliance;
- the maintenance of licences and other authorisations, as may be required from time to time, to operate and manage hospitality establishments;
- the impact of increased threats of terrorism or actual terrorist events, impediments to means of transportation (including airline strikes and border closures, or other travel restrictions), extreme weather conditions, natural disasters, travel-related accidents, outbreaks of diseases and health concerns, or other factors that may affect travel patterns and reduce the number of business and leisure travellers;
- the termination, non-renewal and, or the renewal on less favourable terms of material contracts, including franchise agreements, management or operation agreements, reseller agreements, distribution agreements, travel agent or travel platform booking agreements, marketing agreements, services or supply agreements, and agreements entered into with tour operators; and, or
- increased competition from providers of alternative accommodation, including web-based booking channels that allow private accommodation to be made available by private individuals or via online peer-to-peer platforms, and other hospitality models such as bed and breakfasts (B&Bs), room-sharing and flexi-renting, and short-term lets of private property which may be offered at competitive rates.

The impact of any of these factors (or a combination of them) may adversely affect room rates and occupancy levels at the Group Hospitality Properties, or otherwise cause a reduction in the income generated from the Group's hospitality division, which could have a material adverse effect on the Group's business, financial condition and results of operations.

2.3.1.2. Risks specific to the boutique accommodation industry

The Group Hospitality Properties include so-called 'boutique accommodation'. As at the date of this Registration Document, the Estates Group owns three boutique accommodation properties, and is in the process of developing another boutique accommodation being the Verdala Hotel, all of which target the high-end and low-volume market. Although the risk factors generally associated with the hospitality industry also apply to the boutique hospitality sector, this market segment is susceptible to additional risks specific thereto, including, but not limited to:

- heightened demands and expectations of high-end clientele;
- specificity of the product offered;
- increased competition from the number and variety of boutique hotels in Malta and Gozo;
- the limited number of rooms and the ability to maintain optimal occupancy levels and viable rates; and
- changing consumer trends and preferences.

If any of these risks were to materialise, the boutique hotel business of the Group may experience a material downturn in revenue, impairment in its goodwill and reputation and, or loss of customers to competitors, as a result of which the results of the Group's operations, its financial performance and conditions may be adversely affected.

2.3.1.3. Risks associated with currency fluctuations and the reference currency of the Group's principal tourist markets

Fluctuations in international currencies may make Malta as a vacation destination less attractive than others which could have an effect on the operating performance of the Group. An important tourist market for the Group's hotels is the United Kingdom, representing an average of 23% of the Group's hotel average number of guests annually, equivalent to an average of 25% of the revenue generated by the Group's hotels. This target market is adversely affected when the Sterling is weak, but positively affected when Sterling is strong. In particular, in recent years, the Sterling's position against the Euro and other major currencies has weakened, owing to a number of economic and political factors, including Brexit. A prolonged and continued weakened position, or a further weakening of the Sterling, may negatively impact the ability of the Group's hotels to attract tourists from this strategically important target tourist market. Such risk is similarly applicable in the case of other currencies susceptible to significant fluctuation.

2.3.1.4. Risks associated with the food and beverage industry

The Group's hospitality business is also subject to a number of risk factors that affect the food and beverage industry including:

- general economic conditions of the market and changes in consumer confidence, disposable income and discretionary spending patterns;
- competition with respect to price, rental cost, service, location, food quality and consistency;
- delays and disruptions in supply chain resulting in higher costs;
- changes in demographic trends, traffic patterns and the type, number and location of competing catering establishments;
- health concerns and potential litigation in relation to health issues; and
- changes in the regulatory framework setting out the requirements and obligations applicable to, *inter alia*, catering operators and employers in general.

Adverse changes in any one or more of these factors could reduce income generated at the Group's catering establishments or activities, impose limits on pricing or cause the Group to incur additional expenditure in modifying its concepts or establishments, any or all of which outcomes could adversely affect the Group's business and the results of its operations. The Group's catering operations are also dependent on its ability to avoid (and where not possible, mitigate) any degradation in product quality and, or service levels for customers, which could undermine confidence in the services provided by the Group and cause a loss of customers or make it more difficult to attract new ones. The business of the Group could be adversely affected by such delays, errors, failures or faults.

2.3.1.5. Risks associated with dependence on its I.T. systems and other technology arrangements

As the Group's hospitality division utilises, and is increasingly dependent on, the efficient and uninterrupted operations of its computer systems, software and telecommunications networks, access to the internet, as well as the systems and services of other third parties (collectively the "**I.T. Systems**"), its activities may be susceptible to a failure, disruption or other interruption in its I.T. Systems. Such event may arise as a result of various factors that may be out of the Group's control as a result of (without limitation) natural disasters, electricity outages and, or technical malfunctions which could be malicious, due to negligence or force majeure (including, but not limited to, the risks of cyber-attacks such as malware attacks, ransomware, phishing, hacking, or any other form or type of cyber-attack, data theft or other unauthorised use of data, errors). In addition, service level agreements and disaster recovery plans intended to ensure continuity and stability of these systems may not necessarily prove sufficient to avoid disruption to the Group's business. If such failure, disruption or other interruption, even temporary, were to occur, the activities of the Group could be interrupted for the period of time for which such event subsists, which lack of access could adversely affect the Group's online reservation systems and its ability to deal with its stakeholders in a timely, proper and effective manner. Disruptions of this nature could adversely affect the Group's relations with suppliers, customers and other stakeholders, the results of its operations and its financial condition. In particular, the Group's hospitality division has expanded its e-commerce and e-marketing capabilities, with the result that this business segment is increasingly reliant on the proper functioning of its I.T. Systems.

2.3.2. HEALTHCARE

2.3.2.1. Risks associated with the healthcare industry

The Group owns, manages, and operates the Hilltop Gardens Retirement Village and the Simblija Care Home, which includes the Revive Physiotherapy and Aquatic Centre. The Group is, therefore, subject to risks inherent in the provision of accommodation and care for elderly persons, as follows:

- policies, regulations and laws relating to the healthcare industry are constantly evolving and relatively untested by the local Courts;
- healthcare operations may be affected by changing consumer preferences, fluctuations in occupancy levels, increases in labour costs and other operating costs, competition from other healthcare operators (whether public or private), the oversupply of other similar properties and general economic conditions;
- breaches of law or license conditions could lead to, among other things, penalties, loss of operating licenses and damage to reputation;
- if the care homes are not able to recruit and retain medical and nursing staff, their cost structure and profitability, as well as their reputation and offering on the local market, will suffer;
- healthcare operators are exposed to the risk of actual or threatened medical indemnity or similar claims and litigation, including for medical negligence or malpractice; and
- the care homes are susceptible to the outbreaks of pandemics and other highly contagious diseases which could present major operational difficulties in protecting residents and maintaining an adequate staffing profile, in addition to disrupting normal business activities.

Any one or a combination of the above factors may adversely affect the business, results of operations and financial condition of the Group.

2.3.2.2. Risks associated with the lease of units at the Hilltop Gardens Retirement Village

The Group leases apartments at the Hilltop Gardens Retirement Village on leases for definite periods, some of which are committed up to 2065. Whilst the short-term lease agreements could expose the Group to the risk of frequent fluctuations in occupancy levels, the long-term lease agreements could, on the other hand, expose the Group to the risk of being locked-in to terms, including rental fees, which may not be commercially favourable to the Group in the future.

2.3.2.3. Risks associated with the intensive elderly care provided at the Simblija Care Home

The Group offers specialist and intensive nursing care to the more dependent elderly residents at the Simblija Care Home. In providing such services, the Group is susceptible to the risk of claims in respect of fatalities or injuries, which besides the cost associated directly with any claim may, in turn, also expose the Group to adverse media attention and the risk of damage to its reputation.

2.3.3. REAL ESTATE

As further described in section 7.2.3 of this Registration Document, over the course of 2021 and 2022, the AX Group's main property letting activities were consolidated into one newly formed division, namely the '*AX Real Estate*' arm, resulting in the Subsidiaries forming part of said arm collectively comprising the Estate Group. The Estates Group is charged with leasing the Group Hospitality Properties and the Hilltop Gardens Retirement Village and the Simblija Care Home, as well as several warehouses, commercial offices, and residential apartments. Aside from the Subsidiaries forming part of the Estates Group, the AX Group also features other Subsidiaries whose principal business activity consists of the letting of property. For the purposes of this section 2.3.3. all risks set out herein are considered to apply both to the Estates Group and to such other companies forming part of the AX Group. The Group companies operating within the real estate sector are thus susceptible to risks which are intrinsic to the real estate sector.

2.3.3.1. Risks associated with the real estate industry

The local property market may be negatively affected by a number of factors such as political developments, government regulations, changes in planning or tax laws, interest rate changes, inflation, the availability of financing and the profits which different investments may provide. These factors are likely to cause property prices to change and an increase in supply and, or a reduction in demand in the property market to which the respective companies are exposed, could negatively impact their financial performance which in turn could negatively impact their financial performance.

The AX Group is susceptible to risks relating to the rental market. The health of the property and commercial rental market may be affected by a number of factors such as national economy, political developments, government regulations, changes in planning or tax laws, interest rate fluctuations, inflation, the availability of financing, and yields of alternative investments. An increase in the supply of commercial space could impact negatively upon capital values and income streams of the property.

The Group's operating and other expenses could increase without a corresponding increase in revenue. The factors which could materially increase operating and other expenses include:

- unforeseen increases in the costs of maintaining the property;
- material increases in operating costs that may not be fully recoverable from tenants; and
- increases in the rate of inflation above the level of annual increments contracted with tenants.

These factors could have an adverse effect on the AX Group's financial condition and results.

2.3.3.2. Risks associated with rental income of the AX Group's property portfolio

The revenue generated from the AX Group's property investment activities is dependent, in the main part, on tenants (comprised of operating and trading companies within the AX Group, with the rest of the revenue generated from third party tenants) fulfilling their obligations under their lease agreements. There can be no assurance that the tenants will be in a position, at all times, to perform their obligations, whether due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond the Group's control, which failure may have a material adverse effect on the financial condition of the Group, the results of its operations and its prospects.

The majority of the current operative commercial leases are those entered into between the AX Group and operating and trading companies within the Group, therefore both the risks inherent to AX Group's operations as well as the risks inherent to the market within which they operate 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. Similarly, current commercial leases with third parties not forming part of the AX Group will be susceptible to risks inherent to the industries in which such third parties operate as well as the risks specific to the business.

In addition, the AX Group is susceptible to the risk that tenants may attempt to terminate, or elect not to renew, their respective lease agreements. Failure to maintain a good relationship with existing tenants, or to renew lease agreements, or enter into new lease agreements, on similar or more favourable terms, could have a material adverse effect on the AX Group's business, the results of its operations, prospects, financial position and performance.

2.3.3.3. Risks relating to title over immovable property

The AX Group's property developments are dependent on the performance of a due diligence exercise on the good title over the land or immovable property being acquired and, or developed. In doing so, the AX Group would typically rely on third parties to conduct a significant portion of this due diligence exercise, including legal reports on root of title, property valuations, as well as building and environmental surveys. To the extent that the AX Group, or its third party advisers, fail to identify defects in title or erroneously assess the materiality or implication of the findings of the due diligence exercise, including environmental liabilities, structure or operational defects, or other material issues, the AX Group may, notwithstanding that it proceeds with the intended acquisition or development, subsequently be exposed to claims and, or liabilities relating to such issues.

The Group is currently subject to a claim for compensation relative to a portion of land within the Qawra Properties with respect to which it is being alleged (and strongly disputed by the relevant Group companies) that a parcel of land, forming part of the former Suncrest Hotel Lido and the Sunny Coast Lido pool areas are being illegally occupied. Should such claim, or similar claims of this nature, prove successful, they could have a material adverse effect on the Group's business and operations.

2.3.3.4. The AX Group may face competition for the acquisition of real estate

Although the AX Group's strategy envisages the possibility of expanding its property portfolio by acquiring new properties or land, it cannot guarantee that it will succeed in identifying suitable acquisition targets and investment opportunities which meet the terms and criteria of its growth strategy. As a result of competition from other developers outside of the AX Group, the Group may not be able to acquire properties or land at attractive prices, or at all. Furthermore, competitors may anticipate and capitalise on certain potential investment opportunities ahead of the Group and succeed in acquiring properties or land, which the Group may have been seeking to acquire. There can be no assurance that the Group will be able to acquire land or property available for acquisition on commercially favourable terms at any given time. If any of these risks were to materialise, the Group's business, financial condition and results of operations, and in turn the financial position and prospects of Group, could be adversely affected.

2.3.3.5. Liquidity risk in the real estate market

Properties such as those in which the Group has invested, and may in the future invest in, are illiquid assets, and planning regulations may further reduce the number and types of potential purchasers should the Group decide to sell certain properties. Such illiquidity could have a material adverse effect on the Group's ability to vary its portfolio of properties or to dispose of or liquidate the same, whether in full or in part, in a timely fashion and on commercially acceptable terms. In turn, this illiquidity could have a material adverse effect on the Group's financial condition, the results of operations and its prospects. In particular, its property portfolio is comprised of a mix of property investments held on a long-term basis, and others held for disposal in the ordinary course of business. The Group may be unable to divest of its property investments on favourable terms and conditions, including but not limited to price, which may result in the inability of the Group to achieve its desired return on investments.

2.3.3.6. Risks associated with proposed property investments that are aborted

The AX Group may at times elect to enter into preliminary agreements for investment in immovable properties, subject to conditions such as the issue of specific permits, the removal of certain real rights over the properties and other matters which strategy dictates are key to the investment actually being realised. The costs associated with collaborating towards obtaining such conditions, including the preparation for and filing of the necessary planning applications and other applications with relevant authorities are typically not recoupable.

The Group may also at times incur significant costs in connection with the assessment of potential property investment opportunities. These may involve costs associated with property surveys, valuation reports, title and environmental investigations. If a proposed investment were not to proceed to completion after such costs have been incurred, the Group will be unable to recoup same directly from that investment, which could have a negative impact on its financial condition and performance.

2.3.3.7. *The AX Group may not realise the benefits it expects from property investments*

The AX Group has made and expects to continue making significant investments in the acquisition, development and improvement of its existing and new properties as deemed appropriate. Renovating and improving existing properties and acquiring and developing new and commercially viable properties are important to the Group's business. The Group is susceptible to experiencing cost over-runs relating to unanticipated delays in developing property, unanticipated liabilities associated with property under development and by affecting enhancements to development projects. If these risks were to materialise, the Group may fail to realise the expected benefits from investments made in its properties and the Group's business, financial condition and results of operations may be adversely affected.

2.3.4. *PROPERTY DEVELOPMENT*

2.3.4.1. *Risks relating to property development activities*

Property development projects are subject to a number of specific risks:

- the risk of insufficiency or lack of availability of resources to complete development projects in the manner, at the cost, or within the timeframe envisaged;
- the risk of cost overruns and unexpected increases in project execution costs;
- the risk of rental or sales transactions not being concluded at the prices and within the timeframes envisaged, which may lead to difficulty in obtaining payment from third parties as well as risks of ultimate unfeasibility of development projects;
- general industry trends, including the cyclical nature of the real estate market, economic depressions, change in market conditions including an oversupply of similar properties, a reduction in demand for real estate, changes in local preferences and tastes, increased competition in any of the markets or sectors in which the Group owns property or is undertaking real estate development;
- delays or refusals in obtaining all necessary zoning, land use, building, development, modifications, occupancy and other required permits and authorisations, including such permits and authorisations form the planning and environment protection authorities, together with legal complexities and uncertainties regarding the rights of the Group to obtain legal title over certain properties, and inconsistencies and inaccuracies in the land registrations system;
- covenants, conditions, restrictions and easements relating to the properties or their use, whether arising out of law or by way of contractual arrangement;
- laws, rules and regulations, including in relation to acquisition, development, construction, planning, zoning, environmental protection, health and safety, financing, taxation, fiscal policies, insurance and trade restrictions which may impact the development sector;
- although the local property development market has experienced high levels of activity in recent years, there can be no assurance that similar levels of growth or activity will be maintained, particularly in light of increased scrutiny and regulatory intervention; and, or
- high levels of activity in the sector may place a strain on the availability of human and other capital resources required to undertake and complete the development projects that the Group is committed to, or may wish to undertake, from time to time.

The occurrence of any of the risk factors described above could have a material adverse effect on the Group's business, financial condition and results of operations, including by increasing the projected costs and times for completion of ongoing development projects.

2.3.4.2. *Risks associated with ability to obtain necessary planning and development permits and maintaining ongoing compliance therewith*

Securing planning approvals by the competent planning and environment authorities in a timely manner is of key importance to the Group's property development activities. There can be no certainty that any given planning application will result in planning approvals being granted, or that if granted, such will not be on unduly onerous or restrictive terms, which, may materially and adversely affect the Group's business. Additionally, time delays to the expected timescale for the granting of planning approval may result in a reduction in the number of units that are available for sale or rent within a proposed timeframe.

Opposition to the Group's proposed developments, and, or appeals lodged against the Group's applications for planning and development permits may also cause, or oblige, the Group to adjust development plans on any pending or future projects, which adjustments may result in a combination of increased development costs and, or reduced revenues estimated to be generated from its development projects. In other instances, such adjustments may be so extensive as to render the development project unfeasible, as a result of which the Group may have to abandon its development project altogether, in which case it may be unable to recover any or all of the development costs, charges and other expenses incurred by prior to such abandonment.

If any delays or refusals in obtaining the necessary planning permissions (including the issuance of full development permits) were to materialise, this could have a material adverse effect on the business, financial condition and profitability of the Group. Where long-term development projects are still at an outline development permit stage, the Group may also be susceptible to the imposition of conditions in the full development permit relating to the internal layout and configuration of the property under development, which conditions may adversely affect the revenue generating capacity of the property in question.
Furthermore, local and national planning policies are subject to change, which could consequently impact the Group's development strategy. Moreover, the Group is susceptible to the risks relating to its ability to continue to adhere with all terms and conditions of its permits, licences and any authorisations, at all times, the inability of which may expose the Group to the imposition of penalties,

sanctions or other punitive measures, as well as the risk of temporary suspension or permanent closure of its establishments and the revocation of such permits, licences and, or other authorisations.

2.3.4.3. Risks arising from reliance on third-party contractors and sub-contractors

For completion of property development projects it may engage in from time to time, the Group would place a degree of reliance on counterparties such as contractors and sub-contractors engaged in the demolition, excavation, construction, and, or finishing of developments. Such counterparties (which may include both third parties as well as related parties) may default on their obligations to the Group due to, among other reasons, their insolvency, lack of liquidity, lack of reliability, lack of performance, sub-standard work, market or economic downturns, operational failure or other reasons which are beyond the Group's control.

Such default could have a material adverse impact on any development projects of the Group, including the ability of the Group to complete projects within stipulated deadlines or specifications, failure of which may result in the imposition of contractual or regulatory fines or penalties, loss of revenue and reduced profitability of the Group. In addition, the Group's ability to source third-party contractors or sub-contractors having the sector-specific expertise or resources necessary to bid for, undertake and successfully complete development projects could have an adverse effect on the Group's competitive positioning in the property development market.

2.3.4.4 The Group may be exposed to environmental liabilities attaching to property

The Group may become liable for the costs of removal, investigation or remediation of any hazardous or toxic substances that may be located on, or in, or which may have migrated from, a property owned or occupied by it, which costs may be substantial. The Group may also be required to remove or remediate any hazardous substances that it causes or knowingly permits at any property that it owns or may in future own. Laws and regulations, which may be amended over time, may also impose liability for the presence of certain materials or substances or the release of certain materials or substances into the air, land or water or the migration of certain materials or substances from a property investment, including asbestos, and such presence, release or migration could form the basis for liability to third parties for personal injury or other damages. These environmental liabilities, if realised, could have a material adverse effect on its business, financial condition and results of operations.

2.3.5. CONSTRUCTION

2.3.5.1. Risks specific to the construction industry, including, in particular, the risk of injury or fatality and exposure to liability and reputational damage

Construction projects are generally subject to a number of specific risks common to those faced by the property development industry, such as those indicated in this section 2.3.5. If these risks were to materialise, they could have a material adverse impact on the Group's revenue generation, cash flows and financial performance.

One of the most significant risks in the construction industry is related to the health and safety of employees and third parties, including the risk of serious injury or even fatality. In carrying out any construction, re-development or maintenance works, the Group is required to adopt, maintain and constantly review and update rigorous health and safety policies and practices. Any failure in health and safety performance may result in penalties for non-compliance with the relevant regulatory requirements. Moreover, any failure which results in a major or significant health and safety incident, such as injury to, or fatality of, members of the construction workforce or bystanders, may be costly in terms of potential liabilities and may result in adverse publicity having a negative impact on the Group's reputation. There can be no assurance that the Group's health and safety policies and practices will prove effective in ensuring the health and safety on its property development sites, which may expose the Group to liability for damages, as well as to the risk of adverse publicity. These risks may adversely impact the Group's financial condition, results of its operations and its prospects.

2.3.5.2. Risks associated with restoration projects and works

With particular reference to the restoration sector, which forms an important part of the Group's construction division, the restoration and preservation of unique buildings, palaces, and other historical structures entails having specially talented and trained employees to carry out projects of this nature, which employees may not be available for recruitment at the time, or in the volumes, and at the cost, envisaged by the Group. In addition, the Group may be exposed to claims for liability for damage to historical structures, the imposition of fines or other penalties for such damage, or the continued eligibility of the Group to participate in competitive tenders for restorations works.

2.3.6. RENEWABLE ENERGY

2.3.6.1. Risks specific to the solar energy sector

As at the date of this Registration Document, the Group has been involved in the development of three sizeable renewable energy projects, two of which along with its joint venture partners: the Imselliet Solar Farm; and more recently, the photovoltaic installation on the roof of the blocks at Hilltop Gardens Retirement Village in Naxxar and AX Business Centre in Mosta. The AX Group's investments in the renewable energy sector, in particular, the solar energy sector, through its associated undertaking, Imselliet Solar Limited (C 84337), and other potential future investments within such sector, may expose the Group to risks intrinsic to the solar energy industry. The solar energy projects in which the AX Group invests are subject to a number of specific risks:

- meteorological conditions: the performance, and therefore electricity generation levels of the photovoltaic facilities, is dependent upon meteorological conditions and seasonal fluctuations of the weather. It cannot be ruled out that said conditions will change in future and that predicted weather patterns will not occur, or that the prognoses concerning hours of sunshine will prove to be incorrect, in which cases the Group's earnings will result in below expected levels;
- natural disasters: the Group's photovoltaic facilities could be materially damaged by natural disasters or other catastrophes, such as earthquakes, fire, floods, severe weather conditions, environmental accidents, power loss, communication failures, explosions and similar events, which could result in the temporary suspension of part or all of the Group's facilities. Moreover, the Group's ability to fulfil its liabilities may be considerably impaired, particularly if the given damage is not subject to insurance cover;
- unexpected operational or mechanical failure: the Group's solar facilities are exposed to various strains during their operations, which may result in unplanned maintenance costs. There is also a risk that the facilities or parts thereof will not achieve the predicted service life. Furthermore, spare parts for solar facilities and key pieces of equipment may be hard to acquire or unavailable to the Group;
- regulatory changes: unanticipated changes to the regulatory framework for solar power within the electric power industry, and the broader energy industry, with which the Group is expected to comply, may adversely affect the viability of the photovoltaic facilities of the Group; and
- licence conditions: the Group is susceptible to the risks relating to its ability to continue to adhere with the terms and conditions of its licences granted to it by the Regulator for Energy and Water Services (REWS) at all times, the inability of which may expose the Group to the imposition of penalties, sanctions or other punitive measures, as well as the risk of temporary suspension or revocation of such licences.

In particular, with respect to the Imselliet Solar Farm, if the performance, and therefore electricity general levels of the photovoltaic plans is below the commissioned capacity, the Group is susceptible to the risk that the contract entered into with the Ministry for Energy and Water (further described in section 7.2.5 below) may be terminated, and the award withdrawn.

All of the aforementioned factors could have a material adverse effect on the Group's business, results of operations or prospects.

2.4 OTHER RISKS RELATING TO THE AX GROUP AND ITS BUSINESS

2.4.1. ECONOMIC AND FINANCIAL RISKS

2.4.1.1. Risks relating to the global economy and financial markets

The operations of the Group are affected by conditions in the global economy and financial markets. Over the past months, inflation rates have risen in the EU and in most countries over the world due to a number of factors, including but not limited to, the Russian invasion of Ukraine, leading to higher energy and commodity prices. Inflation pressures may, in turn, result in periods of significant volatility in the financial markets and may increase the risks of recession. Changes in overall economic conditions, inflation, interest rates, consumer and business spending, recession, and other general factors, including public health crisis such as the COVID-19 pandemic, which are beyond the Group's control, may have an adverse effect on the Group's business and financial performance.

2.4.1.2. Risks relating to the war in Ukraine

In response to the invasion of Ukraine by Russia, several industries implemented boycotts, bans and other forms of retaliation against Russia. Global geopolitical risks have soared since Russia's invasion of Ukraine, with periods of elevated geopolitical risks having historically been associated with sizable negative effects on global economic activity.

The war in Ukraine has caused an ongoing humanitarian crisis in Europe, as well as volatility in financial markets globally, heightened inflation, shortages and increases in the prices of energy, oil, gas and other commodities. Specifically, the war in Ukraine has led to a direct and extraordinary increase in the price of the raw materials required for the projects being undertaken which has been unprecedented in recent times. In view of these inflationary pressures on the price of raw materials and resultant increase in the cost of development, the Group has been exploring alternative construction methodologies to minimise the impact from cost overruns. Despite these initiatives, given the stage of development of certain property developments of the Group under the current economic conditions, particularly the development and completion of the Verdala Project as well as other property developments currently in progress (described in section 8.2 of this Registration Document), the Group has been and may be further exposed to an increase in capital expenditure on said property developments and as a result the Group's financial condition and prospects could be negatively affected.

The impact of the war in Ukraine and resulting sanctions on global markets and institutions, the impact on macroeconomic conditions generally, and other potential future geopolitical tensions and consequences arising from the conflict, remain uncertain and may exacerbate the Group's operational risk. Episodes of economic and market volatility and pressure on supply chains and inflation may continue to occur and could worsen if the war persists or increases in severity. The continuance or aggravation of the war, including its extension to other countries in the region, could lead to further increases in energy, oil and gas prices and heightened inflationary pressures, which in turn could lead to further increases in interest rates and market volatility. As a result, the AX Group's businesses, results of operations and financial position could be adversely affected by any of these factors directly or indirectly arising from the war in Ukraine.

2.4.1.3. Dependence on the Maltese market and exposure to economic conditions

The AX Group's business activities are concentrated in, and aimed at, the Maltese market. Accordingly, the AX Group is highly susceptible to the economic trends that may from time to time be felt in Malta, including fluctuations in consumer demand, financial market volatility, inflation, the property market, interest rates, exchange rates, direct and indirect taxation, wage rates, utility costs, government spending and budget priorities and other general market, economic and social factors. Negative economic factors and trends in Malta, particularly those having an effect on consumer demand, would have a negative impact on the business of the Group.

Even though the Group's business activities are concentrated in, and aimed at, the Maltese market, the Group's customers and suppliers are spread across different international markets, and are consequently susceptible to adverse economic developments and trends overseas. In particular, weak economic conditions or tightening of the credit markets may affect the solvency of its suppliers or customers, which could lead to disruptions in its business operations, accelerated payments to suppliers, increased bad debts or a reduction in its revenue, which may impact the Group's ability to recoup the debts owed to it, and in turn to fulfil its own obligations. Any future expansion of the Group's operations into other markets would render it susceptible to adverse economic developments and trends affecting such other markets.

2.4.1.4. Risks relating to the Group's financing and investment strategies

The Group may not be able to obtain the capital it requires for the continued operation of its business and investments, including for the development or improvement of existing or new properties, on commercially reasonable terms, or at all. No assurance can be given that sufficient financing will be available on commercially reasonable terms.

In addition, the Group may be exposed to a variety of financial risks associated with the unpredictability inherent in financial markets, including market risk (such as the risk associated with fluctuations in fair values of investments), credit risk (the risk of loss by the Issuer due to its debtors not respecting their commitments), foreign exchange rate risk, and interest rate risk (such as the risk of potential changes in the value of financial assets and liabilities in response to changes in the level of market interest rates and their impact on cash flows). Any downturn or weakness in the capital markets or banking environment may limit the Group's ability to raise capital for completion of projects that have commenced or for development of future properties.

Failure to obtain, or delays in obtaining, the capital required to complete current or future development and improvement projects on commercially reasonable terms, including increases in borrowing costs or decreases in loan availability, may limit the Group's growth and adversely affect its business, financial condition, results of operations and prospects.

2.4.1.5. The Group's indebtedness could adversely affect its financial position

The Group may, from time to time, incur additional debt for the purpose of refinancing indebtedness as well as to fund future growth in terms of acquisitions and developments. Borrowings under any bank credit facilities may be at variable interest rates, which would render the Group vulnerable to increases in interest rates. Agreements regulating the Group's bank debt may impose significant operating restrictions and financial covenants on the Group. These restrictions and covenants could limit the Group's ability to obtain future financing, incur capital expenditure, withstand a future downturn in business or economic conditions generally, or otherwise inhibit the Group's ability to freely conduct the necessary corporate activities. In the event that the Group's generated cash flows were to be required to make principal and interest payments on any further prospective debt, this could give rise to a reduction in the amount of cash available for distribution by the Group, which would otherwise be available for funding of the Group's working capital, capital expenditure, development costs, and other general corporate costs, or for the distribution of dividends.

The Issuer, as parent company of the AX Group, may in certain cases also be required to provide guarantees for debts contracted by its Subsidiaries. Defaults under financing agreements could lead to the enforcement of security over property owned by the Group, where applicable, and, or cross-defaults under other financing agreements.

2.4.1.6. Risks relating to the Group's passive equity investment strategy

The Group has a history of making equity or other passive investments, including investments in associated companies and joint ventures. When undertaking investments of this nature, the Group is likely not to be involved in the day-to-day management and operations of such investments and is subject to the management decisions taken by the directors and, or management team operating the investment in question.

The success of investments of this nature is generally dependent on a number of factors, many of which are outside the Group's control, including but not limited to effective and proper management by parties not forming part of the Group's executive or management team. There is no assurance that these risks or other unforeseen factors will not offset the intended benefits of the investments, in whole or in part. In addition, through its investments, the Group will expose itself to those risk factors associated with the industry and markets in which such investment is made. For instance, the Group's investment in Valletta Cruise Port p.l.c. (C 26469), exposes the Group to the risks associated with the operations of a cruise and ferry terminal, which risks may be different to those risks generally associated with the existing business activities of the Group. Similarly, the Group's investment in solar power projects may expose the Group to risks associated with the solar farm and energy production industry. The risk to which the Group is exposed will also vary with the nature of its investment, such as the extent to which the Group has a minority or majority interest in such investment, and the rights, duties, and obligations attributable to such investment.

2.4.1.7. Risks relating to the economic repercussions of pandemics which may break out in future

The COVID-19 pandemic significantly impacted the macroeconomic environment within which the Group operates, impacting the Group's business, financial position and results of operations. In particular, the hospitality division of the AX Group was significantly impacted by the pandemic, as a result of which revenue generated by said division in FY2020 had decreased by 60%, in comparison to FY2019. Although the COVID-19 pandemic has subsided, it cannot be excluded that similar pandemics may break out in future, which may have a similar adverse negative impact on the Group.

Pandemics may adversely impact various industries within which the Group operates. The tourism and hospitality sectors, to which the Group Hospitality Properties, in particular, are directly exposed, are two of the sectors that have been, and are most likely to be, severely impacted by the economic repercussions of pandemics, in view of the expected temporary decline in travel demand as a result of travel bans, travel restrictions, and a greater aversion to unnecessary travel. Additionally, the operational performance of the Group's healthcare homes would be adversely impacted by, *inter alia*, restrictions and measures imposed by the health authorities in order to contain the spread of any future pandemic.

Should any of the above risks materialise, this could negatively impact the operational results and financial performance of the Group.

2.4.2. BUSINESS AND OPERATIONAL RISKS

2.4.2.1. Consumer trends and competition

The business of the Group is subject to rapidly evolving consumer demands, tastes, preferences and trends. Consequently, the success of the Group's business operations is dependent upon the priority and preference of customers, whether local or foreign, and its ability to swiftly anticipate, identify and capitalise upon these priorities and preferences.

If the Group is unable to do so, the Group could experience a reduction in its turnover, which reduction could have a material adverse effect on the Group's operational results, financial condition and its prospects. In addition, the business of the Group is also susceptible to strong and increasing local and global competition, influenced by a variety of determining factors including price, variety and quality of goods and services, availability, reliability, after-sales service and logistical arrangements, and the fluctuations in demand and supply in respect of both competing or substitute goods and services. Furthermore, the Group's current and potential competitors, particularly international operators, may have greater name recognition, larger customer bases and greater financial and other resources than the Group. A decline in the relative competitive strength of the Group could adversely affect the Group's results of its operations, financial condition, and its prospects.

In particular, the Group may be compelled by the strength of its competitors that are able to supply goods and services at lower prices, to reduce its own prices. The ability of the Group to maintain or increase its profitability will in turn be dependent on its ability to offset such decreases in the prices and margins of its goods and services.

2.4.2.2. Relations with suppliers

The success and profitability of the Group's business and operations depends, in part, on the ability of the Group to identify and engage the most cost and time efficient and effective suppliers, and its ability to swiftly anticipate and react to changes in relationships with suppliers and in the availability and cost of its supplies. In turn, its operations are also dependent on frequent and timely deliveries by its suppliers. There can be no assurance that the Group will be able to acquire suitable products, in sufficient quantities, and, or on terms acceptable to it in the future. In this respect, the Group has built longstanding relationships with certain suppliers, on whom it relies and who help assure the quantity, quality, price and existence of some of the goods and products sold and the services provided. Any deterioration or change, for whatsoever reason (including any leading supplier or agent declining or becoming unable to sell products to the Group), in the Group's relationships with its suppliers (including supplying on less favourable terms) could have a material adverse effect on the results of the operations of the Group, its financial condition and its prospects. Furthermore, other factors such as interruptions in supply caused by adverse weather conditions, changes in governmental regulation or policy, recalls of products and other similar factors not within control of the Group or its suppliers, could adversely affect the availability, quality and costs of the goods and services provided by the Group, and consequently could have a material adverse effect on the financial condition of the Group, its results and prospects.

2.4.2.3. The Group's key senior personnel and management have been and remain material to its growth

The Group believes that its growth is partially attributable to the efforts and abilities of the members of its executive management team and other key personnel, and upon its ability to attract, develop and retain key personnel to manage and grow the business. The Group's inability to attract, develop and retain key personnel could have an adverse effect on its relationships with partners and customers and the operational results, financial position, and, or the prospects of the business of the Group. In addition, if one or more of the members of this team were unable or unwilling to continue in their present position, the Group might not be able to replace them within the short term, which could have a material adverse effect on the Group's business, financial condition and results of operations.

2.4.2.4. Concentration of shareholding

The Issuer is owned by Angelo Xuereb as to 55% of its shareholding, and by Richard Xuereb, DX Holdings Limited (C 81361) and The Lotus Co Ltd (C 81360), each as to 15% of its shareholding. This means that Angelo Xuereb exercises effective control over the Issuer.

Accordingly, Angelo Xuereb is considered important to the continued success of the Group and the Issuer, and the unexpected loss of Angelo Xuereb or a dilution in his shareholding, control or influence over the Group and, or the Issuer and its business could have an adverse effect on the Group and the Issuer. There can be no assurance that such person will not, at any time, dispose of any interest, direct or indirect, in the Group and, or the Issuer.

2.4.2.5. The Group's insurance policies

Historically, the Group has maintained insurance at levels determined by the Group to be appropriate in light of the cost of cover and the risk profiles of the business in which the Group operates. With respect to losses for which the Group is covered by its policies, it may be difficult and may take time to recover such losses from insurers. In addition, the Group may not be able to recover the full amount from the insurer due to procedural restrictions or formalities, or due to substantive exclusions, exemptions, limitations on coverage, de minimis liability coverage limitations, prescriptive time periods and limitations, reporting or other disclosure requirements, licencing or other authorisation or registration requirements, breach of restrictive covenants or undertakings, breach of warranties and, or representations, as well as restrictions or formalities relating to the initiation of, and control over, litigation, investigations or other proceedings relating thereto. Furthermore, the insurance policies may be pledged or otherwise granted as security in favour of third-party financiers or other third parties, and the Group may not be able to recover amounts thereunder where such security subsists.

No assurance can be given that the Group's current insurance coverage which the Group may seek recourse to would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates. In addition, changes in legislation or judicial interpretation, or the issuance or alteration of directives, orders or other measures (whether interim or otherwise), by the relevant authorities (including but not limited to governmental departments or authorities, planning authorities, health and safety authorities, environmental authorities, among others) may impact the ability to recoup losses under the applicable insurance coverage.

2.4.3. REGULATORY AND LEGAL RISKS

2.4.3.1. The risk of exposure to claims and litigation is inherent in the Group's operations

Since the Group operates in a variety of industries which involves the continuous provision of goods and services to customers and such operation necessarily requires continuous interaction with customers, suppliers, employees, regulatory authorities, and other stakeholders, the Group is exposed to the risk of litigation from such stakeholders. Adverse publicity from such allegations may adversely affect the turnover generated by the Group regardless of whether such allegations are true or whether the Group is ultimately held liable.

All litigation is expensive, time consuming and may divert management's attention away from the operation of the business of the Group. In addition, the Group cannot be certain that its insurance coverage will be sufficient to cover one or more substantial claims. Furthermore, it is possible that if complaints, claims or legal proceedings such as the aforementioned were to be brought against a direct competitor of the Group, the latter could also be affected due to the adverse publicity brought against, and concerns raised in respect of the industry in general.

Save for the litigious matters disclosed in section 13.3 of this Registration Document under the heading "*Legal and Arbitration Proceedings*", the Group is not involved in any governmental, legal or arbitration proceedings, so far as the Directors are aware, which may have, or have had during the 12 months preceding the date of this Registration Document, a significant effect on the Group's financial condition or operational performance, no assurance can be given that disputes which could have such effect would not arise in the future. Exposure to litigation or fines imposed by regulatory authorities may affect the Group's reputation even though the monetary consequences may not be significant.

2.4.3.2. Risks relating to the complex and constantly evolving regulatory environment in which the Group operates

The Group operates in a complex regulatory environment, as a result of which it is subject to a vast array of rules and regulations, including but not limited to those relating and applicable to property acquisition, property development, environmental protection, construction, health and safety, anti-money laundering and counter-terrorist financing, and ongoing disclosure and reporting obligations, among others. Moreover, the regulatory environment in which the Group operates is constantly evolving, with the introduction of new rules and regulations, or the amendment or overhaul of existing ones.

Furthermore, the Group's business and activities may be subject to a variety of terms and conditions under the relevant permits, licences, or other authorisations, technical specifications, drawings, standards and other conditions relating to its property development activities, as well as the on-site works, which terms and conditions may vary on a project-by-project basis, and may depend on the nature, scale and complexity of the project in question. In addition, the Group is susceptible to changes in the application and, or interpretation of such rules and regulations, permits, licences or other authorisations whether as a result of judicial interpretation or due to decisions, orders, directives, and, or guidelines issued by the competent regulatory authorities. The inability of the Group to meet its ongoing regulatory and legal requirements, whether in whole or in part, or the inability of the Group to equip itself to comply with forthcoming legislation or regulation in a timely and suitable manner, may expose it to the risk of regulatory sanctioning, including but not limited to, the imposition of public reprimands, administrative penalties, temporary suspension of activities, or even revocation of licences, permits, or other authorisations, whether in whole or in part. In addition, lack of compliance with legal and regulatory requirements may negatively affect the reputation and goodwill of the Group and may result in a loss of existing or potential business, and, or a weakened competitive advantage. If any of these risks were to materialise, they could have a material adverse effect on the operational results, financial performance and financial position of the Group.

2.4.3.3. Risks relating to the failure to implement environmental, social and governance considerations

There is a growing expectation for companies to integrate sustainability risks and consider sustainability factors in their day-to-day management and their decision-making processes. As environmental, social and governance (ESG) considerations gain greater prominence on the national and global agenda, AX Group continues to embed strategic ESG goals across all of its business sectors, as further expounded upon in section 7.3.5 of this Registration Document, with a view to contributing to a more sustainable economy.

The business activities of the Group may have significant impact on environmental factors, including but not limited to, waste management, energy efficiency, air and water pollution, and on social factors, including but not limited to, employment considerations of workers and the health and safety thereof. In particular, the AX Group recognises its exposure to environmental risks by way of its supply chain in the construction sector and the hospitality sector. A shortage in supply of construction materials and hospitality consumables could have a material adverse effect on the business operations of the Group.

The failure by the Group to continue to implement sustainability practices into its business operations may result in the Group's reputation and public image, as well as its relationship with clients, suppliers, business partners and other stakeholders, being negatively affected.

Moreover, the AX Group will, in the near future, become subject to sustainability reporting obligations of the Corporate Sustainability Reporting Directive (Directive (EU) 2022/2464) ("**CSRD**"), and accordingly the failure by the Group to transition to more sustainability practices in preparation for its upcoming sustainability reporting obligations may expose the Group to regulatory fines and penalties. This, in turn, may have a material adverse impact on the business activities, revenues, financial condition, and operations of the Group, and as a result could negatively affect the Issuer's financial condition and, or prospects.

2.4.3.4. Risks connected with the collection, processing and storage of personal data

Whenever personal data is collected, processed and stored by the Group, the activity conducted is subject to the rules governing the processing of personal data in terms of the Data Protection Act (Cap. 586 of the laws of Malta) and subsidiary legislation issued thereunder (the "**DPA**") and Regulation (EU) No. 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "**GDPR**").

The Group is subject to a number of obligations concerning the processing of personal data, including but not limited to ensuring that: (i) personal data is processed fairly, lawfully and in a transparent manner; (ii) personal data is always processed in accordance with good practice; (iii) personal data is only collected for specific, explicitly stated and legitimate purposes and not further processed in a manner that is incompatible with those purposes; (iv) all reasonable measures are taken to complete, correct, restrict, block or erase personal data to the extent that such data is incomplete or incorrect, having regard to the purposes for which they are processed; (v) personal data collected is adequate, limited and relevant to what is necessary in relation to the purposes for which they are processed (vi) personal data is not kept for a period longer than is necessary; and (vii) personal data is processed in manner that ensures appropriate security of the personal data. Additionally, prior to processing personal data, the Group must ensure that the personal data undergoing processing is justified under at least one of the lawful bases stipulated within the GDPR. Where consent is deemed to be the appropriate legal basis, the Group must ensure that the person to whom the personal data relates has unambiguously, freely, specifically and informatively given his consent for such processing.

The Group has adapted its internal procedures to comply with the DPA and the GDPR. However, the Company remains exposed to the risk that personal data collected could be damaged or lost, disclosed or otherwise unlawfully processed for purposes other than as permitted in the DPA and the GDPR. The possible damage, loss, unauthorised processing or disclosure of personal data could have a negative impact on the activity of the Group, in reputational terms too, and could lead to the imposition of fines.

In addition, any changes to the applicable laws and, or regulations, even at an EU level, could have a negative impact on the Group's activities, including the need to incur costs for adapting to the new regulations.

3 PERSONS RESPONSIBLE AND STATEMENT OF APPROVAL

3.1 PERSONS RESPONSIBLE

The Directors of the Issuer are the persons responsible for the information contained in this Registration Document. To the best of the knowledge and belief of the Directors (who have all taken reasonable care to ensure such is the case), the information contained in this Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

3.2 STATEMENT OF APPROVAL

This Registration Document has been approved by the MFSA as the competent authority in Malta for the purposes of the Prospectus Regulation. The MFSA has only approved this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Issuer or the Group (as the subjects of this Registration Document).

4 ADVISERS AND STATUTORY AUDITORS

4.1 ADVISERS

LEGAL COUNSEL	**Camilleri Preziosi** Level 3, Valletta Buildings, South Street, Valletta VLT 1103, Malta
SPONSOR	**M.Z. Investment Services Limited** 63, MZ House, St Rita Street, Rabat RBT 1523, Malta
MANAGER AND REGISTRAR	**Bank of Valletta p.l.c.** 58, Zachary Street, Valletta VLT 1130, Malta
FINANCIAL ADVISERS	**PricewaterhouseCoopers** 78, Mill Street, Zone 5, Central Business District, Qormi CBD 5090, Malta

The services of the Issuer's advisers in respect of this Prospectus are limited to the specific matters upon which they have been consulted. There may be other matters that would have a bearing on the Issuer or an investment in the Bonds upon which the Issuer's advisers have not been consulted. The Issuer's advisers do not undertake to monitor the compliance by the Issuer with its obligations as described in this Prospectus, nor do they monitor the Issuer's activities for compliance with applicable laws. Additionally, the Issuer's advisers have relied and continue to rely upon information furnished to them by the Issuer and its directors, and have not investigated or verified, nor will they investigate or verify the accuracy and completeness of information set out herein concerning the Issuer, the Issuer's service providers or any other parties involved in the Bond Issue (including all of their respective affiliates, directors, officers, employees and agents). Moreover, the Issuer's legal counsel and the other advisers accept no responsibility for any description of matters in this Prospectus that relate to, and any issues arising from, any applicable law that is not Maltese law.

4.2 STATUTORY AUDITORS

Ernst & Young Malta Limited
Regional Business Centre,
Achille Ferris Street,
Msida MSD 1751, Malta

The annual statutory financial statements of the Issuer for the financial year ended 31 October, 2020, 31 October, 2021 and 31 October, 2022 have been audited by Ernst & Young Malta Limited. Ernst & Young Malta Limited is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta) and bearing Accountancy Board registration number AB/26/84/96.

5 INFORMATION ABOUT THE ISSUER

5.1 GENERAL INFORMATION ABOUT THE ISSUER

LEGAL AND COMMERCIAL NAME	AX Group p.l.c.
REGISTERED ADDRESS	AX Group, AX Business Centre, Triq id-Difiza Civili, Mosta MST 1741, Malta
PLACE OF REGISTRATION AND DOMICILE	Malta
REGISTRATION NUMBER	C 12271
LEGAL ENTITY IDENTIFIER ('LEI')	213800ZQHNATYCTNN592
DATE OF REGISTRATION	18 January, 1991
LEGAL FORM	The Issuer was formed as a private limited liability company under the name 'Fulcrum Services Limited', and was subsequently, on 8 November 2019, converted into a public limited company and thereafter renamed AX Group p.l.c. The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act.

TELEPHONE NUMBER	+356 2331 2345
EMAIL	info@axgroup.mt
WEBSITE	http://axgroup.mt

Unless it is specifically stated herein that particular information is incorporated by reference into this Prospectus, the contents of the Issuer's website or any other website directly or indirectly linked to the Issuer's website, or any other website referred to herein, do not form part of the Prospectus. Accordingly, no reliance ought to be made by any investor on any information or other data contained in such website as a basis for a decision to invest in the Bonds.

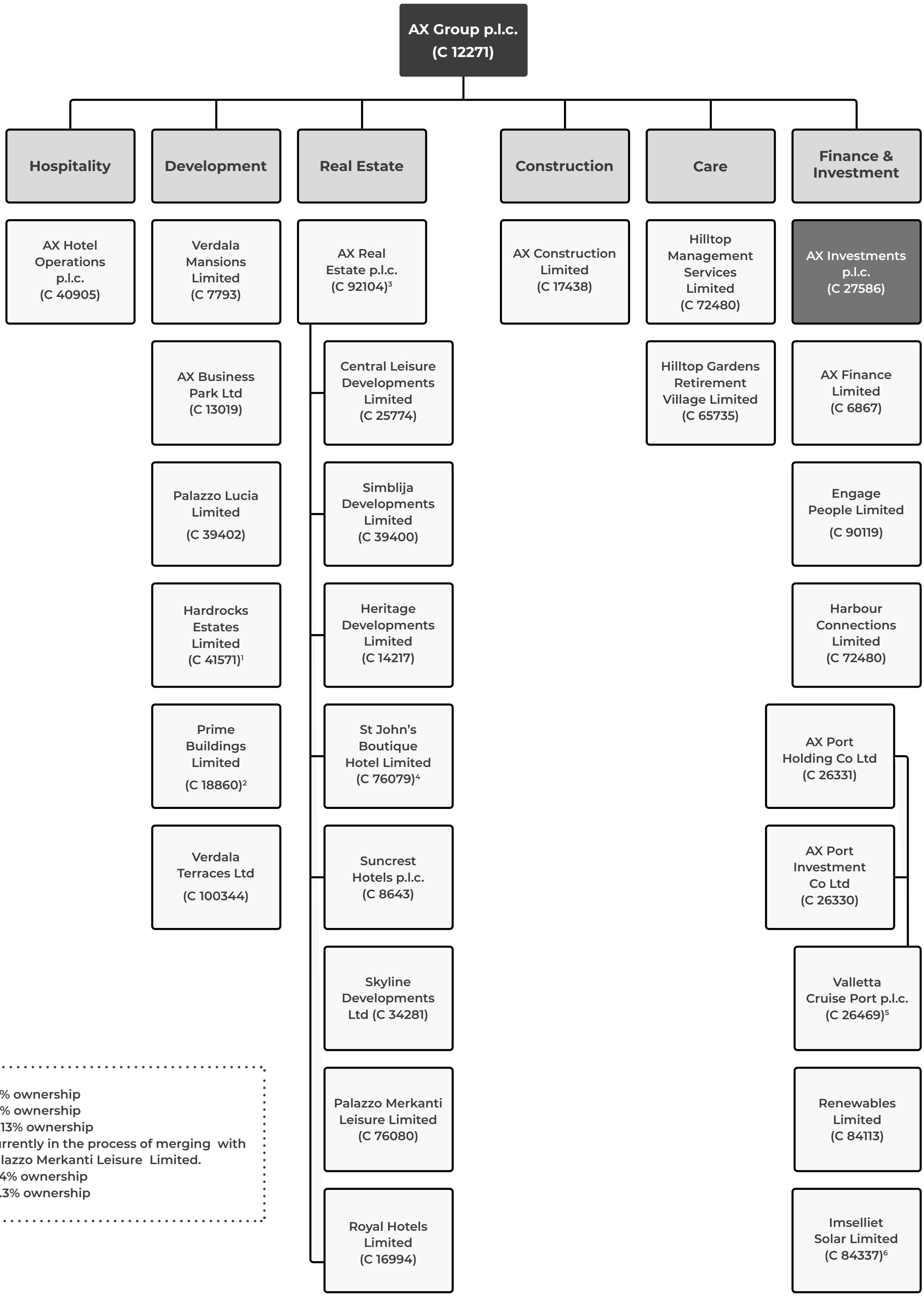
5.2 ORGANISATIONAL STRUCTURE OF THE GROUP

In 2021, the AX Group embarked on a reorganisation process with the aim of streamlining and simplifying the corporate structure of the AX group of companies. On the 24 March, 2021, the merger by acquisition of AX Holdings Limited (C 3595) (the company being acquired) by the Issuer (the acquiring company), where AX Holdings Limited was absorbed by the Issuer and consequently dissolved without having to be wound up pursuant to Article 358 of the Act, took effect. Prior to the interposition of the Issuer as the ultimate holding company of the AX Group, AX Holdings Limited served as the parent company through which interests in various subsidiary companies focused on the Group's key business segments were held.

As illustrated in the diagram below, the Issuer is the ultimate parent company of the AX Group, which comprises 29 entities (including the Issuer) having business interests which extend across the entire range of industry sectors in which the AX Group is involved. All of the Subsidiaries have been established under the laws of Malta and are registered with the Registrar of Companies in Malta at the Malta Business Registry. Moreover, the Group has a 36% interest and voting rights in Valletta Cruise Port p.l.c. (C 26469) (2021: 36.4%), 33.3% interest and voting rights in Imselliet Solar Limited (C 84337) (2021: 33.3%) and 50% interest and voting rights in Hardrocks Estates Limited (C 41671) (2021: 50%)

The Issuer is owned by Mr Angelo Xuereb as to 55% of its shareholding, and by Richard Xuereb, DX Holdings Limited (C 81361) and The Lotus Co Ltd (C 81360), each as to 15% of its shareholding.

The organisational structure of the AX Group as at the date of this Registration Document is illustrated in the diagram below, indicating the position of the Issuer within the Group.



[1] 50% ownership
[2] 75% ownership
[3] 91.13% ownership
[4] Currently in the process of merging with Palazzo Merkanti Leisure Limited.
[5] 36.4% ownership
[6] 33.3% ownership

The Group reorganisation was conducted in phases, with the first phase being to amalgamate a number of subsidiaries that own properties that are contiguous. To this end, the following mergers by acquisition took place in 2021:

i. the merger by acquisition of Luzzu Properties Limited (C 67266) by Suncrest Hotels p.l.c. (C 8643);
ii. the merger by acquisition of Holiday Resorts Limited (C 5733) by Suncrest Hotels p.l.c. (C 8643) (the acquiring company);
iii. the merger by acquisition of Central Hotels Limited (C 16993) by Central Leisure Developments Limited (C 25774);
iv. the merger by acquisition of Suncrest Finance Limited (C 35122) by AX Finance Limited (C 6867).

Additionally, in 2021, the Group's main property letting activities were consolidated into the newly formed '*AX Real Estate*' division, as further described in section 7.2.3 of this Registration Document.

More recently, over the course of 2023, the following mergers by acquisition were affected with a view to further streamlining the AX Group structure:

i. the merger by acquisition of AX Contracting Limited (C 64484) (the company being acquired) by AX Construction Limited (C 17438), whereby AX Contracting Limited was absorbed by AX Construction Limited and consequently dissolved without having to be wound up, became effective on 18 February, 2023; and
ii. the merger by acquisition of Capua Palace Investments Limited (C 19375) (the company being acquired) by the Issuer, whereby Capua Palace Investments Limited was absorbed by the Issuer and consequently dissolved without having to be wound up, became effective on 30 March, 2023.

Additionally, as at the date of this Registration Document, St John's Boutique Hotel Limited (C 76079) is in the process of merging with Palazzo Merkanti Leisure Limited (C 76080), which will result in St John's Boutique Hotel Limited being absorbed by Palazzo Merkanti Leisure Limited and consequently dissolved without having to be wound up.

6 BORROWING AND FUNDING STRUCTURE

6.1 MATERIAL CHANGES TO BORROWING AND FUNDING STRUCTURE

Other than the following, the Directors are not aware of any material changes in the Issuer's borrowing and funding structure since the last financial year ending 31 October, 2022:

6.1.1 Bank borrowings

As at 30 April, 2023 (being the date of the last published financial statements), the Group had aggregate bank facilities of €104,516,040 of which €44,634,693 were undrawn as at the reporting date. The Group's gearing ratio of 37.5% (as at financial year end) is expected to increase following the drawdown of the following bank facilities:

i. *Loan facilities obtained for the purpose of financing completion of the ODYCY Hotel, Qawra (formerly known as the 'Suncrest Hotel')*

   Subsequent to the year end, AX Hotel Operations p.l.c., a Subsidiary, secured a loan facility from a local credit institution amounting to €18 million, while Suncrest Hotel p.l.c., another Subsidiary, secured a loan facility amounting to €30.5 million. These loan facilities have been provided to enable the Group to complete the Phase I of the Qawra Project, namely the extension of the former Suncrest Hotel and redevelopment of the Lido in Qawra (further described in section 7.2.1). The loan facilities are expected to be drawn down throughout 2023 and 2024, and are to be repaid within 15 years, inclusive of a 12-month moratorium period on capital repayments.

ii. *Loan facility obtained for the purpose of financing development of the Verdala project*

   The Group, through Verdala Terraces Limited (C 100344), also obtained another loan facility from a local credit institution amounting to €36 million to enable the Group to develop and finish two residential blocks (further described in section 7.2.1). The loan facility is expected to be drawn down in full by 31 December, 2024, and is to be repaid within seven years from the date of the first drawdown. Principal repayments are to be settled out of the proceeds from sale of units of the Verdala project. It is projected that sales from the Verdala units will start to flow during 2024 of which 75% will go towards said loan repayment.

iii. *Overdraft facility obtained for the purpose of the Group's working capital requirements in connection with the business operations of AX Construction Limited (C 17438)*

   The Group, through AX Contruction Limited (C 17438), obtained an overdraft facility from a local credit institution, amounting to €2,000,000, for working capital requirements in connection with the borrower entity's business operations, mainly involving construction and restoration works and to refinance an existing facility with another local credit institution. The overdraft facility together with any interest accrued thereon shall be repaid in and towards satisfaction of any indebtedness and liability to the bank from inward funds on any of its accounts with the bank, or by various receivables including but not limited to the borrower's own funds. The facility shall be repaid in full from business turnover and, or Group cashflows and, or receivables.

6.1.2 Intra-group borrowings

i. *AXRE-AXG intragroup debt*

As at 30 April, 2023, AX Real Estate p.l.c. owed the amount of €30,213,069 to the Issuer, further to a series of transactions, including but not limited to, the corporate reorganisation of the Group. In November 2022, the parties agreed to defer interest payable on the debt until 31 December, 2032, which interest shall continue to accrue at the rate of 3% plus 3-month Euribor p.a.

As at the 30 April, 2023, AX Real Estate p.l.c. owed the amount of €34,281,942 to the Issuer, pursuant to an intragroup debt agreement entered into on 23 November, 2021.

Other than the foregoing, the Directors are not aware of any material change in the Issuer's borrowing and funding structure since the last financial year ending 31 October, 2022.

6.2 DEBT ISSUANCES RELEVANT TO THE ISSUER AND, OR THIS BOND ISSUE

6.2.1. Subscription of 2022 AX Real Estate p.l.c. bonds, due 2032

In February 2022, the AX Group successfully listed AX Real Estate p.l.c., a subsidiary of the Issuer, on the Malta Stock Exchange, with 25% of the ordinary A shares being taken up by the general public. Through this transaction, AX Real Estate p.l.c. raised €13,645,644. In conjunction with the share issue, AX Real Estate p.l.c. also issued €40 million unsecured bonds redeemable in 2032. The general public subscribed to €18,354,600 bonds, whilst the remaining €21,645,400 bonds were allocated by AX Real Estate p.l.c. to the Issuer through the part conversion of the existing intra-group loan with AX Real Estate p.l.c. As at the date of this Registration Document, the Issuer holds €18,083,400 in value of said allocated bonds in AX Real Estate p.l.c. and it is the intention of the Issuer to further dispose of bonds held by it at the opportune time to ascertain sufficient liquidity for the Qawra and Verdala hotel developments.

6.2.2. Redemption of 2014 AX Investments p.l.c. bonds, due 2024

In 2014, AX Investments p.l.c., a subsidiary of the Issuer, issued €40 million bonds due 2024 of a face value of €100 per bond redeemable at their nominal value on the redemption date and bearing interest at the rate of 6.% per annum, pursuant to a prospectus dated 3 February, 2014 (ISIN: MT0000081233). AX Group p.l.c. has provided a corporate guarantee in favour of bondholders to affect the due and punctual performance of all payment obligations undertaken by AX Investments p.l.c. in the event of default. The bonds are redeemable on 6 March 2024, and it is the intention of the Group to finance the redemption of the bonds through the proceeds of this Bond Issue.

6.2.3. 2020 issue of AX Group p.l.c. bonds, due 2026 and 2029

In 2020, the Issuer issued an aggregate principal amount of €25 million unsecured bonds, split into two tranches of €15 million 2026 and €10 million due 2029, having a nominal value of €100 per bond issued at par, bearing interest at the rate of 3.25% and 3.75% respectively per annum, subject to the terms and conditions of a prospectus dated 22 November 2019. As at 31 October 2022, the Issuer had a balance of €24.7 million from this bond issue, which amount is made up of the bond issue of €25 million net the bond issue costs amortised over the lifetime of the bonds.

6.3 WORKING CAPITAL AND FUNDING REQUIREMENTS

The Directors expect the Issuer's working capital and funding requirements to be met by a combination of the following sources of finance: (i) retained earnings and cash flow generated by the Issuer and the Group's operations; (ii) bank financing; (iii) loan receivables; and (iv) the proceeds from the Bonds.

7 BUSINESS OVERVIEW

7.1. PRINCIPAL ACTIVITIES AND MARKETS OF THE ISSUER

The Issuer acts as the ultimate holding company of the AX Group and its trading activity is limited to: (i) the raising of capital and advancing thereof to members of the AX Group as and when the demands of its business so requires; (ii) the acquisition of investment property for lease or resale; and (iii) the provision of management services to Subsidiaries. The AX Group is principally engaged in the provision of hospitality services, leisure, and entertainment ('*AX Hotels*'); retirement residences and elderly care ('*AX Care*'); ownership of real estate ('*AX Real Estate*'), construction and building materials ('*AX Construction*'); investment in renewable energy projects ('*AX Renewable Energy*'), through its Subsidiaries. Accordingly, the Issuer is economically dependent on the operations and performance of the Subsidiaries to a significant extent.

7.2. OVERVIEW OF THE BUSINESS OF THE AX GROUP

Since its inception in 1975 until its amalgamation into the Issuer on the 24 March, 2021 (as described in section 5.3 above), AX Holdings Limited served as the parent company of the AX Group, and through its interests in various subsidiary companies, was actively involved in the Group's key business segments.

The AX Group is primarily engaged in four business divisions, namely hospitality, healthcare, real estate and development, and construction, and is also involved renewable energy. The Group's finance and investment division provides finance to AX Group and its subsidiaries and also manages certain strategic assets.

The following is a more detailed breakdown of the AX Group's involvement in its main sectors of operation:

7.2.1. Hospitality

The 'AX Hotels' brand has carved a unique status in the local hospitality market as a hotel operator that caters for a wide range of diverse tastes. Across its seven Group Hospitality Properties located in Valletta, Sliema and Qawra, as well as its various highly distinguished food and beverage outlets, the Group's hospitality division is the largest operating division of the AX Group. The operations of the 'AX Hospitality' chain are carried out by AX Hotel Operations p.l.c. (C 40905), a company managed by a dedicated and highly skilled professional management team headed by Group Hospitality Director Claire Zammit Xuereb, one of the Executive Directors of the Issuer. As at the 30 April, 2023, the AX Group employed around 1,094 full-time employees involved in the operations and management of the hospitality division of the Group.

Valletta Properties

During the year 2016, the Group acquired two properties in Merchant Street, Valletta, one of which has been converted into a 19-room boutique hotel, known as **The Saint John – Boutique Accommodation**, which commenced operations in August 2017, and the other being the 25-room **AX Rosselli** boutique hotel, one of the most prestigious old palazzos in Valletta, which welcomed its first guests in May 2019.

Once a former merchant's residence and shop, The Saint John – Boutique Accommodation was refashioned into a modern hospitable setting while preserving the building's rich historical fabric. Each of the 19 rooms exudes an urban industrial feel with exposed brick and natural materials, combining on-trend style with luxury and the latest in-room technology. The boutique hotel features two private meeting rooms accommodating 16 in-theatre style or eight as a board room, both well-equipped with high-specification audio-visual and wifi standards, and a hot-desking service, ideal for the frequent business traveler who needs to make use of desk space in an office-like setting during his stay. The Saint John is also home to the popular establishment of 'Cheeky Monkey Gastropub', the second 'Cheeky Monkey' branded property operated by the AX Group.

AX Rosselli, on the other hand, is a five-star boutique hotel in the capital, housed in a luxurious property displaying a fusion of traditional and contemporary design complemented by an advanced suite of technology services for guests, including a digital online check-in process. Aside from a three-level restaurant with varied cuisine genres, namely '*Under Grain*', '*Grain Street*' and '*Over Grain*', offering customers refined culinary experiences on each level with '*Under Grain*' having been one of the first of only five restaurants to have clinched a Michelin Star on the island, the boutique hotel has a rooftop terrace and swimming pool.

Sliema Properties

Developed in 1996, **AX The Victoria Hotel** is a 142-room classical Victorian-style hotel located in the heart of Sliema. The hotel is marketed as a classical five-star experience in a four-star accommodation. The hotel features elegant rooms, outdoor and indoor pools, a steam and sauna room, spa facilities, a health and fitness centre and multi-purpose conference halls.

Adjacent to AX The Victoria Hotel, is one of the oldest and finest buildings in Sliema – the 200-year-old Neoclassic palace, **Palazzo Capua**, also known as 'Capua Palace'. Following its refurbishment in 2005 by the AX Group, the palace, which had fallen into disuse and abandonment, was restored to its former architectural splendour and now forms part of a larger project incorporating accommodation and conference facilities in a rich architectural setting, fully supported and operated by AX The Victoria. Palazzo Capua houses five exquisitely luxurious guest suites, four of which are on two floors, and is also an exclusive meetings venue. Its main hall offers outstanding facilities for receptions and banquets and provides a distinct and prestigious settings for business and social functions.

AX The Palace Hotel is a luxurious 144-room five-star city hotel located in a prime location in Sliema, offering a strong appeal to business travellers owing to its extensive conference and events facilities. The hotel, which opened its doors for business in 2007, marks AX Group's first investment in the five-star hotel segment. AX The Palace offers a wide range of facilities to its guests, including five restaurants, an outdoor infinity pool on the rooftop terrace, a generous sized freshwater indoor pool, a steam and sauna room, spa and health and fitness centre.

The proximity between AX The Palace Hotel and the AX Victoria Hotel allows both hotels to centralise their management function and share many of the fixed cost elements to maximise efficiency, and ultimately operating profits.

Qawra Properties

On the 12 April, 2023, the Group announced the launch of its brand new destination concept **AX ODYCY Hotel**, at the former site of the AX Seashells Resort. The soft opening of the new AX ODYCY Hotel took place in May 2023. The former AX Seashells Resort at Suncrest ceased operations in Q4 2021 for the purpose of demolishing and redeveloping the top floor of the existing structure and constructing three additional floors, with a view to increasing the number of rooms to 599. Simultaneously with the extension to the hotel, the lido at the former AX Seashells Resort at Suncrest was demolished and redeveloped. The ODYCY's design concept, inspired by cruise liners and airports, offers a fresh, contemporary and distinctive experience to guests. The incorporation of distinct "nooks" within the common spaces provides a sense of exploration and discovery, making it stand out from traditional hotel designs.The hotel offers a wide range of accommodation options, catering to various preferences. From family-friendly and economy rooms to high-end suites, ODYCY appeals to a broad audience with different budget levels and preferences. Especially because the hotel was conceived as a four-star property with a five-star mentality, such diversification of offerings ensures exceptional quality. ODYCY boasts various facilities and signature dining choices that cater to different tastes and budgets, including the upscale skybar “Medusa,” Mediterranean fusion restaurant “Minoa,” sophisticated hotel lounge bar “Sidestreet,” buffet restaurants “Deck & Keel,” and other family-friendly restaurants like "Trattoria Riccardo", amongst others. The panoramic lido spans the entire length of the property and is divided into areas for adults, family, and children, also including a small waterpark.

The **Sunny Coast Resort and Spa** is a 92-room four-star aparthotel situated in Qawra that offers serviced self-catering apartments, with resort facilities on the Qawra Coast. The property has operated in the vacation ownership market since 1983 and was the AX Group’s first venture in the hospitality sector. The property features three restaurants, indoor and outdoor pools, spa and leisure facilities, and a fitness centre.

The **Luzzu Complex** occupies a gross floor area of *circa* 2,235 square metres and comprises a seaside restaurant known as the ‘Luzzu Restaurant’, a beach club and a conference centre which accommodates up to 300 delegates in theatre style and 450 guests in receptions.

Through the progressive acquisition of the above properties, the AX Group owns a stretch of prime hospitality real estate measuring 4,000 square metres, along the Qawra coastline. At the opportune time, the Group will commence the demolition and construction of the Sunny Coast Resort and Spa which will transform the resort into a 200-unit aparthotel featuring self-catering suites. This large-scale project was designed with the intention of reigniting interest in the coastal community and inspire future regeneration in the popular tourist hotspot which has lost some of its allure in recent years. Through the combination of its hospitality establishments in Qawra, the Group appeals to a wider demographic of holidaymakers, from young families and short breakers to festivalgoers and business travellers seeking a more exclusive experience.

<u>*Verdala*</u>

The AX Group is eagerly anticipating the eighth addition to its hotel portfolio through the development of the new Verdala Hotel Spa, which is set to open its doors in Q4 of 2024.

Perched along the ridge-edge of Tal-Virtu, limits of Rabat, the once-luxurious ‘Grand Hotel Verdala’ was inaugurated in 1971 as one of Malta’s premium hotels at the time. The 160-bedroom five-star hotel ceased operations in 1997, and in that same year the Group acquired the property.

Following demolition of the Grand Hotel Verdala in August - September 2021, construction works on the Verdala Project commenced in October 2021. The Verdala Project will comprise the development of a 40-room five-star all-suite hotel, 23 self-catering hotel units, 87 residential units for resale (the ‘*Verdala Terraces*’) , and the existing 19 Virtu Heights apartments, which shall also be refurbished to a luxury standard (the ‘*Verdala Hotel Annex*’). A multi-level communal pyramidal atrium shall include all the communal facilities and creates a physical and visual corridor from Triq ir-Rghajja to the ridge views overlooking Malta.

By reducing the overall height from the existing hotel by almost two storeys, the development will blend more harmoniously with the promontory. A system of terraces and voids on the ridge side of the building will mimic the natural forms of the rock strata, whilst the back elevations will have greater solidity to tie into the traditional façade typology found in the surrounding streets.

The project will also open up around 2,350 sqm of formerly developed space to the public through the introduction of public piazzas and open spaces. Furthermore, new vistas will be enjoyed by the public from Triq San Bastjan and Triq ir-Rghajja.

Works have since progressed according to the planned timeframes; with civil works on the Verdala Terraces apartments having been completed, and civil works on the Verdala Hotel in progress. As initially planned, the Verdala Hotel is expected to start operating in Q4 of 2024. In this respect, it is pertinent to note that pursuant to a public deed entered into on 2 June 2023 by and amongst, *inter alios*, the Malta Enterprise Corporation, Royal Hotels Limited and the Issuer, should the Verdala Hotel not be rendered operational by the 5 March 2026, Royal Hotels Limited shall incur pre-liquidated damages in the sum of €5,000 per day or part thereof up to the date as the hotel is rendered operational. The payment of any such pre-liquidated damages which may become due is guaranteed by the Issuer who shall be jointly and in solidum responsible for any such payment. In order to further guarantee, *inter alia*, the aforesaid, Royal Hotels Limited constituted in favour of Malta Enterprise Corporation a special hypothec for the sum of €3,000,000 over the parcel of land in Rabat previously forming part of the Grand Hotel Verdala and its grounds, measuring approximately 2,780 sqm. Furthermore, in terms of public deed entered into on 6 March 2018 by and amongst the same parties, the Issuer constituted itself as surety, jointly and severally with Royal Hotels Limited (and Heritage Developments Limited) for the performance of their respective and, or joint obligations in terms of said deed, and in order to better secure such obligations delivered in favour of Malta Enterprise Corporation an on-demand guarantee issued by a local bank for the sum of €250,000.

As a result of, principally, an increase in professional fees and finishing costs, as well as inflationary pressures, the initial estimated investment in the Verdala Hotel and the refurbishing of the Verdala Hotel Annex amounting to *circa* €11.5 million has been revised upwards by €1.5 million, amounting to a total spend of €13 million. As at the date hereof, 25% of the total capital expenditure has been contracted.

The aim of the Group is that of opening up a new niche market in luxury wellness hospitality in Malta, and to continue to diversify its hotel products to cater towards new and untapped market segments.

7.2.2. Healthcare

The key operating entities within the 'AX Care' division are Hilltop Gardens Retirement Village Limited (C 65735) and Hilltop Management Services Limited (C 72480), headed by the Group Healthcare Director, Claire Zammit Xuereb, one of the Executive Directors of the Issuer.

Together, the two companies are engaged in the operations of (i) the Hilltop Gardens and Retirement Village, Malta's first luxury retirement village; and (ii) the Simblija Care Home, a licensed residential care home which caters for medium to fully dependent patients as well as residents requiring respite care, collectively referred to as the 'Hilltop Complex'. The complex has been in operation since 2016.

Hilltop Gardens Retirement Village

The first luxury retirement village to be developed in Malta, the Hilltop Gardens Retirement Village, consists of private residences in the form of one or two-bedroom self-catering apartments and penthouses, finished to high standards, landscaped gardens and extensive facilities. The complex includes a spa, hair salon, swimming pool, restaurant, crafts center, indoor and outdoor kids play areas, library, common room and hall, chapel, and underground parking. A 24-hour reception desk and security personnel complement the residences. Residents may also request certain services be provided at a charge, including cleaning, repairs and maintenance of apartments and preparation and delivery of meals. The setup of the residences allows residents to live independently within a secure community knowing that care is at hand should the need arise.

The Hilltop Gardens Retirement Village welcomed its first residents in January 2016 and by August 2018, all 133 apartments in the village had been occupied on leases for definite periods ranging from one month to 50 years. Subject to obtaining the necessary development permits, it is the intention of the Group to construct additional residential units intended for lease in line with the business model of the Hilltop Gardens Retirement Village.

Simblija Care Home

The other key component within the Hilltop Complex is the Simblija Care Home, a 153-bed care home which provides intensive nursing care to the more dependent elderly residents. The Simblija Care Home also operates the 'Revive Physiotherapy Centre', which has its own fully equipped state-of-the-art hydrotherapy pool, dedicated services and amenities for short term respite care and convalescence as well as post-operative recovery, and a specialised dementia ward offering specialist support, and assistive technology specifically selected and installed, for residents with dementia.

Notwithstanding their location within the same grounds, the residential complex and nursing home are distinct and separate from each other, where the residents of the respective facilities will receive the distinct level of care each requires, without restricting access for residents of the complex between the two entities.

7.2.3. Real Estate and Development

The Group is primarily a property-based organisation and most of its investments are in real estate assets. The Group has a substantial property portfolio, which it plans to expand and develop at the appropriate time. Certain non-core property assets may also be disposed of at the appropriate time. The Group holds financial assets only for the purpose of furthering its objective of developing its property assets with a view to utilising same in a manner which meets its business objectives over the short to medium term, whilst also targeting long term asset appreciation through efficient management of such asset base.

Reorganisation of the AX Group and establishment of the '*AX Real Estate*' arm

As part of the Group reorganisation, over the course of 2021, the Group consolidated its main property letting activities into one newly formed division, namely the '*AX Real Estate*' arm, by means of a number of mergers by acquisition.

In furtherance of the consolidation of the AX Group's property letting activities into the newly formed real estate division, AX Real Estate p.l.c. acquired a 99.99% controlling interest in the following companies forming part of the Group, pursuant to a number of intra-group share transfers:

- Suncrest Hotels p.l.c. (C 8643);
- Central Leisure Developments Limited (C 25774);
- Simblija Developments Limited (C 39400);
- Palazzo Merkanti Leisure Limited (C 76080);
- St. John's Boutique Hotel Limited (C 76079);
- Heritage Developments Limited (C 14217);
- Skyline Developments Ltd (C 34281); and
- Royal Hotels Limited (C 16994).

This was followed by the issue and allotment by AX Real Estate p.l.c., on 30 November 2021, of 99,598,008 fully paid-up ordinary 'A' shares of a nominal value of €0.125 each and 150,000,000 fully paid-up ordinary 'B' shares of a nominal value of €0.125 each (and a premium of €0.2083334 each) in the share capital of AX Real Estate p.l.c. in favour of the Issuer.

Major Assets of the AX Group

The AX Group has a diversified asset portfolio consisting of hotels, care homes as well as office spaces, warehouses, and residential units, amongst others. As at 30 April, 2023, the AX Group's total property portfolio amounted to €360 million, with its main property assets comprising the hospitality and healthcare properties.

As a result of the Group reorganisation described above, the majority of the AX Group's property portfolio is held by the members of the Estates Group. The Estates Group, together with other Subsidiaries of the AX Group whose principal activity is the letting of property, collectively, hold a significant amount of real estate property, as depicted in the table hereunder:

	Major Assets	**Owned by**
Hospitality		
Qawra Properties	AX ODYCY Hotel (formerly AX Seashells Resort at Suncrest), Qawra	**Suncrest Hotels plc (C 8643)**
	Luzzu Complex, Qawra	
	Chaplins, Qawra	
	AX Sunny Coast Resort and Spa, Qawra	
Sliema Properties	AX The Victoria Hotel, Sliema	**Central Leisure Developments Limited (C 25774)**
	AX The Palace Hotel, Sliema	
	Capua Palace (suites)	**AX Investments plc (C 27586)**
Valletta Properties	AX The Saint John Boutique Hotel, Valletta	**St. John's Boutique Hotel Limited (C 76079)**
	Rosselli AX Privilege, Valletta	**Palazzo Merkanti Leisure Limited (C 76080)**
Verdala Hotels	Hotel Verdala	**Royal Hotels Limited (C 16994)**
	Ta' Virtu Heights Apartments (the Verdala Hotel Annex)	**Heritage Developments Limited (C 14217)**
Healthcare		
Hilltop Complex	Hilltop Gardens Retirement Village, Naxxar	**Simblija Developments Limited (C 39400)**
	Simblija Care Home, Naxxar	
Office Space		
	Targa Gap Complex, AX Business Centre, Mosta	**Skyline Developments Ltd (C 34281)**
	Palazzo Lucia, Valletta	**Palazzo Lucia Limited (C 39402)**
	Capua Palace (office space), Sliema	**AX Investments plc (C 27586)**
	Falcon House, Sliema	**AX Real Estate plc**
	Hardrocks Industrial Park, Burmarrad	**AX Real Estate plc**
	AX House, Lija	**Issuer**
Residential		
	Villa Vistana, Mosta	**Issuer**
	Verdala Terraces, Rabat	**Verdala Terraces Limited (C 100344)**
	Floriana Apartments	**Harbour Connections Limited (C 76078)**
	Targa Gap Complex, Mosta	**Skyline Developments Ltd (C 34281)**

Other properties

	Land plot – Tad-Dwiemes, Marsa	**AX Business Park Limited (C 13019)**
	Nine warehouses at Hardrocks Industrial Park, Burmarrad	**AX Real Estate plc**
	Blackstead Garage, Naxxar	**Simblija Developments Limited (C 39400)**
	Garages at Falcon House, Sliema	**Verdala Mansions Limited (C 7793)**
	Tad-Dib land, Mosta	**Verdala Mansions Limited (C 7793)**
	La Ferla, Sliema	**Issuer**

On completion of the aforementioned consolidation, the Subsidiaries noted in the table above entered into long-term lease agreements with the respective operating companies of the AX Group responsible for the operation of the relevant properties. Such agreements may be split into four categories, as follows:

(i) with respect to each Group Hospitality Property, each relevant Subsidiary forming part of the Estates Group which holds title to the property or land (as applicable) in question has entered into a lease agreement, in its capacity as lessor, with AX Hotel Operations p.l.c. (C 40905), the latter in its capacity as lessee;

(ii) with respect to the Hilltop Gardens Retirement Village and the Simblija Care Home, a lease agreement has been entered into by and between Simblija Developments Limited (C 39400), in its capacity as lessor, and Hilltop Management Services Limited (C 72480), in its capacity as lessee;

(iii) with respect to the AX Group Head Office, a lease agreement has been entered into by and between Skyline Developments Ltd (C 34281), in its capacity as lessor, and the Issuer, in its capacity as lessee; and

(iv) with respect to the warehouses and office blocks at Hardrocks Business Park, lease agreements have been entered into by and between AX Real Estate p.l.c., in its capacity as lessor, and AX Construction Limited (C 17438), the Issuer and independent third parties, as lessees.

The property development element of the 'Real Estate and Development' division acquires investment properties, identifies business and commercial uses for these properties, and undertakes such projects to operate or dispose of them, as considered appropriate, at the opportune time. Some of these investments are held on a long-term basis and operated, while others are developed and sold in the normal course of business.

The AX Group has developed a number of landmark projects that span from residential complexes, hotels, restaurants, offices block to large scale property development projects. The AX Group owns other parcels of land on which it plans to undertake quality residential developments in the coming years and is in the process of acquiring the necessary permits to undertake such projects.

7.2.4. Construction

The main operating entity within AX Group's construction division, which is headed by the Group Construction & Development Director Denise Xuereb, is AX Construction Limited (C 17438). AX Construction Limited undertakes most forms of civil engineering works and turnkey contracts. The company has experience in carrying out large building and finishing projects, infrastructure projects, marine and restoration projects. The past year has seen the AX Construction division continue to grow and evolve as works were carried out on a diverse combination of in-house projects, prestigious restoration assignments, and commercial construction jobs. Its biggest focus over the past year has been the construction of two major in-house projects, namely the redevelopment of the former AX Seashells Resort at Suncrest in Qawra and the new Verdala development in Rabat.

The restoration arm was also extremely busy last year completing several long-term projects on historic buildings of note. A two-year project to rehabilitate the Malta Maritime Museum in Birgu, a building which dates to the 1840s, reached completion in December 2022. In 2022, the Group also completed works on the restoration of the Senglea Bastions. Significant progress was also made on restoration works conducted on the historic Church of the Jesuits in Merchants Street, Valletta. Furthermore, construction and restoration works on the much anticipated visitors centre extension at St John's Co-Cathedral in Valletta, and of Palazzo Lucia, including replacing the building's iconic Maltese balconies on the façade, are ongoing. Apart from the foregoing, over the course of 2023 and 2024, the Group's constructions arm is primarily expected to focus on the Verdala project.

7.2.5. Renewable Energy

As further described in section 7.3.5 of this Registration Document, the Group is committed to sustainability in all its forms, and it especially recognises the importance of renewable energy in preserving our planet for future generations.

The Group has to date been involved in the development of three sizeable renewable energy projects, namely photovoltaic plant installations at the Imselliet Solar Farm in Mgarr, Hilltop Gardens Retirement Village in Naxxar, and AX Business Centre in Mosta.

The AX Group's investment in the Imselliet Solar Farm, Mgarr and Hilltop Gardens Retirement Village, Naxxar is the result of a joint venture with third parties, in which the Group, through Renewables Limited (C 84113) holds 33.3% of the issued share capital of Imselliet Solar Limited (C 84337). Imselliet Solar Limited is in possession of a licence granted by the Regulator for Energy and Water Services (REWS) to produce electricity from its 4,620kW licensed facility, whether for own use and, or for supply to Enemalta p.l.c. (C 65836), in accordance with the terms of the contract entered into with the Ministry of Energy and Water. Furthermore, with respect to the photovoltaic installations at the Hilltop Gardens Retirement Village in Naxxar, Imselliet Solar Limited holds an additional licence granted by REWS to produce electricity, whether for own use and, or to be supplied to Enemalta p.l.c. through its photovoltaic installation on the roof of the blocks at Hilltop Gardens Retirement Village in Naxxar.

The first project, being the Imselliet Solar Farm comprises a photovoltaic plant spread over 90,000 sqm of land at Hard Rocks Quarry no.29 Zebbiegh Road Mgarr, Malta. Following a tendering process launched by the Ministry of Energy and Water, Imselliet Solar Limited was awarded the bid for financial support for electricity from solar photovoltaic installations and, in July 2018, entered into a contract with the Ministry of Energy and Water. The Imselliet Solar Farm project comprised the installation of a grid connection to a 5.226 megawatt photovoltaic plant. The energy generated from said photovoltaic plant is exported and sold to the grid at the agreed fixed rate, in terms of the agreement entered into with the Ministry of Energy and Water. The price per Kwh with respect to the renewable energy installation is payable for the actual measured number of units of electricity generated by such installation and sold to the distribution system operator, up to the annual threshold (in Kwh) calculated. The contract may be terminated, and the award withdrawn, if the commissiond capacity is either below 1MWp or smaller than 50% of the awarded capacity.

The quarry on which the photovoltaic plant was installled to generate electricity and sell same to the grid is leased by Hardrocks Estates Limited (C 41671) to Imselliet Solar Limited (C 84337) for a period of 20 years, in consideration for annual lease which is to increase by 2% compounded as from the third year after commencement date.

During 2022, the Group generated 3.2 million kWH in aggregate from its photovoltaic plant installations at the Imselliet Solar Farm in Mgarr, Hilltop Gardens Retirement Village in Naxxar and AX Business Centre in Mosta. The Group is exploring other opportunities to install additional solar panels on top of its properties.

7.3. BUSINESS DEVELOPMENT STRATEGY

7.3.1. Ethos of the AX Group

The AX Group has developed from its beginnings as a traditional family business to a professional organisation, underpinned by the AX Group's ethos of ensuring a proper balance between effective organisational practices and procedures, together with the investment in its human capital resources driven by a core executive management team made up of market leaders in their respective areas.

The Group believes that investment in immovable property in good locations and to high standards of design tailored to the operation of innovative business models and concepts provides high return on investment over the long term.

One of the main contributors which has led towards the successful history of growth experienced by the Group has been the segregation of asset owning and operating functions to enable individual Subsidiaries to focus on their core objectives and to share the know-how, experience and resources to avoid duplication of effort and cost.

7.3.2. Organisational practices and procedures

The AX Group implements a combination of organisational checks and balances designed, on the one hand, to identify, evaluate and ultimately mitigate risk and, on the other hand, to explore and exploit business opportunities.

These policies, procedures, controls and systems shall be reviewed from time to time in order to reflect new operational and market realities, ensuring that the Issuer evolves in tandem with the latest developments in a timely manner, seeking to pre-empt challenges and maximise potential. Business plans, financing arrangements, marketing tools and other key aspects of the day-to-day business and operations of the AX Group are prepared, evaluated and subsequently scrutinised by the competent members of the executive team.

The progressive introduction of this organisational structure has seen the AX Group develop a more objective and evidence-based approach to business opportunity and risk, based on the principle of informed-decision making practices. In addition, all contractual arrangements to be entered into by the Group with its business partners and other third parties are vetted by the dedicated in-house legal team of the Group.

7.3.3. Growth and diversification strategy

The Group focusses its energies on strengthening its business and developing its operating structures. Furthermore, the various divisions of the Group have diversified their markets and business delivery, and marketing strategies have been developed and implemented for each of its properties depending on the location and nature of the property.

On recognition of the importance of e-commerce for the hospitality industry, the Group has invested in internet marketing to improve its information systems and it now has a dedicated team of key personnel who focus on this channel; together they manage more than 24 websites owned by the Group as well as 70 other social media channels. In addition, last year, the Group embarked on a project to change the hotel's property management system. The new property management system will provide augmented process automation and real time information whilst ensuring that the evolving customer expectations are met. The Group will continue to invest in the latest technologies and techniques to keep abreast with developments in this dynamic sector and optimise its business.

Through its developments within the hospitality sector, the Group has been a catalyst of change by delivering innovative projects that not only put the Group at the forefront of the industriesin which it operates, but regenerates the localities and enhances the communities where it operates. In 2021, the Group embarked on an ambitious project to redevelop the Qawra properties with the aim of putting Qawra back on the map. The first phase of this ambitious project involved the vertical extension of the AX Seashells Resort at Suncrest, now rebranded as '*AX ODYCY*', the general redesign and renovation of the common areas, and the redevelopment of the hotel's lido. This was completed in July 2023. The next phase of this project will involve the demolishing and rebuilding of the AX Sunny Coast Resort, the redevelopment of the AX Sunny Coast lido and Luzzu complex. The Verdala hotel in Rabat will be another innovative development that will extend the offerings of AX Hotels. With a state of the art spa and the ideal setting, this hotel is being designed to offer its guests a holistic wellness experience. In addition to the traditional hotel offerings, this hotel will be offering tailor made spa packages, wellness programmes and retreats that drive long-term positive change.

The Group is optimistic that, notwithstanding the various challenges, the hotel industry in Malta will continue to perform positively in the coming years and believes that the Group Hospitality Properties currently have the right management, expertise and resources to successfully grow the business units and potentially take on others.

AX Hotel Operations p.l.c. continues to actively seek new hotel properties to operate and will be seeking opportunities to take on engagements to manage third party owned properties, subject to the right conditions being agreed to and the property matching the AX Hotels brand standards. An important aspect of the Group's ongoing strategy is the acquisition of a number of sites in strategic locations and in close proximity to one another, and their subsequent consolidation in order to form larger sites to enable the Group to undertake large developments. This strategy of operating hotels in clusters yields various value-adding advantages such as the allocation of single management teams per location, providing efficiency through the reduction of overlap in areas such as marketing, maintenance, accounting and procurement.

The construction division of the Group has grown rapidly following a restructuring of the business and has, seen its turnover (with respect to third-party work) double in the last ten years. This growth is supported by the strong performance at a national level of the construction and development sectors as well as specific measures taken in order to respond to the continuing challenges involved in operating in the construction industry.

Over the years, the AX Group has invested in the skills and expertise required to take on sensitive restoration projects and has been successful in contributing significantly to the restoration of our built heritage by undertaking a number of prestigious national projects. The construction division has also introduced contracting and project management strategies which aim to capitalise on the quality, efficiency and experience which are ingrained in the Group's culture. This investment in skills and organisational measures has also been augmented by a significant continuing investment in plant, equipment, tools and systems to improve productivity and efficiency and to further strengthen its management and operating teams in anticipation of larger and more demanding projects. Through the Verdala project, AX Group has sought to introduce even greater levels of innovation and creativity in terms of structural design, building materials, and aesthetic quality in the local sector. The redevelopment of AX ODYCY was a very complex and delicate task, whereby the foundations and existing columns had to be strengthened to take on additional floors. Synergies between the development team and management of AX Hotels were critical to ensure that the new hotel caters for the ever evolving customer needs and expectations.

7.3.4. Human resource management

The Issuer believes that human resource management practices based on the acquisition and retention of talent are conducive to achieving its business objectives and the retention of key talent is at the core of the Issuer's philosophy. In today's business climate, the recruitment and training of employees is crucial and the retention of key talent has been at the core of the Group's philosophy since inception.

In furtherance of the aforesaid objectives, the AX Group operates the 'AX Academy', which specialises in training and development of its personnel, and set up its own recruitment agency focused on long-term human resources planning and finding the appropriate candidates to further strengthen its leadership and operating teams in anticipation of an increase in volume of business across the divisions of the Group.

The Executive Management Team reviews the performance of all operating entities within the AX Group as well as its investments on a periodic basis The Executive Committee reviews the performance of all operating entities within the AX Group as well as its investments on a periodic basis. It ensures that the AX Group has the required resources and capacity to undertake the Group's planned investments.

7.3.5. Sustainability practices

The Directors believe that for a business to thrive in the coming decades, it must work in harmony with its working environment. This harmony and the consequential positive financial performance and longevity can only be achieved by considering ESG aspects in the Group's decision-making. The Group understands that senior oversight and accountability for ESG initiatives is crucial to achieving a progressive ESG culture across the Group. Therefore, an ESG Committee has been established which is composed of individuals representing all areas of the business. The ESG Committee is responsible for establishing an ESG framework and for identifying, measuring, analysing, monitoring and documenting ESG elements across the Group, with the ultimate aim of lowering the Group's adverse environmental and social impacts.

In 2022, the Group took a significant step forward in its ESG mission by joining forces with 12 other reputable business organisations which came together to create the Malta ESG Alliance (MESGA). Together, this private sector consortium is actively working towards tackling local ESG priorities to contribute to a more sustainable and less carbon-intensive Malta, with the first major aim to put forward a climate change initiative. MESGA plans to achieve this both by adapting the way its members do business and operate, as well as through working closely with policy makers to improve the local regulatory landscape and motivate the flow of finance in this direction. MESGA aims to keep on attracting good-willed and committed small, medium and large companies to join forces and contribute to resilient, responsible business that supports a thriving community.

The Group is conscious of its ecological responsibilities and strives to minimise its negative environmental externalities, both in terms of project developments as well as through its internal practices. The Group is seeking opportunities to improve on energy efficiency, reduce waste, carbon and greenhouse gas emissions and ultimately reduce their carbon footprint. The Group remains committed to broaden its sustainability practices, through the investment and research in new solutions for future developments and operations. As part of the Group's ESG commitment, a designated person responsible for establishing a strategic plan to consolidate initiatives across all business units was appointed. The start of this journey is to put in place the right metrics to collect data across the Group and measure our emissions, create awareness and a reporting framework, and to lower its environmental impact.

8 INVESTMENTS

8.1. MATERIAL INVESTMENTS MADE BY THE GROUP IN THE LAST THREE YEARS

The major investments made by the AX Group over the last three years are the following:

Year of Commencement and Completion	Development	Investment
2021 - 2023	Qawra Project (Phase 1) The Group extended the former AX Seashells Resort at Suncrest, Qawra by adding four additional floors to the existing structure, which increased the number of rooms to approximately 599, as well as new pools, restaurants, bars and other amenities. Simultaneously with the extension to the hotel, the lido at the AX Seashells Resort at Suncrest was demolished and redeveloped. On 12 April, 2023, the Group announced the launch of its destination concept 'AX ODYCY' hotel, at the former site of the AX Seashells Resort. The soft opening of the AX ODYCY Hotel took place in end-May 2023.	*circa* €72 million
2019 - 2021	Falcon House Offices and Residences, Sliema In FY2021, the AX Group oversaw the building of a new block within 'Falcon House' in Sliema's High Street, which includes two floors of office units and four levels of luxurious residential apartments and penthouse, at a cost of *circa* €1.5 million. AX Real Estate p.l.c. is the owner of the two floors of office units.	*circa* €1.5 million
2019 - 2021	Targa Gap Complex, Mosta Between 2019 and 2021, the AX Group completed the Targa Gap Complex, consisting of two blocks of residential apartments, namely the '*Clover*' block and the 'S*pringfield*' block., and offices, including the AX Business Centre which houses the AX Group Head Office. Skyline Developments Limited is the owner of the complex. Residential units and office/commercial space at the complex have been leased or sold to third parties.	*circa* €10 million

The AX Group has made and expects to continue to make significant investments in the acquisition, development and improvement of its existing property portfolio. It will actively seek to identify and acquire new properties deemed appropriate to its business ethos and objectives, as a major thrust of its business.

8.2. OTHER MATERIAL INVESTMENTS THAT ARE IN PROGRESS OR FOR WHICH FIRM COMMITMENTS HAVE BEEN MADE

In addition, the key developments to which the Group is committed to in the foreseeable future include:

Expected Year of Commencement and Completion	Development	Status	Investment
There are presently no firm timelines for the commencement of the project's next phases, although it is envisaged that works will commence in the foreseeable future subject to the Group obtaining the necessary funding and having the required resources to commence works.	**Qawra Project (Phase 2 and Phase 3)** (i) Phase 2: The redevelopment of the AX Sunny Coast Lido and Luzzu Complex It is proposed that the AX Sunny Coast Lido and Luzzu Complex, the undergound carpark and commercial outlets will be linked to the development described in section 7.1 as 'Qawra Project (Phase 1)'. (ii) Phase 3: The redevelopment of the AX Sunny Coast Resort and Spa This will see the demolition of the existing building of the Sunny Coast Report & Spa and its rebuilding into a 200-unit aparthotel with food and beverage and leisure facilities.	Relevant full development permit (PA/05952/21) has been obtained. Outline development permit (PA/05952/21) has been obtained. The Group has submitted the relevant application for a full development permit.	*circa* €70million
2025 - 2026	**Hilltop Gardens Retirement Village** Addition of further 50 units for lease.	Permit application submitted but is pending approval	*circa* €8 million
2021 – 2024	**Verdala Project** Works on the Verdala Project commenced in October 2021. The development of the Verdala Project consists of: the development of a 40-suite hotel, 23 self-catering units that will be offered with the hotel; and 87 residential units for sale which are split into two blocks: (i) the Royal Mansions (Block A) (comprising 38 exclusive residences overlooking the landscaped gardens and public piazzas that encircle the residential complexes); and (ii) the Grand Mansions (Block B) (comprising 49 luxurious residences offering panoramic views of Mdina) (the '*Verdala Terraces*') and the refurbishment of the the existing 19 Virtu Heights annex suites that will be annexed to the Verdala Hotel.	Relevant full development permits (PA/02787/01, PA/00141/03, PA/06044/17, PA/06714/20) and an outline permit (PA/06044/17) have been obtained and the land in question is currently being developed.	*circa* €70 million
2022 – 2023	**Palazzo Lucia Development** The development of Palazzo Lucia into office space to be leased to third parties.	Relevant full development permit PA/04470/20 has been obtained.	*circa* €9 million

9 TREND INFORMATION

At the time of publication of this Registration Document, the Issuer considers that its future performance is intimately related to that of the entire AX Group, particularly since members of the AX Group will constitute its only trading partners as borrowers. The Issuer, as the parent company of the AX Group, considers that generally the AX Group will be subject to the normal business risks associated with the industries in which it is involved and does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the AX Group and its business, at least with respect to the current financial year. The AX Group's business activities are concentrated in, and aimed at, the Maltese market.

An overview[1] of the most significant recent trends affecting the AX Group and the market in which the AX Group operates is provided below.

The Maltese economy grew by 7.1% in real terms in 2022, driven by strong private domestic demand and investment as well as the better-than-expected recovery in tourism. Furthermore, the unemployment rate remained low at 3% of the labour supply despite the high level of inflation which stood at 6.1%.

[1] Central Bank of Malta – 'Outlook for the Maltese Economy', 24 August 2023.

Economic growth is projected to ease to 3.7% in 2023 and stabilise at 3.6% in both 2024 and 2025. Net exports are expected to be the main contributor to growth in 2023 reflecting the projected decrease in imports (following the upsurge of investment equipment in 2022) as well as the growth in exports. The rate of growth in government consumption expenditure is also projected to increase, to 4.2% from 2.4% in 2022, and stabilise near the 4% level in 2024 and 2025. On the other hand, the rate of growth in private consumption expenditure is anticipated to slow to 4.3% from 9.8% in 2022 and remain close to the 4% level in both 2024 and 2025. This slowdown reflects the normalisation of consumer demand following the strong post-pandemic recovery, as well as slower growth in real disposable income due to high inflation. The latter is projected to ease to 5.9% in 2023 and drop further to 3.1% and 2.3% in 2024 and 2025 respectively. In parallel, however, the unemployment rate is projected to remain very low and only increase marginally to 3.1% by 2025.

Despite the upsurge in inflation, pandemic-related savings are expected to remain a catalyst to private consumption. Nevertheless, the saving ratio is envisaged to retreat from 28.8% in 2022 to 26.1% in 2025 which would be close to the level prior to the outbreak of the pandemic.

Investment is projected to decline by 21.9% in 2023 before registering a growth of 1.5% in 2024 and 2.7% in 2025. Private investment is expected to contract by around 26% in 2023, mostly reflecting the extraordinary outlays in the aviation sector in 2022. Furthermore, both residential and non-residential construction are projected to contract in 2022 reflecting a softening in sentiment across this sector. Growth in private investment is projected to stand at 3.5% and 3.1% for 2024 and 2025 respectively.

After dropping by around 8.5% in 2022, government investment is projected to grow by 4.3% in 2023, decline by 7.2% in 2024, and grow again by 0.8% in 2025. These dynamics are partly driven by the expected take up of EU funds, notably the full absorption of funds from the 2014-2020 financing framework by 2023, and the increased take up of the Recovery and Resilience Facility grants in 2023 and 2024. Furthermore, domestically funded investment is set to be lower than the level reached in 2022.

The general government deficit is projected to decline gradually to 3.3% by 2025 from 5.8% in 2022, driven by a declining share of expenditure in GDP mainly due to the profile of inflation-mitigation measures. On the other hand, the general government debt-to-GDP ratio is expected to increase to 54.8% by 2025 from 53.2% in 2022, due to the expected level of primary deficits which are projected to offset the debt-decreasing impact of the interest-growth differential.

There has been no material adverse change in the financial performance and prospects of the Issuer since 30 April 2023 (being the date of the last published financial statements of the Issuer) to the date of the Prospectus.

10 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

10.1 THE BOARD OF DIRECTORS OF THE ISSUER

As at the date of this Registration Document, the Board of Directors of the Issuer is composed of the following seven persons:

NAME AND IDENTIFICATION DETAILS	DESIGNATION
Josef Formosa Gauci 68368 (M)	Independent Non-Executive Director
Denise Xuereb 127186 (M)	Executive Director
Christopher Paris 86454 (M)	Non-Executive Director
John Soler 951349 (M)	Independent Non-Executive Director
Michael Warrington 180462 (M)	Executive Director and Chief Executive Officer
Angelo Xuereb 494652 (M)	Executive Chairman
Claire Zammit Xuereb 225777 (M)	Executive Director

Dr Edmond Zammit Laferla, holder of Maltese identity card number 294476(M), is the company secretary of the Issuer.

The business address of the Directors and the company secretary is that of the Issuer.

10.2 CURRICULUM VITAE OF THE DIRECTORS OF THE ISSUER

Josef Formosa Gauci	Josef Formosa Gauci was educated at De La Salle College Malta and Stonyhurst College in the UK and graduated in economics from Nottingham University in 1989. He is a member of the Institute of Chartered Accountants in England and Wales and a fellow of the Malta Institute of Accountants. Mr Formosa Gauci worked with PricewaterhouseCoopers in London and in Malta and was subsequently General Manager of the Galaxy Hotel and of Trident Estates plc (formerly Trident Developments Ltd). Between 2008 and 2014 he was appointed Chief Executive Officer of the Malta Tourism Authority. He has also served as President of the Malta Hotels and Restaurants Association (MHRA) and was a member of the Malta Council for Economic and Social Development (MCESD). At present, he is a freelance director consultant. In 2017 he was appointed as director of AX Holdings Limited, now merged with the Issuer.
Denise Xuereb	Denise Xuereb is the director of the construction and development segments of the AX Group. After completing a B.Com Hons in Management at the University of Malta, Ms Xuereb was entrusted with her first major project at the AX Group – overseeing the finishing stages of the five-star AX The Palace Hotel in Sliema, which was completed in 2008. Capitalising on her passion for project management, Ms Xuereb continued to build upon her first-hand experience in the field by embarking on an MSc in Project and Programme Management at the prestigious Ecole Superieure de Commerce in Paris. Ms Xuereb has since her return to Malta been managing the construction division of the AX Group and has fronted a number of landmark construction and restoration projects, including the construction of the new Parliament building and the Hilltop Gardens Retirement Village, the restoration of various land-front fortifications and the rehabilitation of Valletta's old market, "*is-Suq tal-Belt*", the restoration and construction of a visitor centre at St. Paul's Catacombs in Rabat, the rehabilitation of the Maritime Museum in Vittoriosa, the building of the new visitor centre and restoration works at St John's Co-Cathedral in Valletta, the conversion of Farsons Brewhouse in Mriehel and, more recently, the AX Business Centre in Mosta. In addition to her directorship role with AX Construction, Ms Xuereb has also served as an executive director on the AX Group for the past ten years. She is also council member of the Malta Developers Association, a member within the Chamber of Commerce, and an active participant in the Building Industry Consultative Council where she continues to champion sustainable development and eco-friendly innovations within the sector.
Christopher Paris	Christopher Paris has been involved in construction for around 40 years. He started as a draughts person with MaltConsult International and was promoted to Architectural Design leader and was engaged on a number of foreign prestigious projects. Since then, he was engaged with other international architectural establishments including Richard England and Partners Ltd. His involvement in the local scene varies from design work to site management, particularly in the hospitality industry on various hotel projects. In 2001, he was engaged with Valletta Cruise Port p.l.c. with the responsibility for the development of the cruise port project taking up the role and responsibility of General Manger after the completion of the project development. In 2009, he joined the Grand Harbour Rehabilitation Corporation as CEO to oversee a number of projects related to the rehabilitation of Valletta, one of which was the City Gate Project. He served for four years as deputy chairman of Malta Industrial Parks.
John Soler	John Soler has more than 40 years' experience in retail banking after holding several senior positions with Bank of Valletta p.l.c. ("**BOV**") He led the bank's operations for over a decade before being appointed to the senior management team as Chief Officer Credit, with responsibility for BOV's lending portfolio, including consumer lending, business lending and mortgages. At BOV, Mr Soler was also responsible for card business and trade finance. He is currently a freelance Management Consultant. Apart from sitting on the board of directors of AX Group plc, he presently also sits on the Board of FCM Bank Ltd and Valletta Cruise Port p.l.c., a listed entity, and Orion Finance p.l.c. and KA Finance p.l.c.
Michael Warrington	Michael Warrington is the Chief Executive Officer of the AX Group. Mr Warrington is a Certified Public Accountant and a Fellow of the Malta Institute of Accountants, as well as an Associate Member of the Chartered Institute of Bankers in the United Kingdom. He holds a Masters Degree in Financial Services from the University of Malta. He worked for several years with Bank of Valletta p.l.c., moving on to Air Malta p.l.c., where he was the group head responsible for the finance and information technology functions of the airline. He worked in the hospitality industry for a number of years. Mr Warrington holds various board positions with public listed companies in Malta and overseas, as well as a number of private entities and family owned companies.

Angelo Xuereb	Angelo Xuereb is the founder and Chairman of the AX Group. Mr Xuereb sits on the board of directors of all companies forming part of the AX Group which has interests in hotel operations, property investments and development and construction. Mr Xuereb is a former council member of the Federation of Industry, the Building Industry Consultative Council (B.I.C.C.) and Malta Developers' Association (MDA), and the President of the Federation of Building Contractors. Mr Xuereb has also been active in civic life, having served as Mayor of the Naxxar local council for two terms, and is Honorary President of several clubs and societies. In 2016 Mr Xuereb was appointed Ambassador of Knowledge for the Life Learning Academia in Slovenia. Mr Xuereb was named 'Employer of the Year' during the 'Workers of the Year Award 2016' organised by The Ministry for Social Dialogue, Consumer Affairs and Civil liberties. He was subsequently rewarded with EY's Malta Entrepreneur of the Year award in 2018, making Mr Xuereb the second Maltese person to be granted this prestigious award, which resulted in Mr Xuereb representing Malta at the EY World Enterpreneur of the Year Awards held in Monaco later that same year.
Claire Zammit Xuereb	Claire Zammit Xuereb is the Group Hospitality Director. After successfully reading for a Bachelor of Science (Hons) in International Hospitality Management from the University of Wales and a degree in Hospitality and Tourism Management from Centre International de Glion, Ms Zammit Xuereb worked abroad to broaden her experiences in the tourism network. Ms Zammit Xuereb is the Business and Marketing Strategist as well as product developer for the Group's seven hotels. She also oversees all the hospitality catering establishments within the hotels together with the Luzzu in Qawra and Cheeky Monkey in Valletta. Ms Zammit Xuereb held various positions within the Malta Hotels and Restaurants Association (MHRA) council, and has also been appointed as Chairperson of the Institute of Tourism Studies (ITS) in 2010 which she held for a number of years. She also formed part of the board of the Malta Community Chest Fund.

10.3 POTENTIAL CONFLICTS OF INTEREST

As at the date of this Registration Document, each of Angelo Xuereb, Denise Xuereb, Michael Warrington and Christopher Paris are officers of a number of entities forming part of the AX Group, and as such are susceptible to conflicts between the potentially diverging interests of the different members of the AX Group. In addition, Denise Xuereb and Claire Zammit Xuereb are the direct descendants of Mr Angelo Xuereb. Save as stated above, the Directors are not aware of any potential conflicts of interest which could relate to their roles within the Issuer.

10.4 SENIOR MANAGEMENT OF THE AX GROUP

In the day-to-day operations of the AX Group, the executive Directors are supported by members of the Issuer's executive management team (the "**Executive Management Team**"), responsible for the determination of policy and strategic guidance and management.

The Executive Management Team is comprised of the respective general managers of the various divisions of the AX Group, together with the heads of key international functions and departments. At the date of this Registration Document, the Executive Management Team is composed as follows:

NAME AND IDENTIFICATION DETAILS	DESIGNATION	CURRICULUM VITAE
Albert Bonello 346380 (M)	Managing Director Finance and Administration	Albert Bonello's career commenced in the banking industry during which he obtained the Malta Institute of Accountants/ACCA degree. He joined the AX Group in 2007. In 2016 he was appointed Group's Chief Financial Officer. Mr Bonello has been a key player in several of the Group's notable achievements, including the listing on the MSE of three bond issues and an equity offering. Mr Bonello has been appointed as Managing Director of Finance and Administration on 1 February, 2023. Mr Bonello is responsible for overseeing the Group's financial and administrative operations, driving further growth, and ensuring efficient operations.
Kevin Callus 16580 (M)	General Manager, Sliema and Valletta Properties	Kevin Callus joined the Group back in 2001 working in the front office department following his successful completion of a Higher Diploma in Hospitality Management from the Institute of Tourism Studies in Malta. Mr Callus exhibited good leadership qualities especially during his time as Events Manager for the Sliema Properties, specifically AX The Victoria Hotel, AX The Palace and Palazzo Capua and was gradually given more responsibility whereby in 2009 he was promoted to Hotel Manager, and eventually was given the position of General Manager in 2012 for each of the aforesaid Sliema Properties, which he holds to date. Mr Callus also currently holds the position of General Manager for the Valletta Properties.

Nicky Camilleri 549878 (M)	Chief Operations Officer	Appointed on 22 May, 2023 as the Chief Operations Officer of the AX Group, Nicky Camilleri is responsible for overseeing day-to-day operations, providing strategic guidance, and ensuring the smooth functioning of all aspects of the business, whilst leveraging his leadership skills and financial acumen to drive continued growth and success. Mr Camilleri is a fellow of the Association of Chartered Certified Accountants and the Malta Institute of Accountants. Prior to joining the AX Group, Mr Camilleri occupied various senior positions most notably within listed entities forming part of groups such as the Corinthia Group of Companies, Premier Capital plc and Mizzi Organisation. His last position was that of Group Chief Financial Officer of Mizzi Organisation.
Jocelyn Cuomo 371279 (M)	Head of Marketing & PR	Jocelyn Cuomo joined the AX Group in 2020 as Head of Marketing for the organisation. With over 20 years of experience in concept creation, brand management, marketing, corporate communications, and public relations, Ms. Cuomo brings a wealth of expertise to her role. Her past experiences include heading the marketing unit at BNF Bank, product management with a focus on local and export marketing at Simonds Farsons Cisk, and successful brand category management across various divisions at Nestlé. With her extensive background, Ms. Cuomo drives strategic marketing initiatives, strengthens brand presence, and contributes to the growth of the AX Group across different industries.
Lawrence Degabriele 301575 (M)	Head of Information Technology	Lawrence Degrabriele is an experienced IT professional having 15 years' experience in senior IT Administration roles in major ICT companies and ISO certified operations. His professional strengths include technical management, information analysis and Computer hardware and software systems. Mr Degabriele, originally joined the AX Group and occupied the role of IT Manager at the former AX Seashells Resort, Suncrest, in 2008 and today he has overall responsibility for the management and development of the AX Group's Corporate IT infrastructure.
Josephine Grima 257777 (M)	Head of Human Resources	Josephine Grima is a University of Malta graduate having a Bachelor of Commerce (Hons) Degree in Management, with an interest in Human Resources. She was previously employed with one of Malta's leading communications services company, following which she joined the AX Group in January 2020 in the position of Head of Human Resources for the Group. A human resources professional with over 20 years' experience, Josephine is responsible for group synergy when adopting HR best practices within the Hospitality, Healthcare, Construction and Development business sectors, as well as compliance with industry specific standards.
Caroline Schembri 545462 (M)	Head of Administration	Caroline Schembri joined the AX Group in 1987 after gaining experience in the electronics and hospitality industries. Her long-standing service with AX Group has made her a point of reference in the Group's head office. Naturally, Ms Schembri has gained a wealth of experience over the years, and her duties have been wide and varied. Ms Schembri was the Administration Manager for the Group's head office and the Chairman's Personal Assistant. She currently holds the post of Head of Administration.
Joseph Vella 562577 (M)	General Manager, Qawra Properties	Joseph Vella joined the Group back in 2009 as General Manager for the Qawra properties, specifically, former AX Seashells Resort at Suncrest, AX Sunny Coast Resort and Spa, the Luzzu Complex and several other retail outlets such as Tal-Kaptan and It-Tokk restaurants and Cheeky Monkey in Qawra. Mr Vella has over 25 years of experience in the hospitality and catering industry. Prior to joining AX Group, Mr Vella owned a restaurant and held the position of Operations Manager with a local four star hotel.

Marthese Vella 341370 (M)	Chief Technical Officer	Appointed with effect from the 3 April, 2023 as the Chief Technical Officer of the AX Group, Ing. Marthese Vella is responsible for driving a business aligned IT strategy that supports the Group's growth and innovation; identifying emerging technologies and trends to enhance the Group's competitive position; and leading research and development efforts to develop innovative solutions that drive business growth. Her career spans over 30 years, holding different IT managerial roles mainly in the hospitality and travel industry. She is an electrical engineer by profession and holds a B.Eng. (Hons) Degree in Electrical Engineering from the University of Malta, as well as a Masters of Science degree in Information Management from the Lancaster University (UK). She is a Certified Information Systems Auditor (CISA), ISO27001 Certified ISMS Lead Implementer and a GDPR Practitioner. Ing. Vella has occupied various senior positions, most notably within listed entities forming part of groups such as Air Malta plc and Island Hotels Group, and has also held lead advisory positions with established providers of repute.
David Wain 233878 (M)	Chief Legal Officer	David Wain is in-house counsel for the AX Group, providing the directors and management with strategic and operational legal advice, and dealing with all legal and compliance aspects of the AX Group's function. He furthermore contributes to the development of Group policies, procedures and controls and represents the Group in arbitration proceedings and cases before the Maltese courts. Dr Wain graduated with a Doctor of Laws degree in 2002, and was admitted to the Bar in 2003. He has also completed a Masters degree in Business Administration with the University of Leicester in the United Kingdom.
Michael Warrington 180462 (M)	Chief Executive Officer	Michael Warrington's curriculum vitae can be found in section 10.2 of this Registration Document.
Denise Xuereb 127186 (M)	Group Construction and Development Director	Denise Xuereb's curriculum vitae can be found in section 10.2 of this Registration Document.
Claire Zammit Xuereb 225777 (M)	Group Hospitality Director	Claire Zammit Xuereb's curriculum vitae can be found in section 10.2 of this Registration Document.

11 BOARD PRACTICES

11.1 BOARD COMMITTEES

The Directors have constituted the following board committees, the terms of reference of which shall be determined by the Board from time to time with the purpose of fulfilling the below mentioned purposes:

11.2 AUDIT COMMITTEE

The Audit Committee's primary objective is to assist the Board of Directors in fulfilling its oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The Audit Committee oversees the conduct of the internal and external audit and acts to facilitate communication between the Board of Directors, management and the internal and external auditors. The external auditors are invited to attend the Audit Committee meetings. The Audit Committee reports directly to the Board of Directors.

The terms of reference of the Audit Committee include support to the Board of Directors in its responsibilities in dealing with issues of risk, control and governance, and associated assurance of the Issuer. The Board of Directors has set formal terms of establishment and the terms of reference of the Audit Committee which set out its composition, role and function, the parameters of its remit as well as the basis for the processes that it is required to comply with.

Briefly, the Audit Committee is expected to deal with and advise the Board on:

(a) its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
(b) maintaining communications on such matters between the Board of Directors, management and the external auditors;

and

(c) preserving the Issuer's assets by assessing the Issuer's risk environment and determining how to deal with those risks.

In addition, the Audit Committee has the role and function of evaluating any proposed transaction to be entered into by the Issuer and a related party to ensure that the execution of any such transaction is at arm's length, on a commercial basis and ultimately in the best interests of the Issuer. Furthermore, the Audit Committee has the role of assessing any potential conflicts of interest between the duties of the Directors and their respective private interests or duties unrelated to the Issuer.

The Audit Committee is made up of non-executive directors, the majority of whom are independent. Audit Committee members are appointed for a period of three years, unless terminated earlier by the Board. The Audit Committee is chaired by John Soler (independent non-executive Director), and its other members are Josef Formosa Gauci (independent non-executive Director) and Christopher Paris (non-executive Director) The Chairman of the Audit Committee, appointed by the Board, is entrusted with reporting to the Board on the workings and findings of the Audit Committee. Mr Josef Formosa Gauci is considered by the Board to be competent in accounting and, or auditing in terms of the Capital Markets Rules.

11.3 REMNOM COMMITTEE

In view of its size, the Issuer has taken the view that whilst it considers the role and function of each of the remuneration and the nomination committee as important, it would be more efficient for these committees to be merged into one committee (the "**RemNom Committee**") that would serve a dual role.

In its function as remuneration committee, the RemNom Committee is charged with the oversight of the remuneration policies implemented by the Issuer with respect to its management and employees. Its objectives are those of determining a remuneration policy aimed to attract, retain and motivate directors, whether executive or non-executive, as well as senior management with the right qualities and skills for the benefit of the Issuer. It is responsible for making proposals to the Board on the individual remuneration packages of directors and senior management and is entrusted with monitoring the level and structure of remuneration of the non-executive directors. In addition, the RemNom Committee is responsible for reviewing the performance-based remuneration incentives that may be adopted by the Issuer from time to time, and is authorised to determine whether a performance-based bonus or other incentive should be paid out or otherwise.

In its function as nomination committee, the RemNom Committee's task is to propose to the Board of Directors candidates for the position of director, including persons considered to be independent in terms of the Capital Markets Rules, whilst also taking into account any recommendation from shareholders. It is to periodically assess the structure, size, composition and performance of the Board of Directors and make recommendations to the Board of Directors regarding any changes, as well as consider issues related to succession planning. It is also entrusted with reviewing the Board of Directors' policy for selection and appointment of senior management.

The RemNom Committee is composed of Christopher Paris (non-executive Director), Josef Formosa Gauci (independent non-executive Director) and John Soler (independent non-executive Director). Josef Formosa Gauci chairs the RemNom Committee.

11.4 COMPLIANCE WITH CORPORATE GOVERNANCE

In accordance with the terms of the Capital Markets Rules, the Issuer should endeavour to adopt the principles of the Code of Principles of Good Corporate Governance contained in Appendix 5.1 to Chapter 5 of the Capital Markets Rules (the "**Code**"). The Issuer declares its full support of the Code and undertakes to fully comply with the Code to the extent that this is considered complementary to the size, nature and operations of the Issuer. The Issuer supports the Code and is confident that the application thereof shall result in positive effects accruing to the Issuer.

On an annual basis in its annual report, the Issuer reports on the extent of its adoption of the principles of the Code for the financial period being reported upon, in line with the "comply or explain" philosophy of the Code, explaining the reasons for non-compliance, if any.

As at the date of this Prospectus, the Board of Directors considers the Issuer to be in compliance with the Code save for the following exception:

Principle 7 "Evaluation of the Board's Performance": under the present circumstances, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is evaluated on an ongoing basis by, and is subject to the constant scrutiny of, the Board itself, the Issuer's shareholders, the market and the rules by which the Issuer is regulated as a listed company.

12 MAJOR SHAREHOLDERS

As at the date of this Registration Document, Angelo Xuereb holds 55% of the issued share capital of the Issuer (the "**Majority Shareholder**"). The shares held by the Majority Shareholder are of the same class and carry the same voting rights as the rest of the shares issued by the Issuer.

In so far as is known to the Issuer, no person has an interest, whether directly or indirectly, in the Issuer's capital or voting rights. There are no arrangements the operation of which may, at some future date, result in a change in control of the Issuer.

There are no arrangements the operation of which may at some future date result in a change in control of the Issuer.

13 FINANCIAL INFORMATION

13.1 HISTORICAL FINANCIAL INFORMATION

The following historical financial information of the Issuer is extracted from the audited financial statements of the Issuer for the financial years ended 31 October, 2020, 31 October, 2021, and 31 October, 2022, and the audit report in respect of each financial year which is set out in the audited financial statements of the Issuer for each respective financial year. Pursuant to Regulation (EC) No. 1606/2002 on the application of international accounting standards, the said financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and endorsed by the European Union.

The Issuer's aforementioned financial statements, which are published on the Issuer's website (http://axgroup.mt) and are available for inspection at its registered office as set out in section 17 of this Registration Document, shall be deemed to be incorporated by reference in, and form part, of this Registration Document.

The tables and narrative included in this section 13.1 and section 13.2 below contain certain alternative performance measures (as defined by the European Securities and Markets Authority (ESMA)), including Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), that the Group management and other competitors in the industry use. These non-International Financial Reporting Standards financial measures are presented as supplemental information as: (i) they represent measures that the Group believe may be relevant for certain investors, securities analysts and other parties in assessing the Group's operating and financial performance and may contribute to a fuller understanding of the cash generation capacity and the growth of the combined business; and (ii) they may be used by the Group's management as a basis for strategic planning and forecasting.

In this respect, the following table of cross-references sets out specific items set out in the documents above which are incorporated by reference:

Issuer	**Page number(s) in annual report**		
Information incorporated by reference in this Registration Document	**Financial year ended 31 October, 2020**	**Financial year ended 31 October, 2021**	**Financial year ended 31 October, 2022**
Statement of Profit or Loss and other Comprehensive Income	62	85	184
Statement of Financial Position	63	86	185
Statement of Changes in Equity	65	87	186
Statement of Cash Flows	67	89	188
Notes to the Financial Statements	68	91	190
Independent Auditors' Report	53	76	240

AX GROUP P.L.C.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 October	**2020**	**2021**	**2022**
	€'000	**€'000**	**€'000**
Revenue	29,056	35,806	38,443
Net operating expenses	(26,436)	(29,027)	(31,223)
EBITDA	**2,620**	**6,779**	**7,220**
Depreciation	(7,087)	(6,815)	(6,916)
Investment property revaluation	-	4,965	1,669
Operating profit/(loss)	**(4,467)**	**4,929**	**1,973**
Share of results of associated undertaking	(321)	541	849
Finance income	-	28	83
Finance costs	(3,442)	(4,043)	(4,208)
Profit/(loss) before tax	**(8,230)**	**1,455**	**(1,303)**

Taxation	340	473	1,054
Profit/(loss) after tax	**(7,890)**	**1,928**	**(249)**
Profit attributable to:			
Owners of the AX Group	(7,847)	1,823	13
Non-controlling interest	(43)	105	(262)
	(7,890)	**1,928**	**(249)**
Other comprehensive income			
Gain/(loss) on property revaluation	(14,922)	16,589	(3,587)
Taxation	1,532	1,581	2,055
Other comprehensive income, net of taxation	**(13,390)**	**18,170**	**(1,532)**
Total comprehensive income/(expense)	**(21,280)**	**20,098**	**(1,781)**

AX GROUP P.L.C.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

For the year ended 31 October	**2020**	**2021**	**2022**
	€'000	**€'000**	**€'000**
ASSETS			
Non-current assets	332,213	349,319	386,361
Current assets	16,444	20,494	36,398
Investment property held for sale	-	4,286	-
Total assets	**348,657**	**374,099**	**422,759**
EQUITY			
Equity attributable to Group	216,437	236,430	234,911
Non-controlling interest	1,012	713	13,312
Total equity	**217,449**	**237,143**	**248,223**
LIABILITIES			
Non-current liabilities	109,647	114,481	142,334
Current liabilities	21,561	22,475	32,202
Total liabilities	**131,208**	**136,956**	**174,537**
Total equity and liabilities	**348,657**	**374,099**	**422,759**

AX GROUP P.L.C.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended 31 October	**2020**	**2021**	**2022**
	€'000	**€'000**	**€'000**
Net cash from (used in) operating activities	(588)	2,959	(4,489)
Net cash used in investing activities	(20,653)	(6,725)	(32,363)
Net cash from financing activities	19,500	7,644	42,719
Net movement in cash and cash equivalents	**(1,741)**	**3,878**	**5,867**
Cash and cash equivalents at beginning of year	1,575	(166)	3,712
Cash and cash equivalents at end of year	**(166)**	**3,712**	**9,579**

Revenue is primarily generated from the Group's hospitality division, which contributed 59.6% of total revenue in financial year ("*FY*")

2022 (FY2021: 40.6%; FY2020: 53.6%). The construction and healthcare divisions are the second and third largest contributors to the Group's revenue. Each of these two divisions contributed 18.4% and 16.1% of total revenue in FY2022 respectively (FY2021: 18.3% and 16.0% respectively; FY2020: 21.0% and 20.5% respectively).

The hospitality division was severely impacted by the COVID 19 pandemic in FY2020 and FY2021. The closure of hotels and food and beverage outlets, along with government-imposed travel restrictions, resulted in a significant decline in revenue from €38 million in FY2019 to €15 million in FY2020.

Nonetheless, the Group's strength lies in its diversification across different business segments, which allows for mitigating losses in one market by leveraging the success of other divisions. This was evident in 2020 and 2021 when management expedited the development of Targa Gap Complex in Mosta and Falcon House in Sliema. All residential units available for sale were sold during FY2020-2022 and all other units and offices were fully leased out. In fact, the Group generated €1.3 million in revenue from sale of property in FY2022 (FY2021: €8 million; FY2020: €0.8 million).

In FY2021, the Group's hotels witnessed a consistent improvement in operational performance, primarily during the summer months, as a result of the swift vaccination campaign in May 2021, leading to the gradual relaxation of various restrictions.

The hospitality division's pace of recovery from the COVID 19 pandemic during the first quarter of FY2022 was constrained by the spread of the Omicron variant. The lifting of all restrictions by the local health authorities in May 2022 allowed for normal operations to be resumed with revenue from the hospitality division increasing by 61% during FY2022 over the previous year, reaching €22.8 million despite the AX ODYCY hotel being closed for refurbishment and extension during the year.

The construction division registered a steady increase in third-party revenue in the three years to FY2022. Revenue from this division increased from €6 million in FY2020 to €6.5 million in FY2021 to €7 million in FY2022. Major projects undertaken by the Group during this time included the restoration and construction works at the Old Farsons Brewhouse and Farsons Canopy; restoration works at the Old University Building (Valletta), restoration works on the Senglea bastions, restoration and renovation works at the Maritime Museum (Vittoriosa) and construction of the annex to the St John's Co-Cathedral (Valletta). The construction division has also been focused on in-house projects including the Falcon House development in Sliema, Targa Gap Complex in Mosta, the AX ODYCY hotel extension & lido redevelopment and the Verdala project in Rabat.

The healthcare division was also impacted by the COVID 19 pandemic but to a lesser extent. The independent units at Hilltop Gardens Retirement Village were practically fully occupied throughout the three years whilst the Group experienced challenges in achieving the budgeted occupancy at the Simblija Care Home in FY2020 and FY2021. Additional operational costs were incurred due to the precautionary measures that were taken to safeguard the residents at Hilltop Gardens Retirement Village and the Simblija Care Home. Occupancies at the care home moved closer to pre-pandemic levels during FY2022 with revenues from the healthcare division reaching €6.1 million from €5.7 million in FY2021.

During the past three years, the Group has expanded its real estate operations. Between FY2020 and FY2022, the Group completed the Targa Gap Complex and the Falcon House project, and either leased or sold all the residential units and commercial/office space that were placed on the market as noted above. Rental income generated by the Group surged by 33.2% to €0.89 million in FY2021 (FY2020: €0.67 million) and increased by a further 13.8% to €1.02 million in FY2022.

As a result of the sharp contraction in tourism and leisure activity, the Group's EBITDA stood at €2.6 million in FY2020. EBITDA improved considerably in FY2021 and amounted to €6.78 million and translated into an EBITDA margin of 18.9% (FY2020: 9.0%). In FY2022, EBITDA increased further to €7.22 million which equates to an EBITDA margin of 21.01% despite the AX ODYCY hotel being closed for refurbishment and extension during the year. The significant improvement in performance amid the pandemic was attributable to several factors. As mentioned above, once the pandemic hit, the Group shifted its focus on developing and finishing the Targa Gap complex in Mosta and Falcon House in Sliema. Furthermore, the Group decided to reorganise and centralise various administrative functions within the Group to ensure a streamlined process across functions and a leaner structure to yield economies of scale and cost efficiencies. A key element supporting the ability to operate at these low levels was the Government wage supplement. During FY2022 the Group received €1.48 million (FY2021: €2.32 million; FY2020: €1.63 million) in assistance from Malta Enterprise under the Wage Supplement Scheme.

Depreciation remained fairly stable over FY2019 to FY2022 at around €4 million. On the other hand, finance costs have increased from €3.4 million in FY2020 to €3.9 million in FY2021 to €4.2 million in FY2022 representing mainly interest on the Group's bank loans, debt securities in issue and overdrafts facilities. The increase in finance costs represents new bank loans obtained during the period as well as the issue of the AX Real Estate p.l.c. 2021 bond.

The Group's profitability during both FYs 2021 and 2022 has been boosted by upward revaluations on investment property held. The following properties were revalued and a gain was recorded in the Group's books accordingly:

- €5 million in FY2021 relating to the warehouses at the Hardrocks Industrial Park, Falcon House offices in Sliema and Targa Gap Complex in Mosta.
- €1.7 million in FY2022 relating to a plot of land in Marsa, the warehouses at the Hardrocks Industrial Park and Falcon House offices in Sliema.

Overall, the Group recorded a net loss of €7.9 million in FY2020, a net profit of €1.9 million in FY2021 and a net loss of €0.2 million in FY2022.

The Group's total assets as at 31 October 2022 stood at €422.8 million (FY2020: €348.7 million) comprising mainly of the property used by the Group in the operations of its various divisions and investment property, which as at 31 October 2022 had a carrying amount of €281.4 million and €57.9 million respectively. The Group's non-current inventories stood at €37.0million as at 31 October 2022 representing the Verdala residential project in Rabat and a property in Sliema acquired for development in FY2022. In aggregate, property plant and equipment, investment property and non-current inventories represent 89.0% of total assets. Over the FYs 2020 to 2022, the Group's total assets increased by 21.3%, largely reflective of the various development projects undertaken by the Group as well as revaluation exercises carried out during the said period on selected properties of the Group. The Group's other assets include an investment in Valletta Cruise Port p.l.c., Imselliet Solar Ltd and Hardrocks Estates Ltd, loans receivable, trade and other receivables, and current inventories.

Total liabilities amounted to €174.5 million as at 31 October 2022, representing an increase of 33.0% over the balance as at 31 October 2020 of €131.2 million. As at 31 October 2022, borrowings (namely bank loans and overdraft facilities) and debt securities in issue represented the greater proportion of liabilities for a total value of €120.3 million (FY2020: €78.7 million), equivalent to 68.9% of total liabilities. The increase in borrowings includes the issue of the AX Real Estate p.l.c. 2022 bonds of €18 million held by the public as well as two new bank loans drawn during the period. Other liabilities included mainly trade and other payables, and deferred tax liabilities.

The Group's total equity as at 31 October 2022 amounted to €248.2 million of which €13.3 million was attributable to non-controlling interests. This represented an increase of 14.2% when compared to the total equity as at 31 October 2020 (FY2020: €217.4 million of which €1.0 million was attributable to non-controlling interest). The increase in the non-controlling interest was a result of the equity issue of AX Real Estate p.l.c. during FY2022. The growth in net assets over the three FYs 2020 to 2022 principally emanated from an increase in the revaluation reserve, which reflects the impact of the revaluation exercises carried out by the Group during the said period.

Cash and cash equivalents amounting to €9.6 million as at 31 October 2022 (FY2020: negative €0.2 million), were made up of cash at bank and in hand of €13.9 million (FY2020: €2.2 million) and bank overdraft of €4.3 million (FY2016: €2.4 million).

13.2 INTERIM AND OTHER FINANCIAL INFORMATION

The following historical financial information of the Issuer is extracted from the interim unaudited but reviewed financial statements of the Issuer for the 6-month period ending 30 April 2023. Pursuant to Regulation (EC) No. 1606/2002 on the application of international accounting standards, the said financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and endorsed by the European Union.

The Issuer's aforementioned financial statements, which are published on the Issuer's website (http://axgroup.mt) and are available for inspection at its registered office as set out in section 17 of this Registration Document, shall be deemed to be incorporated by reference in, and form part, of this Registration Document.

In this respect, the following table of cross-references sets out specific items set out in the documents above which are incorporated by reference:

Issuer	**Page number(s) in interim financial statements**
Information incorporated by reference in this Registration Document	**Interim financial information for the six months ended 30 April 2023**
Review report by independent Auditors	7
Statement of Profit or Loss and other Comprehensive Income	8
Statement of Financial Position	9 - 10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13 - 27

AX GROUP P.L.C.
CONDENSED CONSOLIDATED UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME

For the six-month period ended	**30 April 2022**	**30 April 2023**
	€'000	**€'000**
Revenue	15,521	16,134
Net operating expenses	(14,297)	(16,238)
EBITDA	**1,224**	**(104)**
Depreciation	(3,392)	(4,181)
Operating loss	**(2,168)**	**(4,285)**
Share of results of associated undertaking	57	113
Net finance costs	(2,015)	(2,234)

Loss before tax	**(4,126)**	**(6,406)**
Taxation	1,180	2,403
Loss after tax	**(2,946)**	**(4,003)**
Profit attributable to:		
Owners of the Group	(2,507)	(4,116)
Non-controlling interest	(439)	113
	(2,946)	**(4,003)**
Total comprehensive loss	**(2,946)**	**(4,003)**

AX GROUP P.L.C.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at	31 October 2022	30 April 2023
	(audited)	(unaudited)
	€'000	€'000
ASSETS		
Non-current assets	386,361	415,763
Current assets	36,398	24,975
Total assets	**422,759**	**440,738**
EQUITY		
Equity attributable to Group	234,911	229,695
Non-controlling interest	13,312	13,121
Total equity	**248,223**	**242,816**
LIABILITIES		
Non-current liabilities	142,334	124,840
Current liabilities	32,202	73,082
Total liabilities	**174,537**	**197,922**
Total equity and liabilities	**422,759**	**440,738**

AX GROUP P.L.C.
CONDENSED CONSOLIDATED UNAUDITED STATEMENTS OF CASH FLOWS

For the six-month period ended	30 April 2022	30 April 2023
	€'000	€'000
Net cash used in operating activities	(4,582)	(12,829)
Net cash used in investing activities	(13,299)	(21,155)
Net cash from financing activities	33,822	24,321
Net movement in cash and cash equivalents	**15,941**	**(9,663)**
Cash and cash equivalents at beginning of year	3,712	9,579
Cash and cash equivalents at end of period	**19,653**	**(84)**

The Group's financial performance for the first six months of the financial year is reflective of the fact that this period coincides with the off-peak and shoulder months for its hospitality division, which remains the major contributor to the Group's overall financial performance.

During the first six months of FY2023 ("H1 2023"), the Group generated revenue of €16.1 million, representing an increase of 3.9% over the same period in FY2022 ("H1 2022"). This growth was primarily driven by an increase in hospitality revenue of €2.5 million over the same period in the prior year. Tourism regained its momentum and in recent months, the industry has reached levels of activity that are similar to pre-COVID levels. The Group's hotels performed exceptionally well during H1 2023 by surpassing their projected room revenue in certain months and overall achieving their targeted profits.

The healthcare division registered an increase in revenue of 9.6% in H1 2023 compared to H1 2022. The independent apartments at Hilltop Gardens were fully occupied throughout the period while occupancy at the care home exhibited a steady increase.

During H1 2023, the construction division was largely involved in two main internal developments, the extension of the ODYCY hotel in Qawra including the lido redevelopment and the redevelopment of the Verdala site in Rabat. As a result, revenue from third-party construction projects decreased by €1.8 million compared to H1 2022. The main third-party projects were the restoration of the Oratories of the Jesuits Church in Valletta, construction works on the St. John Co-Cathedral Annex and finishes at the KPMG Annex in Gzira.

As projected, the revenue from the sale of property went down in H1 2023 compared to H1 2022 by €0.7 million. The revenue in H1 2022 included the sale of the remaining apartments at Targa Gap Complex in Mosta and Falcon House in Sliema.

The aforementioned growth in revenue was offset by an increase in staff costs of €2.7 million in H1 2023 over H1 2022. This rise is due to the inflationary effect on wages, the increase in personnel in AX ODYCY, in preparation for the opening of the hotel in May 2023 and the discontinuation of the COVID wage supplement, which was in full effect during H1 2022.

As a result, the Group's EBITDA for the six-month period ended 30 April 2023 was at a breakeven position of negative €0.1 million. Net loss after adding share of profits from associates and joint ventures, deducting depreciation charges, finance costs and taxation amounted to €4.0 million during the six-month period ended 30 April 2023 (H1 2022: €2.9 million).

The Group's assets as at 30 April 2023 stood at €441 million, an increase of €18.0 million from 31 October 2022. The increase is as a result of the significant investment undertaken during the six months on the AX ODYCY extension and redevelopment of the lido, the Verdala project in Rabat and Palazzo Lucia in Valletta. In aggregate, property plant and equipment, investment property and non-current inventories increased by €28.9 million during the six months to 30 April 2023. This increase was partly offset by a decline in cash and cash equivalents and trade and other receivables. This reflects the seasonality of the Group's hospitality division, whereby the interim reporting date coincides with the debtor balances collection of the off-peak and shoulder months.

Similarly, the Group's total liabilities increased from €174.5 million as at 31 October 2022 to €197.9 million as at 30 April 2023. The increase is largely attributable to an increase of €24.8 million in bank borrowings. In January 2023, two subsidiaries of the Group obtained financing from a local credit institution amounting to €48.5million, for the purpose of financing the completion of the AX ODYCY hotel extension and refurbishment and the lido redevelopment. These loan facilities are repayable over a 15-year term from the date of the first drawdown with a 12-month capital moratorium. As of April 30, 2023, the financing for the AX ODYCY hotel extension and refurbishment was secured, and a total of €13.5 million had been disbursed.

In addition, the Group obtained another loan facility from a local credit institution amounting to €36 million to finance the construction and completion of the Verdala Terraces project in Rabat. The outstanding loan amounts are repayable within seven years from the date of the first drawdown. Principal repayments are to be settled out of the proceeds from sale of units of the Verdala Terraces project. As at 30 April 2023, €10.9 million had been disbursed.

Overall, the Group's net assets decreased by 2% to €242.8 million during the six months to 30 April 2023.

13.3 LEGAL AND ARBITRATION PROCEEDINGS

Save as stated hereunder, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened or of which the Issuer is aware) during the period covering 12 months prior to the date of the Prospectus which may have, or have had in the recent past, significant effects on the Group's financial position or profitability:

Commissioner of Lands vs Suncrest Hotels plc (905/99) and Commissioner of Lands vs. Angelo Xuereb noe (906/99)

These proceedings relate to claims instituted by the Commissioner of Lands for damages for the alleged illegal occupation of land forming part of the former Suncrest Hotel Lido and the Sunny Coast Lido, which claims are being contested by Suncrest Hotels plc and by Mr Angelo Xuereb acting on behalf of Holiday Resorts Ltd, respectively. Detailed negotiations were held with the Commissioner of Lands in June and July 2021 to discuss the possibility of reaching an out of court settlement with respect to the claims instituted vis-à-vis the former Suncrest Lido and the Sunny Coast Lido, pursuant to which the Commissioner of Lands would be compensated by Suncrest Hotels plc for past use, and Suncrest Hotels plc would acquire a long-term title of lease over said land. During the last sitting held in the course of the proceedings in question, it was reported that the property in question had been declassified from public domain status, thus allowing for the conclusion of the transaction. The proceedings in question have been deferred until March, 2024, unless previously settled.

13.4 SIGNIFICANT CHANGE IN THE ISSUER'S AND GROUP'S FINANCIAL OR TRADING POSITION

There has been no material adverse change in the prospects of the Issuer since the date of publication of its latest audited financial statements nor has there been any significant change in the financial position and financial performance of the Group since the end of the last financial period for which financial information has been published to the date of this Registration Document.

14 ADDITIONAL INFORMATION

14.1 SHARE CAPITAL

As at the date of this Registration Document, the authorised share capital of the Issuer is €300,000,000 divided into 300,000,000 ordinary shares of a nominal value of €1.00 each. The issued share capital of the Issuer is €1,164,688 divided into 1,164,688 ordinary shares of a nominal value of €1.00 each, subscribed for, allotted and taken up as follows:

DX Holdings Limited (C 81361)	174,703 ordinary shares of a nominal value of €1.00 each, fully paid up, representing 15% of the issued share capital of the Issuer
The Lotus Co Ltd (C 81360)	174,703 ordinary shares of a nominal value of €1.00 each, fully paid up, representing 15% of the issued share capital of the Issuer
Angelo Xuereb (494652M)	640,759 ordinary shares of a nominal value of €1.00 each, fully paid up, representing 55% of the issued share capital of the Issuer
Richard Xuereb (295275M)	174,703 ordinary shares of a nominal value of €1.00 each, fully paid up, representing 15% of the issued share capital of the Issuer

DX Holdings Limited (C 81361) and The Lotus Co Ltd (C 81360) are majority owned by Denise Xuereb and Claire Zammit Xuereb, respectively. Accordingly, the Issuer is partially indirectly owned by Denise Xuereb and Claire Zammit Xuereb via their respective shareholding in DX Holdings Limited (C 81361) and The Lotus Co Ltd (C 81360).

14.2 MEMORANDUM AND ARTICLES OF ASSOCIATION

The Memorandum and Articles of Association of the Issuer are registered with the Malta Business Registry. A full list of the objects for which the Issuer is established is set out in clause 4 of the Memorandum of Association. These objects include, but are not limited to, the following:

- to invest the capital and other moneys of the company in the purchase or subscription of any stocks, shares, debentures, bonds or other securities;
- to acquire, hold and dispose of, by any title valid at law, immovable or movable property, whether for commercial or other purposes;
- to purchase, take on lease, exchange, or otherwise acquire immovable or movable property by any title including emphyteusis and sub-emphyteusis for the purposes of its business;
- to contract loans, advances or banking facilities, or otherwise raise money for the purpose of its business up to any extent and in such manner as may be necessary;
- to draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange and other negotiable or transferable instruments; and
- to issue debt securities, commercial paper or other instruments creating or acknowledging indebtedness and the sale or offer thereof to the public.

15 MATERIAL CONTRACTS

Neither the Issuer nor any of the other companies forming part of the Group are party to any contract not being a contract entered into in the respective company's ordinary course of business, which could result in any member of the Group being under an obligation or entitlement that is material to the Group as at the date of this Registration Document.

16 THIRD PARTY INFORMATION, STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

Save for the financial analysis summary contained in Annex III to the Securities Note, the Prospectus does not contain any statement or report attributed to any person as an expert.

17 DOCUMENTS ON DISPLAY

For the validity period of this Registration Document, the following documents shall be available for inspection at the registered address of the Issuer:

(a) the Memorandum and Articles of Association of the Issuer;
(b) audited financial statements for the financial years ended 31 October, 2020 and 31 October, 2021 and 31 October, 2022;
(c) interim financial statements for the six-month period ended 30 April, 2023; and
(d) the financial analysis summary prepared by the Sponsor dated 26 September, 2023.

The documents are also available for inspection in electronic form on the Issuer's website at: https://axgroup.mt.

SECURITIES NOTE

DATED 26 SEPTEMBER 2023

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the MFSA and in accordance with the provisions of the Prospectus Regulation.

This Securities Note is being issued by:

AX GROUP P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA WITH COMPANY REGISTRATION NUMBER C 12271

in respect of an issue of up to €40,000,000 5.85% unsecured bonds due 2033
issued and redeemable at their nominal value (at €100 per Bond)

ISIN: MT0002361229

Sponsor	Manager & Registrar	Legal Counsel
MZ INVESTMENTS	BOV Bank of Valletta	CAMILLERI PREZIOSI ADVOCATES

THIS SECURITIES NOTE HAS BEEN APPROVED BY THE MFSA, AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MFSA HAS AUTHORISED THE ADMISSIBILITY OF THE BONDS AS LISTED FINANCIAL INSTRUMENTS. THIS MEANS THAT THE MFSA HAS ONLY APPROVED THIS SECURITIES NOTE AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY AS PRESCRIBED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT, HOWEVER, BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER, WHOSE BONDS ARE THE SUBJECT OF THIS SECURITIES NOTE. IN PROVIDING THIS AUTHORISATION, THE MFSA DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE BONDS ISSUED BY THE ISSUER AND SUCH AUTHORISATION SHOULD NOT BE DEEMED, OR BE CONSTRUED, AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN THE BONDS.

THE MFSA ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER, FOR ANY LOSS HOWSOEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS INCLUDING ANY LOSSES INCURRED BY INVESTING IN THE SECURITIES ISSUED BY THE ISSUER.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENT. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN THE BONDS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN FINANCIAL ADVISER.

APPROVED BY THE BOARD OF DIRECTORS

ANGELO XUEREB	MICHAEL WARRINGTON

signing in their own capacity as directors of the AX Group p.l.c. and on behalf each of Denise Xuereb, Claire Zammit Xuereb, Christopher Paris, John Soler and Josef Formosa Gauci

IMPORTANT INFORMATION

THIS SECURITIES NOTE FORMS PART OF THE PROSPECTUS AND CONTAINS INFORMATION IN CONNECTION WITH AN ISSUE BY AX GROUP P.L.C. (C 12271) (THE "**ISSUER**") OF UP TO €40,000,000 UNSECURED BONDS DUE 2033 HAVING A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 5.85% PER ANNUM, PAYABLE ANNUALLY ON 07 NOVEMBER OF EACH YEAR UNTIL THE REDEMPTION DATE, AS APPLICABLE (THE "**BONDS**" OR THE "**BOND ISSUE**").

A COPY OF THIS SECURITIES NOTE HAS BEEN SUBMITTED TO THE MFSA IN SATISFACTION OF THE CAPITAL MARKETS RULES, THE MSE IN SATISFACTION OF THE MSE BYE-LAWS, AND THE REGISTRAR OF COMPANIES AT THE MALTA BUSINESS REGISTRY IN ACCORDANCE WITH THE ACT.

THE MFSA ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS SECURITIES NOTE, MAKES NO REPRESENTATIONS AS TO THEIR ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF THE CONTENTS OF THIS SECURITIES NOTE.

THIS SECURITIES NOTE: (I) CONTAINS INFORMATION ABOUT THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES, THE ACT AND THE PROSPECTUS REGULATION, AND SHOULD BE READ IN CONJUNCTION WITH THE LATEST REGISTRATION DOCUMENT ISSUED BY THE ISSUER FORMING PART OF THE PROSPECTUS; AND (II) SETS OUT THE CONTRACTUAL TERMS UNDER WHICH THE BONDS ARE BEING ISSUED, BY THE ISSUER, WHICH TERMS SHALL REMAIN BINDING.

NO PERSON HAS BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS, OR THE ISSUER'S ADVISERS, TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE BOND ISSUE OTHER THAN THOSE CONTAINED IN THIS SECURITIES NOTE AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, ITS DIRECTORS, OR ITS ADVISERS.

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THIS SECURITIES NOTE AND ANY PERSON WISHING TO APPLY FOR THE BONDS TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS IN THE BONDS SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH SECURITIES AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE AND, OR DOMICILE.

THE ISSUER HAS CONSENTED TO THE AUTHORISED FINANCIAL INTERMEDIARIES MAKING USE OF THIS SECURITIES NOTE IN CONNECTION WITH THEIR DISTRIBUTION AND PLACEMENT ACTIVITIES FOR THE SALE OF THE BONDS.

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER: (I) BY ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (II) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND, ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

SAVE FOR THE ISSUE IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN, OR WILL BE, TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF), OR ANY OFFERING MATERIAL, IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, NO BONDS MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS, OR ANY OTHER OFFERING MATERIAL MAY COME, MUST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THE PROSPECTUS AND THE OFFERING AND SALE OF THE BONDS.

THE PROSPECTUS AND THE OFFERING, SALE, OR DELIVERY OF ANY SECURITIES MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

THIS SECURITIES NOTE IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE HEREOF. THE ISSUER IS OBLIGED TO PUBLISH A SUPPLEMENT ONLY IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES RELATING TO THE INFORMATION SET OUT IN THE PROSPECTUS WHICH MAY AFFECT THE ASSESSMENT OF THE SECURITIES AND WHICH ARISES OR IS NOTED BETWEEN THE TIME WHEN THE PROSPECTUS IS APPROVED AND THE CLOSING OF THE ISSUE PERIOD OR THE TIME WHEN TRADING ON A REGULATED MARKET COMMENCES, WHICHEVER OCCURS LATER. THE OBLIGATION TO SUPPLEMENT THE PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES DOES NOT APPLY WHEN THE PROSPECTUS IS NO LONGER VALID.

ALL THE ADVISERS TO THE ISSUER NAMED IN SECTION 4.1 OF THE REGISTRATION DOCUMENT HAVE ACTED, AND ARE ACTING, EXCLUSIVELY FOR THE ISSUER IN RELATION TO THE PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON, AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER

PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

STATEMENTS MADE IN THIS SECURITIES NOTE ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.

UNLESS INCORPORATED BY REFERENCE IN THIS SECURITIES NOTE, THE CONTENTS OF THE ISSUER'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S WEBSITE DO NOT FORM PART OF THE PROSPECTUS. ACCORDINGLY, NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN THE BONDS.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISERS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.

Table of Contents

1 DEFINITIONS

Words, expressions and capitalised terms used in this Securities Note shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning as the meaning given to such words, expressions and capitalised terms as indicated in the Registration Document forming part of the Prospectus. Additionally, the following words and expressions as used in this Securities Note shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

Applicant(s)	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
Application(s)	the application to subscribe for the Bonds made by an Applicant(s) through a customised IT system available at any of the Authorised Financial Intermediaries;
Application Form(s)	the forms of application to subscribe for Bonds, consisting of: (i) Application Form 'A' to Existing Bondholders; and (ii) Application Form 'B' to Preferred Applicants, specimen of which are contained in Annex I of this Securities Note;
Authorised Financial Intermediaries	the licensed stockbrokers and financial intermediaries listed in Annex II of the Securities Note;
AX Group Employees	employees and directors of any company forming part of the AX Group as at 22 September 2023;
AX Investments p.l.c.	a public limited liability company registered in Malta with company registration number C 27586, forming part of the AX Group;
Bond Issue Price	€100 per Bond;
Bondholder(s)	any holder(s) of Bonds from time to time, as evidenced by an electronic entry in the register of Bonds held by the CSD;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
Cash Top-Up	the difference between the Existing Bondholder's holding in Exchangeable Bonds and the minimum application amount, where the Existing Bondholder elects to subscribe for Bonds by way of Exchangeable Bond Transfer;
CSD	the Central Securities Depository of the MSE, having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Cut-Off Date	close of business on 22 September 2023 (trading session of 19 September 2023);
Excess	such number of Bonds exceeding in value the aggregate nominal value of Exchangeable Bonds held by them as at the Cut-Off Date, which an Existing Bondholder wishes to apply for, including Cash Top-Up (if applicable);
Exchangeable Bond Transfer	the subscription for Bonds by an Existing Bondholder settled, after submitting the appropriate Application Form, by the transfer to the Issuer of all or part of the Exchangeable Bonds held by such Existing Bondholder as at the Cut-Off Date, including Cash Top-Up as may be necessary, and subject to section 6.3 of this Securities Note;
Exchangeable Bonds	the €40,000,000 unsecured bonds due 2024 of a nominal value of €100 per bond, redeemable at their nominal value on 6 March, 2024, bearing interest at the rate of 6% per annum and having ISIN: MT0000081233, issued by AX Investments p.l.c., pursuant to a prospectus dated 3 February, 2014;
Existing Bondholders	the holders of the Exchangeable Bonds as at the Cut-Off Date;
Intermediaries' Offer	shall bear the meaning assigned thereto in section 6.4 of this Securities Note;

Offer Period	the period commencing at 08:30 hours on 5 October 2023 and lapsing at 12:00 hours on 23 October 2023, during which the Bonds will be available for subscription to Existing Bondholders and Preferred Applicants;
Preferred Applicants	collectively, without any priority or preference amongst themselves: (a) the holders of: (i) the €15 million unsecured bonds due 2026 of a nominal value of €100 per bond, issued by the Issuer, redeemable at their nominal value on the relevant redemption date, bearing interest at the rate of 3.25% per annum and having ISIN: MT0002361203 (Series I); (ii) the €10 million unsecured bonds due 2029 of a nominal value of €100 per bond, issued by the Company, redeemable at their nominal value on the relevant redemption date, bearing interest at the rate of 3.75% per annum and having ISIN: MT0002361211 (Series II); (iii) the €40 million unsecured bonds due 2032 of a nominal value of €100 per bond, issued by AX Real Estate p.l.c., redeemable at there nominal value on the relevant redemption date, bearing interest at the rate of 3.5% and having ISIN: MT0002571215, and, or (iv) the ordinary 'A' shares in the issued share capital of AX Real Estate p.l.c. having ISIN: MT0002570100 appearing on the respective registers as at the Cut-Off Date; and (b) the AX Group Employees;
Redemption Value	means the nominal amount to be paid on the Redemption Date; and
Terms and Conditions	the terms and conditions applicable to the Bonds as contained in section 6 of this Securities Note.

Unless it appears otherwise from the context:

a. words importing the singular shall include the plural and *vice versa*;
b. words importing the masculine gender shall include the feminine gender and *vice versa*;
c. the word "*may*" shall be construed as permissive and the word "*shall*" shall be construed as imperative;
d. all references in this Securities Note to "*Malta*" shall be construed as defined in Article 124 (1) of the Constitution of Malta;
e. any phrase introduced by the terms "*including*", "*include*", "in particular" or any similar expression is illustrative only and does not limit the sense of the words preceding those terms; and
f. any reference to a law, legislative act, and, or other legislation shall mean that particular law, legislative act and, or legislation as in force at the date of this Securities Note.

2 RISK FACTORS

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE.

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISERS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THIS PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE BONDS. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS A VIEW ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

THE RISK FACTOR FIRST APPEARING BELOW CONSTITUTES THAT RISK FACTOR WHICH THE DIRECTORS HAVE ASSESSED TO BE THE MOST MATERIAL RISK FACTOR, AS AT THE DATE OF THIS SECURITIES NOTE. IN MAKING THIS ASSESSMENT OF MATERIALITY, THE DIRECTORS HAVE EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT THE RISK FACTOR OCCURS; AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE OF THE ISSUER, IF THE RISK FACTOR WERE TO MATERIALISE.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS ADVERSE EFFECT ON THE BONDS. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS AS AT THE DATE OF THIS SECURITIES NOTE, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER FACES OR COULD FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL ADVERSE IMPACT ON THE BONDS. IN ADDITION, PROSPECTIVE INVESTORS OUGHT TO BE AWARE THAT RISK MAY BE AMPLIFIED DUE TO A COMBINATION OF RISK FACTORS.

THE PROSPECTUS, THE DOCUMENTATION INCORPORATED BY REFERENCE HEREIN AND, OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH BONDS ISSUED BY THE ISSUER:

(I) IS NOT INTENDED TO PROVIDE THE BASIS FOR ANY CREDIT OR OTHER EVALUATION;

(II) IS NOT AND SHOULD NOT BE CONSIDERED AS A RECOMMENDATION (BY THE ISSUER, THE DIRECTORS, ANY OF THE ADVISERS LISTED IN SECTION 4.1 OF THE REGISTRATION DOCUMENT, OR ANY OF THE AUTHORISED FINANCIAL INTERMEDIARIES, FOR ANY RECIPIENT OF THIS PROSPECTUS, THE DOCUMENTATION INCORPORATED BY REFERENCE HEREIN, OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH), TO PURCHASE THE BONDS ISSUED BY THE ISSUER (AND THEREFORE PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS SECURITIES NOTE); AND

(III) CONTAIN STATEMENTS THAT ARE, OR MAY BE DEEMED TO BE, "*FORWARD-LOOKING STATEMENTS*".

2.1 FORWARD-LOOKING STATEMENTS

This Securities Note contains statements that are, or may be deemed to be, "forward-looking statements". Forward-looking statements can be identified by the use of forward-looking terminology, including the terms "*believes*", "*estimates*", "*forecasts*", "*projects*", "*anticipates*", "*expects*", "*envisages*", "*intends*", "*may*", "*will*", or "*should*" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places within the Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer and, or the Directors concerning, amongst other things, the Issuer's strategy and business plans, financial condition and performance, results of operations, liquidity, prospects, investments, and the markets in which it operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may, or may not occur, in the future. Forward-looking statements are subject to numerous assumptions, risks and uncertainties. Many of these assumptions, risks and uncertainties are beyond the Issuer's control. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Issuer's actual operational results, financial condition and performance, and trading prospects may differ materially from the impression created by the forward-looking statements contained in the Prospectus. In addition, even if the operational results, financial condition and performance, and trading prospects of the Issuer are consistent with the forward-looking statements contained in the Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to, those factors identified under this section 2 of this Securities Note and elsewhere in the Prospectus. There can be no assurance that: (i) the Issuer has correctly measured or identified all of the factors affecting the Bonds or the extent of their likely impact; (ii) the publicly available information with respect to these factors on which the Issuer's analysis is based is complete or accurate; (iii) the Issuer's analysis is correct; or (iv) the Issuer's strategy, which is based in part on this analysis, will be successful. No attempt has been made by the Issuer to verify the forward-looking statements in this Prospectus. No representation is made that any of these statements, projections or forecasts will come to pass or that any forecasted result will be achieved. Where, in any forward-looking statement, the Issuer expresses an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished.

All forward-looking statements contained in this Securities Note are made only as at the date hereof. Subject to applicable legal and regulatory obligations, the Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

2.2 NO PRIOR MARKET

Prior to the Bond Issue, there has been no public market, nor trading record for the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue. The market price of the Bonds could be subject to significant fluctuations in response to numerous factors, including the occurrence of any of the risk factors identified in section 2 of the Registration Document.

2.3 ORDERLY AND LIQUID MARKET

The existence of an orderly and liquid market for the Bonds depends on a number of factors, including but not limited to, the presence of willing buyers and sellers of the Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Moreover, there can be no assurance that Bondholders will be able to sell the Bonds at or above the Bond Issue Price or at all.

2.4 FURTHER PUBLIC OFFERS

No prediction can be made about the effect which any future public offerings of the Issuer's Bonds (including but not limited to the effects arising out of a change in the cash flow requirements of the Issuer or other commitments of the Issuer vis-à-vis the new security holders), or any takeover or merger activity involving the Issuer (including but not limited to a de-listing, in full or in part, of the Bonds), will have on the market price of the Bonds prevailing from time to time.

2.5 STATUS OF THE BONDS

The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall, at all times, rank *pari passu,* without any priority or preference among themselves and, save for such exceptions as may be provided by applicable law, without priority or preference to all present and future unsecured obligations of the Issuer. This means that any secured or privileged debts of the Issuer shall rank at all times ahead of the obligations of the Issuer under the Bonds, as a result of which the Bondholders may not be able to recover their investment in the Bonds in the case of insolvency or an equivalent situation, whether in full or in part. Furthermore, subject to the negative pledge covenant, third-party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer, as the case may be, for so long as such security interests remain in effect, which registration may further impede the ability of the Bondholders to recover their investment upon enforcement of such security interests, whether in full or in part.

2.6 SUBSEQUENT CHANGES IN INTEREST RATE AND POTENTIAL IMPACT OF INFLATION

The Bonds are fixed rate debt securities. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the Bonds. Investors should be aware that because of the way yield is typically calculated by market participants, the price of fixed income securities (such as the Bonds) tends to move in a way that is inversely proportional to changes in interest rates. Accordingly, when prevailing market interest rates are rising, the prices that market participants will generally be willing to pay for the Bonds can be expected to decline. Conversely, if market interest rates are declining, secondary market prices for the Bonds can generally be expected to rise. Moreover, fixed rate debt securities with a longer period to maturity will tend to reflect a greater degree of secondary market price volatility relative to movements in market interest rates when compared to fixed rate debt securities with a shorter remaining lifespan. The coupon payable on the Bonds is a nominal interest rate. The real interest rate is computed by subtracting inflation from the nominal interest rate, the result of which indicates the real return on the Bond coupons. In a period of high inflation, an investor's real return on the Bonds will be lower than the Bonds' nominal interest rate and thus undermine an investor's expected return. Furthermore, an increase in inflation may result in a decrease in the traded price of the Bonds on the secondary market.

2.7 DISCONTINUATION OF LISTING

Even after the Bonds are admitted to trading on the MSE, the Issuer is required to remain in compliance with certain requirements relating to, *inter alia*, the free transferability, clearance and settlement of the Bonds, in order to remain a listed company in good standing. Moreover, the MFSA has the authority to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The MFSA may discontinue the listing of the Bonds on the MSE. Any such trading suspensions or listing revocations or discontinuations described above could have a material adverse effect on the liquidity and value of the Bonds.

2.8 AMENDMENTS TO THE TERMS AND CONDITIONS OF THE BONDS

The Terms and Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. In the event that the Issuer wishes to amend any of the Terms and Conditions of the Bonds it shall call a meeting of Bondholders in accordance with the provisions of section 5.4 of this Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

THE FOREGOING RISK FACTORS ARE NOT EXHAUSTIVE AND DO NOT PURPORT TO BE A COMPLETE LIST OF ALL OF THE RISKS AND CONSIDERATIONS INVOLVED IN INVESTING IN THE BONDS. IN PARTICULAR, THE ISSUER'S PERFORMANCE MAY BE AFFECTED BY CHANGES IN MARKET OR ECONOMIC CONDITIONS AS WELL AS LEGAL, REGULATORY AND TAX REQUIREMENTS APPLICABLE TO THE ISSUER AND, OR THE BONDS.

3 PERSONS RESPONSIBLE, STATEMENT OF APPROVAL AND CONSENT FOR USE OF PROSPECTUS

3.1 PERSONS RESPONSIBLE

The Directors of the Issuer are the persons responsible for the information contained in this Securities Note. To the best of the knowledge and belief of the Directors of the Issuer (who have all taken reasonable care to ensure such is the case), the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

3.2 STATEMENT OF APPROVAL

This Securities Note has been approved by the MFSA as the competent authority in Malta for the purposes of the Prospectus Regulation. The MFSA has only approved this Securities Note as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Issuer or the quality of the Bonds (that are the subject of this Securities Note). Investors should make their own assessment as to the suitability of investing in the Bonds.

3.3 CONSENT FOR USE OF PROSPECTUS

For the purposes of any subscription for the Bonds through any of the Authorised Financial Intermediaries in terms of this Securities Note, and any subsequent resale, placement or other offering of Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Regulation, the Issuer consents to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale, placement or other offering of Bonds, provided this is limited only:

i. in respect of the Bonds subscribed for through the Authorised Financial Intermediaries;

ii. to any resale or placement of the Bonds subscribed as aforesaid, taking place in Malta; and, or

iii. to any resale or placement of the Bonds taking place within the period of 60 days from the date of the Prospectus.

There are no other conditions attached to the consent given by the Issuer hereby which are relevant for the use of the Prospectus.

None of the Issuer, the Sponsor, the Manager and Registrar or any of their respective advisers take any responsibility for any of the actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of the Bonds.

Other than as set out above, neither the Issuer nor its advisers has authorised (nor do they authorise or consent to the use of this Prospectus in connection with) the making of any public offer of the Bonds by any person in any circumstances. Any such unauthorised offers are not made on behalf of the Issuer or its advisers and neither the Issuer nor its advisers have any responsibility or liability for the actions of any person making such offers.

Investors should enquire whether an intermediary is considered to be an Authorised Financial Intermediary in terms of the Prospectus. If the investor is in doubt as to whether it can rely on the Prospectus and, or who is responsible for its contents, it should obtain legal advice. No person has been authorised to give any information or to make any representation not contained in or inconsistent with this Prospectus. If given or made, it must not be relied upon as having been authorised by the Issuer or its advisers. The Issuer does not accept responsibility for any information not contained in this Prospectus.

In the event of a resale, placement or other offering of the Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary shall be responsible to provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.

Any resale, placement or other offering of the Bonds to an investor by an Authorised Financial Intermediary will be made in accordance with any terms and other arrangements in place between such Authorised Financial Intermediary and such investor including as to price, allocations and settlement arrangements. Where such information is not contained in the Prospectus, it will be the responsibility of the relevant Authorised Financial Intermediary at the time of such resale, placement or other offering to provide the investor with that information and neither the Issuer nor its advisers have any responsibility or liability for such information.

Any Authorised Financial Intermediary using this Prospectus in connection with a resale, placement or other offering of the Bonds subsequent to the Bond Issue shall, limitedly for the period of 60 days from the date of the Prospectus, publish on its website a notice to the effect that it is using this Prospectus for such resale, placement or other offering in accordance with the consent of the Issuer and the conditions attached thereto. The consent provided herein shall no longer apply following the lapse of such period.

Any new information with respect to financial intermediaries unknown at the time of approval of this Securities Note will be made available by the Issuer through a company announcement which will be made available on the Issuer's website: http://axgroup.mt.

4 ESSENTIAL INFORMATION ON THE BOND ISSUE

4.1 REASONS FOR THE ISSUE AND USE OF PROCEEDS

The aggregate proceeds from the Bond Issue, which net of expenses are expected to amount to approximately €39,250,000, will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

(a) an amount of up to €40,000,000 in the form of Exchangeable Bonds surrendered by Existing Bondholders in favour of the Issuer by virtue of an Exchangeable Bond Transfer resulting in the purchase of Exchangeable Bonds from said Existing Bondholders by the Issuer, for cancellation (as at the date of the Prospectus the total value of Exchangeable Bonds in issue stands at €40,000,000); and

(b) the proceeds derived from the balance of the Bonds not subscribed for by Existing Bondholders by means of the Exchangeable Bond Transfer, as well as any amounts received through the exercise of the Cash Top-Up, will be used by the Issuer for the redemption of the outstanding amount of the Exchangeable Bonds remaining in issue as at 6 March, 2024, being the redemption date of the Exchangeable Bonds.

In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for, and it shall apply the net proceeds received to the uses specified in the paragraphs above. Any residual amount which may be required by the Issuer for the purpose of the redemption of the balance of the outstanding amount of the Exchangeable Bonds, which shall not be raised through the Bond Issue, shall be financed from the Group's own funds and, or bank financing.

4.2 EXPENSES

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €750,000 in the aggregate. The expenses pertaining to the Bond Issue shall be deducted entirely from the proceeds of the Bond Issue and accordingly shall be borne exclusively by the Issuer.

4.3 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for the subscription for Bonds by Authorised Financial Intermediaries, and any fees payable in connection with the Bond Issue to M. Z. Investment Services Ltd as Sponsor and Bank of Valletta p.l.c. as Manager and Registrar, in so far as the Issuer is aware, no person involved in the Bond Issue has an interest, conflicting or otherwise, material to the Bond Issue.

5 INFORMATION CONCERNING THE BONDS TO BE ISSUED AND ADMITTED TO TRADING

Each Bond shall be issued on the terms and conditions set out in this Securities Note and, by subscribing to or otherwise acquiring the Bonds, the Bondholders are deemed to have knowledge of all the terms and conditions of the Bonds hereafter described and to accept and be bound by the said terms and conditions.

5.1 ISSUE STATISTICS

AMOUNT:	aggregate amount of up to €40,000,000;
DENOMINATION:	Euro (€);
BOND ISSUE PRICE:	at par (€100 per Bond);
ISIN:	MT0002361229 ;
MINIMUM AMOUNT PER SUBSCRIPTION:	minimum of €1,000, and multiples of €100 thereafter;
INTEREST:	5.85% per annum;
INTEREST PAYMENT DATE(S):	7 November of each year between and including each of the years 2024 and 2033, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
REDEMPTION DATE:	7 November 2033;
ADMISSION TO LISTING AND TRADING:	the MFSA has approved the Bonds for admissibility to listing on the Official List of the MSE. Application has been made to the MSE for the Bonds to be listed and traded on its Official List;
STATUS OF THE BONDS:	the Bonds shall constitute the general, direct, unconditional and unsecured obligations of the Issuer, and shall, at all times, rank *pari passu*, without any priority or preference among themselves and, save for such exceptions as may be provided by applicable law, without priority or preference to all present and future unsecured obligations of the Issuer. Furthermore, subject to the negative pledge convenant, third-party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer, as the case may be, for so long as such security interests remain in effect;
GOVERNING LAW:	the Bonds are governed by and shall be construed in accordance with Maltese law; and
JURISDICTION:	the Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.

5.2 REGISTRATION, FORM AND TITLE

The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD.

There will be entered in such electronic register, the names, addresses, identification numbers (in the case of natural persons), registration numbers (in the case of legal persons) and MSE account numbers of the Bondholders together with particulars of the Bonds held by them. A copy of the Bondholder's entry in the CSD's electronic register will, at all reasonable times during business hours, be available for inspection by the Bondholders at the registered office of the Issuer. Title to the Bonds shall be evidenced by an entry in the electronic register of Bonds maintained by the CSD. The CSD will issue, upon a request by a Bondholder, a statement of holdings evidencing his or her entitlement to the Bonds held in the electronic register at the CSD.

Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading "*Transferability of the Bonds*" in section 5.7 of this Securities Note.

5.3 RIGHTS ATTACHING TO THE BONDS

A Bondholder shall have such rights as are, pursuant to this Securities Note, attached to the Bonds, including:

(a) the repayment of capital;
(b) the payment of interest;
(c) ranking with respect to other indebtedness of the Issuer in accordance with the provisions of section 5.5 below;
(d) the right to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bonds; and
(e) the enjoyment of all such other rights attached to the Bonds emanating from the Prospectus.

5.4 MEETINGS OF BONDHOLDERS

The Issuer may, from time to time, call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent thereof on matters which in terms of the Prospectus require the approval of a Bondholders' meeting.

A meeting of Bondholders shall be called by the Directors by giving all Bondholders listed on the register of Bondholders as at a date being not more than 30 days preceding the date scheduled for the meeting, not less than 14 days' notice in writing. Said notice may be given by electronic mail, by post or by courier at the discretion of the Issuer, and shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this section at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

Each Bond shall entitle the holder thereof to one vote. A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose at least two Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then in issue, shall constitute a quorum. If a quorum is not present within 30 minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders present at that meeting. The Issuer shall within two days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven days, and not later than 15 days, following the original meeting. At an adjourned meeting, the number of Bondholders present, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.

Any person who, in accordance with the Memorandum and Articles of Association, is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.

Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote. The voting process shall be managed by the company secretary of the Issuer.

The proposal placed before a meeting of Bondholders shall only be considered approved if at least 75% in nominal value of the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal. A matter decided at a duly convened Bondholders' meeting is binding on all Bondholders irrespective of whether they are present or not.

Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall *mutatis mutandis* apply to meetings of Bondholders.

The amendment or waiver of any of the Terms and Conditions of the Bond Issue contained in this Securities Note may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.

5.5 RANKING OF THE BONDS

The Bonds, as and when issued and allotted, shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall, at all times, rank *pari passu*, without any priority or preference among themselves and, save for such exceptions as may be provided by applicable law, without priority or preference to all present and future unsecured obligations of the Issuer. This means that any secured or privileged debts of the Issuer shall rank at all times ahead of the obligations of the Issuer under the Bonds, as a result of which the Bondholders may not be able to recover their investment in the Bonds in the case of insolvency or an equivalent situation, whether in full or in part. Furthermore, subject to the negative pledge convenant, third-party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer, as the case may be, for so long as such security interests remain in effect, which registration may further impede the ability of the Bondholders to recover their investment upon enforcement of such security interests, whether in full or in part.

5.6 NEGATIVE PLEDGE

The Issuer undertakes, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to create or permit to subsist any Security Interest (as defined below), other than a Permitted Security Interest (as defined below), upon the whole or any part of its present or future assets or revenues to secure any Financial Indebtedness (as defined below) of the Issuer, unless at the same time or prior thereto the Issuer's indebtedness under the Bonds and is secured equally and rateably therewith, and the instrument creating such Security Interest so provides.

"**Financial Indebtedness**" means any indebtedness in respect of: (A) monies borrowed; (B) any debenture, bond, note, loan stock or other security; (C) any acceptance credit; (D) the acquisition cost of any asset to the extent payable before or after the time of acquisition or possession by the party liable where the advance or deferred payment is arranged primarily as a method of raising finance for the acquisition of that asset; (E) leases entered into primarily as a method of raising finance for the acquisition of the asset leased; (F) amounts raised under any other transaction having the commercial effect of borrowing or raising of money; (G) any guarantee, indemnity or similar assurance against financial loss of any person;

"**Security Interest**" means any privilege, hypothec, pledge, lien, charge or other encumbrance or real right which grants rights of preference to a creditor over the assets of the Issuer;

"**Permitted Security Interest**" means: (A) any Security Interest arising by operation of law; (B) any Security Interest securing temporary bank loans or overdrafts in the ordinary course of business; (C) any other Security Interest (in addition to (A) and (B) above) securing Financial Indebtedness of the Issuer, in an aggregate outstanding amount not exceeding 80% of the difference between the value of the unencumbered assets of the Issuer and the aggregate principal amount of Bonds outstanding at the time; provided that the aggregate Security Interests referred to in (B) and (C) above do not result in the unencumbered assets of the Issuer being less than 105.85% of the aggregate principal amount of the Bonds still outstanding;

"**unencumbered assets**" means assets which are not subject to a Security Interest.

5.7 TRANSFERABILITY OF THE BONDS

The Bonds are freely transferable and, once admitted to the Official List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.

Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person.

All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.

The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the transferee.

The Issuer will not register the transfer or transmission of Bonds for a period of fifteen (15) days preceding the due date for any payment of interest on the Bonds.

5.8 INTEREST

The Bonds shall bear interest from and including 7 November 2023 at the rate of 5.85% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 7 November 2024 (covering the period 7 November 2023 to 6 November 2024 both days included). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.

When interest is required to be calculated for any period of less than a full year, it shall be calculated on the basis of a 360 day year consisting of 12 months of 30 days each, and in the case of an incomplete month, the number of days elapsed.

In terms of article 2156 of the Civil Code (Cap. 16 of the laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five years.

An Exchangeable Bond Transfer effected by an Existing Bondholder shall be without prejudice to the rights of such Existing Bondholders to receive interest on the Exchangeable Bonds up to and including 5 March, 2024. The Issuer will settle the difference between the interest rate applicable to the Exchangeable Bonds (6%) and the interest rate of 5.85% applicable to the Bonds, from and including 7 November 2023 up to and including 5 March, 2024, being the day prior to the Exchangeable Bonds' redemption date.

5.9 YIELD

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at the Redemption Date shall be 5.85%.

5.10 PAYMENTS

Payment of the principal amount of Bonds will be made in Euro by the Issuer to the person in whose name such Bonds are registered as at the close of business on the Redemption Date, as the case may be, with interest accrued up to (but excluding) the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro. Such payment shall be effected within seven days of the Redemption Date. The Issuer shall not be responsible for any charges, loss or delay in transmission. Upon payment of the Redemption Value, the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.

In the case of Bonds held subject to usufruct, payment will be made against the joint instructions of all bare owners and usufructuaries. Before effecting payment, the Issuer and, or the CSD shall be entitled to request any legal documents deemed necessary concerning the entitlement of the bare owner(s) and the usufructuary(ies) to payment of the Bonds.

Payment of interest on the Bonds will be made to the person in whose name such Bonds is registered at the close of business 15 days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro. Such payment shall be effected within seven days of the Interest Payment Date. The Issuer shall not be responsible for any charges, loss or delay in transmission.

All payments with respect to the Bonds are subject in all cases to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer is or may become compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Malta or any authority thereof or therein having power to tax.

Except for any charges which may be imposed by the Issuer or any remitting bank or payment institution in connection with the transmission of payments or transfer of funds, no commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments.

If, due to any problem encountered by the CSD, any remitting bank and, or payment institution, the Issuer cannot make a payment or repayment, such payment or repayment may be kept pending until the issue has been resolved.

5.11 REDEMPTION AND PURCHASE

Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on the Redemption Date. In such a case the Issuer shall be discharged of any and all payment obligations under the Bonds upon payment made net of any withholding or other taxes due, or which may be due, under Maltese law, and which are payable by the Bondholders.

All Bonds repurchased by the Issuer shall be cancelled forthwith and may not be reissued or re-sold.

5.12 EVENTS OF DEFAULT

The Bondholders, holding not less than 15% of the outstanding Bonds, may give notice to the Issuer that the Bonds are, and shall accordingly become immediately due and repayable at their principal amount, together with any accrued interest, if any of the following events ("**Events of Default**") shall occur:

5.12.1. the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for 60 days after written notice thereof shall have been given to the Issuer by any Bondholder; or

5.12.2. the Issuer shall fail to pay the principal amount on any Bond when due and such failure shall continue for 60 days after written notice thereof shall have been given to the Issuer by any Bondholder; or

5.12.3. the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the Terms and Conditions of the Bonds and such failure shall continue for 60 days after written notice thereof shall have been given to the Issuer by any Bondholder; or

5.12.4. if any representation or warranty made or deemed to be made or repeated by or in respect of the Issuer is or proves to have been incorrect in any material respect;

5.12.5. an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; or

5.12.6. the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its respective debts or announces an intention to do so or ceases or threatens to cease to carry on its respective business or a substantial part of its respective business; or

5.12.7. the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or

5.12.8. any material indebtedness of the Issuer is not paid when properly due or becomes properly due and payable or any creditor of the Issuer (as the case may be) becomes entitled to declare any such material indebtedness properly due and payable prior to the date when it would otherwise have become properly due or any guarantee or indemnity of the Issuer in respect of indebtedness is not honoured when properly due and called upon; PROVIDED THAT for the purposes of this provision, material indebtedness shall mean an amount exceeding €5,000,000; or

5.12.9. in terms of article 214(5) of the Act, a Court order or other judicial process is levied or enforced upon or sued out against any part of the property of the Issuer is not paid out, withdrawn or discharged within one month; or

5.12.10. if a judicial or provisional administrator is appointed upon the whole or any material part of the property of the Issuer; or

5.12.11. there shall have been entered against the Issuer a final judgement by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of €5,000,000 or its equivalent and 90 days shall have passed since the date of entry of such judgement without its having been satisfied or stayed.

5.13 AUTHORISATIONS AND APPROVALS

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a board of directors' resolution passed on 4 September 2023.

5.14 NOTICES

Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of twenty-four (24) hours after the letter containing the notice is posted, and in providing such service it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholder at his or her registered address and posted.

5.15 FURTHER ISSUES

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities, either having the same terms and conditions as any outstanding debt securities of any series (including the Bonds) and so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds), or upon such terms as the Issuer may determine at the time of their issue.

6 TERMS AND CONDITIONS OF THE BOND ISSUE

6.1 EXPECTED TIMETABLE OF THE BOND ISSUE

1	Offer Period for Existing Bondholders and Preferred Applicants	5 October 2023 to 23 October 2023
2	Intermediaries' Offer*	3 November 2023
3	Commencement of interest on the Bonds	7 November 2023
4	Announcement of basis of acceptance	7 November 2023
5	Refunds of unallocated monies (if any)	14 November 2023
6	Expected dispatch of allotment advices	14 November 2023
7	Expected date of admission of the Bonds to listing	14 November 2023
8	Expected date of commencement of trading in the Bonds	15 November 2023

*The Issuer reserves the right to close the Offer Period before the 23 October 2023 with respect to any one or more classes of Applicants depending on the total level of subscription in the Bond Issue, in which case the Intermediaries' Offer' would not take place and the events set out in steps 4 onwards may be brought forward and take place in the same chronological order as set out above.

6.2 CONDITIONS TO WHICH THE BOND ISSUE IS SUBJECT

The following terms and conditions shall be read in conjunction with all the other terms and conditions relative to and regulating the contractual relationship created between the Issuer and the Applicant.

6.2.1. The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List of the MSE. In the event such condition is not satisfied, any Application monies (including Cash Top-Ups or Excess) received by the Issuer will be returned without interest by direct credit into the bank account of the Applicant or of the Authorised Financial Intermediary indicated by the Applicant or the Authorised Financial Intermediary on the relative Application Form, or subscription agreement, respectively, as applicable.

6.2.2. All Application Forms are to be processed by the Authorised Financial Intermediaries through a customised IT system.

6.2.3. Existing Bondholders applying for Bonds may elect to settle all or part of the amount due on the Bonds applied for (whether in whole or in part consideration for the Bonds being applied for) by completing Application Form 'A', indicating that the consideration for the Bonds applied for shall be settled by way of transfer to the Issuer of all or part of the Exchangeable Bonds held as at the Cut-Off Date in an amount equivalent to the par value of the Bonds applied for (this being, the Exchangeable Bond Transfer). Any Existing Bondholders whose holding in Exchangeable Bonds is less than €1,000 or wish to subscribe for additional Bonds shall be required to pay the Cash Top-Up and or Excess as applicable together with the submission of their Application Form 'A'. Preferred Applicants applying for Bonds shall complete Application Form 'B' together with payment of the full price of the Bonds applied for.

6.2.4. By submitting an Application Form 'A' indicating that the option of the Exchangeable Bond Transfer is being selected (whether in whole or in part consideration for the Bonds being applied for), the Applicant is thereby confirming:

(i) that all or part (as the case may be) of the Exchangeable Bonds held by the Applicant as at the Cut-Off Date are being transferred to the Issuer, together with the payment due in respect of any Cash Top-Up, if applicable;
(ii) that the Application Form constitutes the Applicant's irrevocable mandate to the Issuer to: (a) cause the transfer of the said Exchangeable Bonds in the Issuer's name in consideration of the issue of Bonds; and (b) engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Exchangeable Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant;
(iii) that the obligations of the Issuer with respect to the Exchangeable Bonds being transferred to the Issuer are extinguished, replaced by obligations on the part of the Issuer under the Bonds to be issued upon acceptance by the Issuer of the Application in question; and
(iv) the matter specified in 6.2.8 below.

6.2.5. Authorised Financial Intermediaries participating in the Intermediaries' Offer, should this take place, are required to submit to the Registrar completed subscription agreements as described in more detail in section 6.4 below by latest 12:00 hours CET on 3 November 2023. Authorised Financial Intermediaries may subscribe for Bonds either in their own name or in the name of underlying clients. The minimum amount which each Authorised Financial Intermediary may apply for in terms of the applicable subscription agreement is €1,000 and in multiples of €100 thereafter and such minimum and multiples shall also apply to each underlying Applicant.

6.2.6. In the event that an Existing Bondholder applying for a number of Bonds exceeding in value the aggregate nominal value of Exchangeable Bonds held by them as at the Cut-Off Date has been allocated a number of Bonds which is less than the Excess applied for, then such Existing Bondholder shall receive a refund of the price of the Bonds applied for but not allocated. Such refund shall be without interest and shall be made by credit transfer to such account indicated in the Application Form, at the Existing Bondholder's sole risk by latest 14 November 2023.

In the event that the Preferred Applicants and, or the Authorised Financial Intermediaries subscribing for Bonds through the Intermediaries' Offer, have been allocated a number of Bonds which is less than the number applied for, then such Preferred Applicants and, or the Authorised Financial Intermediaries shall receive a refund of the price of the Bonds applied for but not allocated. Such refund shall be without interest and shall be made by credit transfer to such account indicated in the Application Form, or the subscription agreement, as applicable. Refunds of unallocated monies shall be made to Preferred Applicants by latest 14 November 2023 and to Authorised Financial Intermediaries pursuant to the Intermediaries' Offer by latest 7 November 2023.

6.2.7. An Applicant applying for the Bonds is thereby confirming to the Issuer, the Registrar and the Authorised Financial Intermediary through whom the Application is made, as applicable, that the Applicant's remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application. Furthermore the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the respective Authorised Financial Intermediary, Registrar and, or Issuer, as applicable, which acceptance shall be made in the Authorised Financial Intermediary, Registrar and, or Issuer's absolute discretion and may be on the basis that the Applicant indemnifies the Authorised Financial Intermediary, Registrar and, or Issuer against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation.

6.2.8. The contract created by the Issuer's acceptance of an Application filed by a prospective Bondholder shall be subject to all the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer. It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.

6.2.9. If an Application is submitted on behalf of another person, whether legal or natural, the person submitting the Application will be deemed to have duly bound such other person on whose behalf the Application has been submitted. The person submitting such Application shall be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney, or resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer and the Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to sign on the Application. Furthermore, in cases where the decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "**decision maker**") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in the relative panel of the Application.

6.2.10. In the case of joint Applications, reference to the Applicant in these terms and conditions is a reference to each of the joint Applicants, and liability therefor is joint and several. The person whose name shall be inserted in the field entitled "Applicant" on the Application, or first-named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders whose names appear in the field entitled "Additional Applicants" in the Application Form or joint holders in the register, as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond(s) so held.

6.2.11. In the case of corporate Applicants or Applicants having separate legal personality, the Application must be signed by a person(s) authorised to sign and bind such Applicant. It shall not be incumbent on the Company or Registrar to verify whether the person or persons purporting to bind such an Applicant is or are in fact authorised. Applications by corporate Applicants have to include a valid legal entity identifier ("**LEI**") which must be unexpired. Applications without such information or without a valid LEI will not be accepted.

6.2.12. In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed vis-à-vis the Issuer to be the holder of the Bond(s) so held and shall have the right to receive interest on the Bond(s) and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond(s), have the right to dispose of the Bond(s) so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond (which shall be due to the bare owner). Furthermore, the signatures of both the bare owner and the usufructuary will be required in the respective Application.

6.2.13. Applications in the name and for the benefit of minors shall be allowed provided that the Applicant already holds an account with the MSE and they are signed by both parents or the legal guardian(s) as applicable Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents or legal guardian(s) signing the Application until such time as the minor attains the age of 18 years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of 18 years.

6.2.14. Applications for the Bonds by Existing Bondholders and Preferred Applicants must be submitted on the appropriate Application (i.e. Application Form 'A' or Application Form 'B', respectively) by not later than 12:00 hours on 23 October 2023. The Issuer reserves the right to close the Offer Period before the 23 October 2023 with respect to any one or more classes of Applicants depending on the level of subscription in the Bond Issue. Subscription agreements pursuant to the Intermediaries' Offer, should this take place, may be made by not later than 12:00 hours on 3 November 2023. All Applications are to be lodged with any of the Authorised Financial Intermediaries listed in Annex II of this Securities Note together with payment of the full price of the Bonds applied for, in Euro (€) with the exception of Applications submitted by Exchangeable Bondholders, where payment needs to correspond to the amount applied for less the aggregate value of the bonds forming the subject of the Exchangeable Bond Transfer, where applicable. Payments in Euro may be made through any method of payment as accepted by the respective Authorised Financial Intermediary.

6.2.15. By completing and submitting an Application Form, the Applicant:

(a) accepts to be irrevocably contractually committed to acquire the number of Bonds allocated to such Applicant at the Bond Issue Price and, to the fullest extent permitted by law, accepts to be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment, such irrevocable offer to purchase, and pay the consideration for, the number of Bonds specified in the Application submitted by the Applicant (or any smaller number of Bonds for which the Application is accepted) at the Bond Issue Price (as applicable) being made subject to the provisions of the Prospectus, the Terms and Conditions, the Application Form and the Memorandum and Articles of Association of the Company;

(b) agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;

(c) warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects. All Applications need to include a valid MSE account number in the name of the Applicant(s). Failure to include an MSE account number will result in the Application being cancelled by the Issuer (acting through the Registrar) and subscription monies will be returned to the Applicant in accordance with section (g) below. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application and those held by the MSE in relation to the MSE account number indicated on the Application, the details held by the MSE shall be deemed to be the correct details of the Applicant;

(d) acknowledges the processing of any personal data for the purposes specified in the privacy notice published by the

Issuer, which is available on the Issuer's website at http://axgroup.mt. The Applicant hereby acknowledges that the processing of personal data may validly take place, even without the Applicant's consent, in the circumstances set out in Regulation (EU) No. 2016/679 of the European Parliament and of the Council of 27 April 2016 (the "GDPR") and the Data Protection Act (Cap. 586 of the Laws of Malta) ("**Data Protection Act**") and any applicable subsidiary legislation, as may be amended from time to time. The Applicant hereby confirms that he/she/it has been provided with and read the privacy notice;

(e) authorises the Issuer (or its service providers, including the CSD and, or the Sponsor, Manager and Registrar) and, or the relevant Authorised Financial Intermediary, as applicable, to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the GDPR and the Data Protection Act . The Applicant has the right to request access to and rectification of the personal data relating to him/her in relation to the Bond Issue. Any such requests must be made in writing and sent to the Issuer and sent to the CSD at the MSE. The requests must be signed by the Applicant to whom the personal data relates;

(f) confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer or the issue of the Bonds other than what is contained in the Prospectus and accordingly agree(s) that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;

(g) agrees that any refund of unallocated Application monies, will be paid by direct credit, without interest, at the Applicant's own risk, to the bank account as indicated in the Application. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith;

(h) warrants that the remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured: the Applicant will not be entitled to receive a registration advice or to be registered in respect of such Bonds, unless and until payment is made in cleared funds for such Bonds and such payment is accepted by the respective Authorised Financial Intermediary or by the Issuer acting through the Registrar (which acceptance shall be made in its absolute discretion and may be on the basis that the Authorised Financial Intermediary or the Issuer acting through the Registrar is indemnified for all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of the Applicant's remittance to be honoured on first presentation at any time prior to unconditional acceptance by the Issuer acting through the Registrar of such late payment in respect of the Bonds); or the Issuer may, without prejudice to other rights, treat the agreement to allocate such Bonds as void and may allocate such Bonds to another person, in which case the Applicant will not be entitled to a refund or payment in respect of such Bonds (other than return of such late payment);

(i) agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta) and regulations made thereunder, and that such monies will not bear interest;

(j) agrees to provide the Issuer, acting through the Registrar, with any information which it or they may request in connection with the Application;

(k) agrees that all Applications, acceptances of Applications and contracts resulting therefrom will be governed, and construed, in accordance with Maltese law, and to submit to the jurisdiction of the Maltese courts, and agrees that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such Applications, acceptance of Applications and contracts resulting therefrom in any manner permitted by law in any court of competent jurisdiction;

(l) warrants that, where an Applicant signs and submits an Application on behalf of another person, the Applicant is duly authorized to do so and such other person will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in the Terms and Conditions and accordingly will be deemed also to have given the confirmations, warranties and undertakings contained in the Terms and Conditions and undertake to submit his power of attorney or a copy thereto duly certified by a lawyer or notary public if so required by the Issuer or the Registrar;

(m) warrants that where the Applicant is under the age of 18 years, or where an Application is being lodged in the name and for the benefit of a minor, the Applicant is the parent(s) or legal guardian(s) of the minor;

(n) warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond and, or his Application;

(o) warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;

(p) represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "**United States**") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;

(q) agrees that the advisers to the Bond Issue (listed in section 4.1 of the Registration Document) will owe the Applicant no duties or responsibilities concerning the Bonds or the suitability of the Applicant;

(r) agrees that all documents in connection with the issue of the Bonds will be sent at the Applicant's own risk and may be sent by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application; and

(s) renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds.

6.2.16. In the event that an Applicant has not been allocated any Bonds or has been allocated a number of Bonds which is less than the number applied for, the Applicant shall receive from the respective Authorised Financial Intermediary a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest, by credit transfer to such account indicated in the Application, at the Applicant's sole risk. The Issuer shall not be responsible for any charges, loss or delay arising in connection with such direct credit transfer.

6.2.17. For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Subsidiary Legislation 373.01 of the laws of Malta), as amended from time to time, the Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix 3.6 to Chapter 3 of the MSE Bye-Laws, irrespective of whether the said appointed Authorised Financial Intermediaries are MSE Members or not. Such information shall be held and controlled by the MSE in terms of the Data Protection Act (and the GDPR, as may be amended from time to time, for the purposes and within the terms of the MSE Data Protection Policy as published from time to time.

6.2.18. It shall be incumbent on the respective Authorised Financial Intermediary to ascertain that all other applicable regulatory requirements relating to subscription of Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable requirements set out in Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012 ("**MiFIR**"), as well as the applicable MFSA Rules for investment services providers.

6.2.19. By not later than 7 November 2023, the Issuer shall announce the result of the Bond Issue through a company announcement.

6.2.20. No person receiving a copy of the Prospectus or an Application in any territory other than Malta may treat the same as constituting an invitation or offer to such person, nor should such person in any event use such Application, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application could lawfully be used without contravention of any registration or other legal requirements. In light of the aforesaid, including but not limited to the onerous requirements involved in the registration of the Prospectus in any territory other than Malta and, or compliance with the relevant legal or regulatory requirements, the Issuer has elected not to send Applications to Existing Bondholders and Preferred Applicants having their address as included in the respective register of bondholders outside Malta, except where, inter alia, in the absolute discretion of the Issuer, it is satisfied that such action would not result in a contravention of any applicable legal or regulatory requirement in the relevant jurisdiction.

6.2.21. Subscription for Bonds by persons resident in, or who are citizens of, or who are domiciled in, or who have a registered address in, a jurisdiction other than Malta, may be affected by the law of the relevant jurisdiction. Those persons should consult their professional advisers (including tax and legal advisers) as to whether they require any governmental or other consents, or need to observe any other formalities, to enable them to subscribe for the Bonds. It is the responsibility of any person (including, without limitation, nominees, custodians, depositaries and trustees) outside Malta wishing to participate in the Bond Issue, to satisfy himself/herself/itself as to full observance of the applicable laws of any relevant jurisdiction, including, but not limited to, obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes (of any nature whatsoever) due in such territories. The Issuer shall not accept any responsibility for the non-compliance by any person of any applicable laws or regulations of foreign jurisdictions.

6.2.22. The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.

6.3 PLAN OF DISTRIBUTION AND ALLOTMENT

The Bonds shall be made available for subscription as follows:

(a) an amount of up to €40,000,000 in nominal value of Bonds, shall be made available for subscription by Existing Bondholders applying for Bonds during the Offer Period by way of Exchangeable Bond Transfer up to the extent of their holdings of Exchangeable Bonds, subject to any Cash Top-Up as and if applicable;

(b) the balance of the Bonds not subscribed for by Existing Bondholders by means of the Exchangeable Bond Transfer, if any, shall be made available for subscription by: (i) Existing Bondholders in respect of any Excess (provided that such Existing Bondholders transfer their entire holding in Exchangeable Bonds by way of Exchangeable Bond Transfer); and (ii) the Preferred Applicants, *pari passu*, without priority or preference amongst them; and

(c) in the event that, following the allocations made pursuant to paragraphs (a) and (b) above there shall still remain unallocated Bonds, such Bonds shall be made available for subscription by Authorised Financial Intermediaries through an Intermediaries' Offer.

The Bonds are open for subscription during the Offer Period by: (i) Existing Bondholders applying for Bonds by Exchangeable Bond Transfer; (ii) Existing Bondholders applying for any Excess (provided that such Existing Bondholders transfer their entire holding in Exchangeable Bonds by Exchangeable Bond Transfer); and (iii) the Preferred Applicants, all subject to a minimum subscription amount of €1,000 in nominal value of Bonds. The allocation of the Bonds is subject to the allocation policy of the Issuer set out in section 6.6 of this Securities Note.

Existing Bondholders applying for Bonds are to submit an Application through any of the Authorised Financial Intermediaries, who shall in turn process same through a customised IT system, and may elect to settle all or part of the amount due on the Bonds applied for (whether in whole or in part consideration for the Bonds being applied for) by completing an Application Form

'A', indicating that the consideration for the Bonds applied for shall be settled by way of transfer to the Issuer of all or part of the Exchangeable Bonds held as at the Cut-Off Date in an amount equivalent to the par value of the Bonds applied for (this being, the Exchangeable Bond Transfer). Any Existing Bondholders whose holding in Exchangeable Bonds is less than €1,000 shall be required to pay the Cash Top-Up together with the submission of their Application Form.

The transfer of Exchangeable Bonds to the Issuer in consideration for the subscription Bonds shall cause the obligations of the Issuer with respect to such Exchangeable Bonds to be extinguished, and shall give rise to obligations on the part of the Issuer under the Bonds.

Preferred Applicants applying for Bonds are to submit an Application through any of the Authorised Financial Intermediaries, by completing an Application Form 'B', who shall in turn process same through a customised IT system.

It is expected that an allotment advice will be dispatched to Applicants within five Business Days of the announcement of the allocation policy. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta), and regulations made thereunder. Such monies shall not bear interest while retained as aforesaid.

Dealings in the Bonds shall not commence prior to the Bonds being admitted to the Official List.

6.4 INTERMEDIARIES' OFFER

In the event that, following closing of the Offer Period, there are Bonds which remain unallocated, such Bonds shall form part of an Intermediaries' Offer and shall be made available for subscription by Authorised Financial Intermediaries participating in an Intermediaries' Offer.

For the purposes of the Intermediaries' Offer, the Issuer shall enter into conditional subscription agreements with Authorised Financial Intermediaries, whereby it shall bind itself to allocate Bonds to the Authorised Financial Intermediaries up to any such amount as may not be taken up by the Existing Bondholders and, or the Preferred Applicants, and each Authorised Financial Intermediary will bind itself to subscribe for such number of Bonds, subject to the Bonds being admitted to the Official List. The subscription agreements will become binding on the Issuer and each of the Authorised Financial Intermediaries upon delivery, provided that the Authorised Financial Intermediaries would have paid to the Issuer all subscription proceeds in cleared funds on delivery of the subscription agreement.

Authorised Financial Intermediaries subscribing for Bonds may do so for their own account or for the account of underlying customers, including retail customers, and shall in addition, be entitled to distribute any portion of the Bonds subscribed for upon commencement of trading.

6.5 PRICING

The Bonds are being issued at par, that is, at €100 per Bond with the full amount payable upon subscription.

6.6 ALLOCATION POLICY

The Issuer shall allocate the Bonds on the basis of the following allocation policy, and order of priority:

(a) up to an aggregate of €40,000,000 shall first be allocated to Existing Bondholders applying for Bonds by way of Exchangeable Bond Transfer up to the extent of their holdings of Exchangeable Bonds, subject to the minimum application amount of €1,000 consisting of Exchangeable Bonds and to the extent necessary, Cash Top-Up;

(b) the balance of the Bonds not subscribed for by Existing Bondholders by means of the Exchangeable Bond Transfer as aforesaid, if any, shall be made available for subscription by: (i) Existing Bondholders in respect of any Excess applied for (provided that such Existing Bondholders have transferred their entire holding in Exchangeable Bonds by Exchangeable Bond Transfer); and (ii) the Preferred Applicants, *pari passu*, without priority or preference amongst them; and

(c) in the event that, following the allocations made pursuant to paragraphs (a) and (b) above there shall still remain unallocated Bonds, such Bonds shall be allocated to Authorised Financial Intermediaries through an Intermediaries' Offer.

In the event that the aggregate value of Bonds applied for by Existing Bondholders by way of Exchangeable Bond Transfer (including Cash Top-Up, where applicable) exceeds the aggregate amount of Bonds available for subscription as aforesaid, then the Issuer, acting through the Registrar, shall scale down each Application by Existing Bondholders to the minimum amount equivalent to the Exchangeable Bonds held by such Existing Bondholders, and the Cash Top-Up portion shall be subject to an allocation policy to be determined by the Issuer. In such event, Existing Bondholders applying for Excess and the Preferred Applicants will not be allocated any Bonds, and the Intermediaries' Offer shall not take place.

In the event that the aggregate value of Bonds applied for by Existing Bondholders by way of Exchangeable Bond Transfer does not exceed the aggregate amount of Bonds available for subscription, however the Bond Issue is subscribed for in full by the Existing Bondholders (by means of the Exchangeable Bond Transfer including Cash Top-Ups and in respect of any Excess applied for) and Preferred Applicants applying for Bonds, the Intermediaries Offer shall similarly not take place.

6.7 ADMISSION TO TRADING

The MFSA has authorised the Bonds as admissible to listing pursuant to the Capital Markets Rules by virtue of a letter dated 26 September 2023.

Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List of the MSE.

The Bonds are expected to be admitted to the MSEwith effect from 14 November 2023 and trading is expected to commence on 15 November 2023.

7 TAXATION

7.1 GENERAL

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and disposal as well as any income or gains derived therefrom or made on their disposal. The following is a summary of the anticipated tax treatment applicable to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and is not, and does not purport to be, exhaustive.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Prospectus, in respect of a subject on which no official guidelines exist. Investors are reminded that tax law and practice and their interpretation as well as the levels of tax on the subject matter referred to in the preceding paragraph, may change from time to time.

This information is being given solely for the general information of investors. The precise implications for investors will depend, among other things, on their particular circumstances and on the classification of the Bonds from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

7.2 TAXATION ON INTEREST PAYABLE TO BONDHOLDERS

Interest payable in respect of the Bond to a recipient, as defined in terms of article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta) (the "**Income Tax Act**") is subject to a 15% final withholding tax (10% in the case of certain types of collective investment schemes), unless the recipient elects to be paid the investment income without deduction of the final withholding tax. Bondholders who do not fall within the definition of a "recipient" do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder is not obliged to declare the interest so received in his income tax return (to the extent that the interest is paid net of tax). No person shall be charged to further tax in respect of such income. Furthermore, such tax should not be available as a credit against the recipient's tax liability or for a refund, as the case may be, for the relevant year of assessment in Malta. The Issuer will render an account to the Maltese Commissioner for Tax and Customs of all amounts so deducted, including the identity of the recipient.

In the case of a valid election made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his Maltese income tax return and be subject to tax on such interest at the standard rates applicable to such Bondholder at that time. Additionally, in this latter case, the Issuer will advise the Maltese Commissioner for Tax and Customs on an annual basis in respect of all interest paid gross and of the identity of all such recipients. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

In terms of article 12(1)(c) of the Income Tax Act, Bondholders who are not resident in Malta satisfying the applicable conditions set out in the Income Tax Act, including but not limited to the condition that the Bondholder is not owned and controlled by, whether directly or indirectly, nor acts on behalf of an individual(s) who are ordinarily resident and domiciled in Malta, are not taxable in Malta on the interest received and will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

7.3 TAXATION ON CAPITAL GAINS ON TRANSFER OF THE BONDS

On the assumption that the Bonds would not fall within the definition of "securities" in terms of article 5(1)(b) of the Income Tax Act, that is, "shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return", to the extent that the Bonds are held as capital assets by the Bondholder, no tax on capital gains is chargeable in respect of a transfer of the Bonds.

7.4 DUTY ON DOCUMENTS AND TRANSFERS

In terms of the Duty on Documents and Transfers Act (Cap. 364 of the laws of Malta) (the "DDTA"), duty is chargeable inter alia on the transfer or transmission causa mortis of marketable securities. A marketable security is defined in the said legislation as "a holding of share capital in any company and any document representing the same".

Consequently, the Bonds should not be treated as constituting marketable securities within the meaning of the legislation and therefore, the transfer or transmission thereof should not be chargeable to duty.

Furthermore, even if the Bonds are considered to be treated as marketable securities for the purposes of the DDTA, in terms of article 50 of the Financial Markets Act (Cap. 345 of the laws of Malta), as the Bonds constitute financial instruments of a company quoted on a regulated market, as is the MSE, redemptions and transfers of the Bonds should, in any case, be exempt from duty.

7.5 EXCHANGE OF INFORMATION

In terms of applicable Maltese legislation, the Issuer and, or its agents are required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the Commissioner for Tax and Customs. The Commissioner for Tax and Customs will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions. Relevant legislation includes, but is not limited to:

(a) the agreement between the Government of the United States of America and the Government of the Republic of Malta to Improve International Tax Compliance and to Implement FATCA – incorporated into Maltese law through Legal Notice 78 of 2014 entitled the Exchange of Information (United States of America) (FATCA) Order (the "**FATCA Legislation**"). Under the FATCA Legislation, foreign financial institutions ("**FFIs**") in Malta (defined as such for the purposes of FATCA) are obliged to identify and report financial accounts held by Specified U.S. persons, as defined under the FATCA Legislation, and certain non-U.S. entities which are controlled by U.S. Controlling Persons, as defined under the FATCA Legislation, to the Maltese tax authorities. The Maltese Government and the Government of the U.S. shall annually exchange the information obtained pursuant to the FATCA Legislation on an automatic basis. Non-compliance may result in a punitive thirty per cent (30%) withholding tax on distributions captured by FATCA. Financial account information in respect of Bondholders could fall within the scope of FATCA and they may therefore be subject to reporting obligations; and

(b) the implementation of Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU, 2015/2376, 2016/881, 2016/2258, 2018/822, 2020/876 and 2021/514) which provides for the implementation of the regime known as the Common Reporting Standard ("**CRS**") – incorporated into Maltese law through Legal Notice 384 of 2015 entitled the Cooperation with Other Jurisdiction on Tax Matters (Amendment) Regulations, 2015. The CRS has been proposed by the OECD as a new global standard for the automatic exchange of financial account information between tax authorities in participating jurisdictions. Malta based financial institutions ("FIs") (defined as such for the purposes of CRS) are obliged to identify and report to the Maltese tax authorities financial accounts held by a Reportable Person, as defined under the Maltese CRS legislation, and certain entities with one or more Controlling Persons, as defined under the Maltese CRS legislation, which is classified as a Reportable Person. Financial information relating to Bonds and the holders of the Bonds may fall within the purview of CRS and may be subject to reporting and information exchange provisions.

Failure on the part of a Bondholder to provide the Issuer with the necessary information required for its compliance with applicable legislation, may have consequences on the Bondholder's holding and, or may result in the Issuer having to report the Bondholder to the relevant tax authorities.

INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO: (I) THE ACQUISITION, HOLDING AND DISPOSAL OF THE BONDS; (II) THE INTEREST PAYMENTS MADE BY THE ISSUER; AND (III) THE REPORTING BY THE ISSUER TO THE COMMISSIONER FOR REVENUE OF INFORMATION ON THE BONDHOLDERS AND ON PAYMENTS MADE TO THE BONDHOLDERS AND THE EXCHANGE OF SUCH INFORMATION BETWEEN MALTA AND RELEVANT FOREIGN TAX AUTHORITIES. THE TAX LEGISLATION OF THE INVESTOR'S COUNTRY OF DOMICILE AND OF THE ISSUER'S COUNTRY OF INCORPORATION (MALTA) MAY HAVE AN IMPACT ON THE INCOME RECEIVED FROM THE BONDS. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION DOES NOT CONSTITUTE LEGAL OR TAX ADVICE AND REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.

8 ADDITIONAL INFORMATION

Save for the financial analysis summary contained in Annex III to this Securities Note, the Prospectus does not contain any statement or report attributed to any person as an expert.

The financial analysis summary has been included in the form and context in which it appears with the authorisation of M.Z. Investment Services Limited, at 63, MZ House, St Rita Street, Rabat RBT 1523, Malta, licensed by the MFSA and member of the MSE, who has given and has not withdrawn its consent to the inclusion of such financial analysis summary herein.

The Issuer confirms that the financial analysis summary has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information contained therein, no facts have been omitted which render the reproduced information inaccurate or misleading.

ANNEX I

Specimen Application Forms

AX GROUP

AX GROUP P.L.C.
€40,000,000 5.85% UNSECURED BONDS 2033
APPLICATION FORM 'A' - EXISTING BONDHOLDERS

This Application Form is not transferable and entitles you to subscribe for AX Group p.l.c. 5.85% Unsecured Bonds 2033 as an Existing Bondholder as defined in the Prospectus dated 26 September 2023. Please read the notes overleaf before completing this Application Form. **Mark 'X' where applicable.**

A APPLICANT *(see notes 2 to 8)*

	I.D. CARD / PASSPORT	MSE A/C NO.

DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY

LEI (Legal Entity Identifier) *(If applicant is NOT an Individual)*	PLEASE REGISTER ME FOR E-PORTFOLIO ☐	MOBILE NO. *(mandatory for e-portfolio)*

B ADDITIONAL (JOINT) APPLICANTS *(see note 3)* *(please use Addendum to Application Form if space is not sufficient)*

TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY

C DECISION MAKER/MINOR'S PARENTS / LEGAL GUARDIAN(S) / USUFRUCTUARY/IES *(see notes 4 ,7 & 8) (to be completed **ONLY** if applicable)*

TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY

D I/WE APPLY TO PURCHASE AND ACQUIRE *(see note 9)*:

BOX 1 - Nominal Value of Exchangeable Bonds

BOX 2 - Amount of Bonds applied for **in addition** to the nominal holding in the Exchangeable Bonds payable in full upon application under the Terms and Conditions of the Bonds set out in the Prospectus.

BOX 3 - I/We wish to purchase and acquire the amount set out in BOX 3 in Bonds at the Bond Issue Price (at par) pursuant to the Prospectus dated 26 September 2023 (the "Prospectus") (**minimum €1,000 and in multiples of €100 thereafter**).

EXISTING AMOUNT **BOX 1**
€
AMOUNT ADDED IN FIGURES **BOX 2**
€
TOTAL AMOUNT IN FIGURES **BOX 3**
€

AMOUNT IN WORDS

E RESIDENT - FINAL WITHHOLDING TAX ("FWT") DECLARATION *(see notes 10)* *(to be completed ONLY if the Applicant is a resident of Malta)*

☐ I/We elect to receive interest NET of FWT

☐ I/We elect to receive interest GROSS (i.e. without FWT)

F NON-RESIDENT - DECLARATION FOR TAX PURPOSES *(see notes 2 & 11)* *(to be completed ONLY if the Applicant is a non-resident)*

TAX COUNTRY	CITY OF BIRTH
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH

☐ **NOT** resident in Malta but resident in the European Union

☐ **NOT** resident in Malta and **NOT** resident in the European Union

G INTEREST, REFUND AND REDEMPTION MANDATE *(see notes 12 & 13)* *(completion of this panel is **MANDATORY**)*

BANK	IBAN

I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds as contained therein which I/we fully accept.

I/We hereby authorise the Company to forward the details to the Malta Stock Exchange for the purposes of registering the Bonds in my/our MSE account, to register for the e-portfolio (where applicable) and to enable the reporting of all necessary transaction and personal information provided in this Application Form in compliance with Article 26 of MiFIR (Markets in Financial Instruments Regulation) to the Malta Financial Services Authority as competent authority ("**Transaction Reporting**"). Furthermore, I/we understand and acknowledge that the Company may require additional information for Transaction Reporting purposes and agree that such information will be provided.

Signature/s of Applicant/s
(Parent/s or legal guardian/s are/is to sign if Applicant is a minor)
(All parties are to sign in the case of a joint Application)
(Bare owner/s and usufructuary/ies to sign in the case of holdings of Bonds that are subject to usufruct)

Date

AUTHORISED FINANCIAL INTERMEDIARY'S STAMP	AUTHORISED FINANCIAL INTERMEDIARY'S CODE	APPLICATION NUMBER

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 26 September 2023 regulating the Bond Issue

This Application Form is not transferable and entitles you to a preferential treatment as holder of the 6% AX Investments p.l.c. 2024 (the "**Exchangeable Bonds**") and is to be submitted as a method of payment where the Applicant selects to apply for the 5.85% AX Group p.l.c. Unsecured Bonds 2033 (the "**Bond/s**") so as to transfer to the Issuer all or part of the holding in the Exchangeable Bond held by the Applicant as at the Cut-Off Date, the nominal value of which is set out in Box 1 of Panel D. By submitting this signed Application Form, Existing Bondholders shall be deemed to:

i. cause the transfer of the said Exchangeable Bonds in the Issuer's name in consideration of the issue of Bonds; and
ii. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Exchangeable Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant.

1. This Application is governed by the Terms and Conditions of the Bond Issue contained in Section 6 of the Securities Note dated 26 September 2023 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.

2. The Application Form is to be completed in BLOCK LETTERS. For applicants who are non-residents In Malta for tax purposes, the relative box in Panel F must be completed.

3. The MSE account number pertaining to the Existing Bondholders, has been preprinted in Panel A and reflects the MSE account number on the bond register of the Exchangeable Bonds held at the CSD as at 22 September 2023 (trading session of the 19 September 2023). If an MSE account pertains to more than one person (including husband and wife), the full details of all individuals must be given in Panels A and B but the first named bondholder shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 6 below). Applications by more than two persons are to use the Addendum to the Application Form.

   Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel A), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on *https://eportfolio.borzamalta.com.mt/*. Further detail on the e-portfolio may be found on *https://eportfolio.borzamalta.com.mt/Help*.

4. Applications in the name of minors shall be allotted Bonds in their name as Bondholders, with interest and redemption proceeds payable to the account written in Panel G, which should be in the name of the parent/s or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Company has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. Panel C must be inserted with full details of the parents/legal guardians.

5. In the case of a body corporate, a valid Legal Entity Identifier ("**LEI**") needs to be inserted in Panel A. **Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar**. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.

6. **EXISTING BONDHOLDERS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF. A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE, WILL HAVE TO BE EFFECTED.**

7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "**decision maker**") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in Panel C.

8. Where an MSE account number is held subject to usufruct, Panel C needs to be completed and both the bare owner/s and the usufructuary/ies are to sign this Application Form.

9. **The amount set out in Box 3 of Panel D overleaf must be for a minimum of €1,000 and in multiples of €100**. Where the Applicant wishes to acquire a number of Bonds having an aggregate value which exceeds the nominal value of the number of Exchangeable Bonds set out in Box 1 of Panel D, the Applicant may do so by including such higher amount in Box 3 in Panel D. In such case, the Applicant must ensure that the relative Application Form is accompanied by payment of the difference between the full price of the amount of Bonds applied for and the nominal value of Exchangeable Bonds being transferred as set out in Box 2.

10. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. The Company will render an account to the Maltese Commissioner for Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund will have final withholding tax (currently 10%), deducted from interest payments.

    In terms of Section 7.2 of the Securities Note, unless the Company is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the laws of Malta).

11. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

    The contents of Notes 10 and 11 above do not constitute tax advice by the Company and Applicants are to consult their own independent tax advisors in case of doubt.

12. Interest, refund and redemption proceeds will be credited to the account indicated in Panel G or as otherwise amended by the Bondholder/s during the term of the Bond.

13. The Offer Period will open at 08:30 hours on 5 October 2023 and will close at 12:00 hours on 23 October 2023. The Issuer reserves the right to close the Offer Period before the 23 October 2023 with respect to any one or more classes of Applicants depending on the level of subscription in the Bond Issue. Application for Bonds may be lodged with any Authorised Financial Intermediary listed in Annex II of the Securities Note during normal office hours. Applications remitted by post will be accepted at the respective Authorised Financial Intermediary's discretion. If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies equivalent to the number of Bonds not being accepted will be returned by direct credit into the IBAN specified in panel G.

14. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
    a. the Company or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR) (EU) 2016/679 as amended from time to time;
    b. the Company may process such personal data for all purposes necessary for and related to the Bonds applied for; and
    c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Company.

    Any such requests must be made in writing and addressed to the Company. The request must be signed by yourself as the Applicant to whom the personal data relates.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds on offer will be repayable in full upon redemption. An investor should consult a financial advisor, licensed under the Investment Services Act (Cap. 370 of the laws of Malta), for advice.

AX GROUP P.L.C.
€40,000,000 5.85% UNSECURED BONDS 2033
APPLICATION FORM B - PREFERRED APPLICANTS

This Application Form is not transferable and entitles you to subscribe for AX Group p.l.c. 5.85% Unsecured Bonds 2033 as a Preferred Applicant as defined in the Prospectus dated 26 September 2023. Please read the notes overleaf before completing this Application Form. **Mark 'X' where applicable.**

A APPLICANT *(see notes 2 to 8)*

	I.D. CARD / PASSPORT	MSE A/C NO.

DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
LEI (Legal Entity Identifier) *(If applicant is NOT an Individual)*		PLEASE REGISTER ME FOR E-PORTFOLIO ☐	MOBILE NO. *(mandatory for e-portfolio)*

B ADDITIONAL (JOINT) APPLICANTS *(see note 3)* *(please use Addendum to Application Form if space is not sufficient)*

TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY

C DECISION MAKER/MINOR'S PARENTS / LEGAL GUARDIAN(S) / USUFRUCTUARY/IES *(see notes 4, 7 & 8) (to be completed **ONLY** if applicable)*

TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
TITLE (Mr/Mrs/Ms/...)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY

D I/WE APPLY TO PURCHASE AND ACQUIRE *(see note 9)*:

AMOUNT IN FIGURES	AMOUNT IN WORDS
€	

AX Group p.l.c. 5.85% Unsecured Bonds 2033 (the "Bonds") (**minimum subscription of €1,000 and in multiples of €100 thereafter**) at the Bond Issue Price (at par), as defined in the Prospectus dated 26 September 2023 (the "Prospectus"), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Prospectus.

E RESIDENT - FINAL WITHHOLDING TAX ("FWT") DECLARATION *(see notes 10 & 11)* *(to be completed ONLY if the Applicant is a resident of Malta)*

☐ I/We elect to receive interest NET of FWT ☐ I/We elect to receive interest GROSS (i.e. without FWT)

F NON-RESIDENT - DECLARATION FOR TAX PURPOSES *(see notes 2 & 11)* *(to be completed ONLY if the Applicant is a non-resident)*

TAX COUNTRY	CITY OF BIRTH
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH

☐ **NOT** resident in Malta but resident in the European Union ☐ **NOT** resident in Malta and **NOT** resident in the European Union

G INTEREST, REFUND AND REDEMPTION MANDATE *(see notes 12 & 13)* *(completion of this panel is **MANDATORY**)*

BANK	IBAN

I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds as contained therein which I/we fully accept.
I/We hereby authorise the Company to forward the details to the Malta Stock Exchange for the purposes of registering the Bonds in my/our MSE account, to register for the e-portfolio (where applicable) and to enable the reporting of all necessary transaction and personal information provided in this Application Form in compliance with Article 26 of MiFIR (Markets in Financial Instruments Regulation) to the Malta Financial Services Authority as competent authority ("**Transaction Reporting**"). Furthermore, I/we understand and acknowledge that the Company may require additional information for Transaction Reporting purposes and agree that such information will be provided.

Signature/s of Applicant/s
(Parent/s or legal guardian/s are/is to sign if Applicant is a minor)
(All parties are to sign in the case of a joint Application)
(Bare owner/s and usufructuary/ies to sign in the case of holdings of Bonds that are subject to usufruct)

Date

AUTHORISED FINANCIAL INTERMEDIARY'S STAMP	AUTHORISED FINANCIAL INTERMEDIARY'S CODE	APPLICATION NUMBER

Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 26 September 2023 regulating the Bond Issue

1. This Application is governed by the Terms and Conditions of the Bond Issue contained in Section 6 of the Securities Note dated 26 September 2023 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.

2. The Application Form is to be completed in BLOCK LETTERS. For applicants who are non-residents In Malta for tax purposes, the relative box in Panel F must be completed.

3. The MSE account number pertaining to the Preferred Applicants, has been preprinted in Panel A and reflects the MSE account number on the respective register held at the CSD as at 22 September 2023 (trading session of the 19 September 2023). If an MSE account pertains to more than one person (including husband and wife), the full details of all individuals must be given in Panels A and B but the first named bondholder shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 6 below). Applications by more than two persons are to use the Addendum to the Application Form.

   Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel A), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on *https://eportfolio.borzamalta.com.mt/*. Further detail on the e-portfolio may be found on *https://eportfolio.borzamalta.com.mt/Help*.

4. Applications in the name of minors shall be allotted Bonds in their name as Bondholders, with interest and redemption proceeds payable to the account written in Panel G, which should be in the name of the parent/s or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Company has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. Panel C must be inserted with full details of the parents/legal guardians.

5. In the case of a body corporate, a valid Legal Entity Identifier ("**LEI**") needs to be inserted in Panel A. **Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar**. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.

6. **PREFERRED APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF. A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE, WILL HAVE TO BE EFFECTED.**

7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "**decision maker**") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in Panel C.

8. Where an MSE account number is held subject to usufruct, Panel C needs to be completed and both the bare owner/s and the usufructuary/ies are to sign this Application Form.

9. **Applications must be for a minimum subscription of €1,000 and thereafter in multiples of €100 and must be accompanied by the relevant subscription amount in Euro.**

10. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. The Company will render an account to the Maltese Commissioner for Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund will have final withholding tax (currently 10%), deducted from interest payments.

    In terms of Section 7.2 of the Securities Note, unless the Company is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the laws of Malta).

11. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

    The contents of Notes 10 and 11 above do not constitute tax advice by the Company and Applicants are to consult their own independent tax advisors in case of doubt.

12. Interest, refund and redemption proceeds will be credited to the account indicated in Panel G or as otherwise amended by the Bondholder/s during the term of the Bond.

13. The Offer Period will open at 08:30 hours on 5 October 2023 and will close at 12:00 hours on 23 October 2023. The Issuer reserves the right to close the Offer Period before the 23 October 2023 with respect to any one or more classes of Applicants depending on the level of subscription in the Bond Issue. Application for Bonds may be lodged with any Authorised Financial Intermediary listed in Annex II of the Securities Note during normal office hours. Applications remitted by post will be accepted at the respective Authorised Financial Intermediary's discretion. If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies equivalent to the number of Bonds not being accepted will be returned by direct credit into the IBAN specified in panel G.

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    a. the Company or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR) (EU) 2016/679 as amended from time to time;
    b. the Company may process such personal data for all purposes necessary for and related to the Bonds applied for; and
    c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Company.

    Any such requests must be made in writing and addressed to the Company. The request must be signed by yourself as the Applicant to whom the personal data relates.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds on offer will be repayable in full upon redemption. An investor should consult a financial advisor, licensed under the Investment Services Act (Cap. 370 of the laws of Malta), for advice.

ANNEX II

Authorised Financial Intermediaries

NAME	ADDRESS	TELEPHONE
APS Bank p.l.c.	APS Centre, Tower Street, Birkirkara BKR 4012	25603000
Bank of Valletta p.l.c.	Premium Banking Centre, 475, Triq il-Kbira San Guzepp St Venera SVR 1011 (Applications accepted from all Branches, Investments Centres and Wealth Mgmt)	22751732
Calamatta Cuschieri Investment Services Ltd	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	25688688
CiliaFormosa Financial Advisors Ltd	Triq id-Delu Mosta, MST 3355	22260200
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	21347331
FINCO Treasury Management Ltd	The Bastions, Office No 2, Emvin Cremona Street, Floriana FRN 1281	21220002
Hogg Capital Investments Ltd	NuBis Centre, Mosta Road, Lija LJA 9012	21322872
HSBC Bank (Malta) p.l.c.	116, Archbishop Street Valletta VLT 1444	23802380
Jesmond Mizzi Financial Advisors Ltd	67 Level 3, South Street, Valletta VLT 1105	21224410
Lombard Bank Malta p.l.c.	67, Republic Street, Valletta VLT 1117	25581806
MeDirect Bank (Malta) p.l.c.	The Centre, Tigne` Point, Sliema TPO 0001	25574400
Michael Grech Financial Investment Services Ltd	The Brokerage, Level 0A St Marta Street Victoria, Gozo VCT 2550	22587000
MZ Investment Services Ltd	63, St. Rita Street, Rabat RBT 1523	21453739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Fourth Floor, High Street, Sliema SLM 1551	22583000
Timberland Invest Ltd	CF Business Centre, Triq Gort, St Julians STJ 9023	20908100

ANNEX III

FINANCIAL ANALYSIS SUMMARY

DATED 26 SEPTEMBER 2023

ISSUER:

AX GROUP P.L.C.
(C 12271)

Prepared by

MZ INVESTMENTS

MZ INVESTMENTS

MZ Investment Services Limited
63, 'MZ House', St Rita Street, Rabat RBT 1523, Malta
E info@mzinvestments.com W mzinvestments.com

The Directors
AX Group p.l.c.
AX Business Centre
Triq id-Difiza Civili
Mosta MST 1741
Malta

26 September 2023

Dear Board Members,

Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the MFSA Listing Policies, we have compiled the Financial Analysis Summary (the "**Analysis**") set out on the following pages and which is being forwarded to you together with this letter.

The purpose of this Analysis is that of summarising key financial data appertaining to AX Group p.l.c. (the "**Issuer**", "**AX Group**", or "**Group**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the most recent three financial years (ending 31 October 2020, 31 October 2021, and 31 October 2022) has been extracted from the respective audited consolidated annual financial statements.

(b) The forecast and projected data for the financial years ending 31 October 2023 and 31 October 2024 has been provided by the Group.

(c) Our commentary on the financial performance, cash flows, and financial position of AX Group is based on explanations provided by the Issuer.

(d) The ratios quoted in this Analysis have been computed by us applying the definitions set out in Part 4 – 'Explanatory Definitions' of this report.

(e) Relevant financial data in respect of the companies included in Part 3 – 'Comparative Analysis' of this Analysis has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies, as well as other sources providing financial data.

This Analysis is meant to assist investors and potential investors in the securities of AX Group by summarising the more important financial data of the Group. This Analysis does not contain all data that is relevant to investors or potential investors. This Analysis does not constitute an endorsement by our firm of any securities of AX Group and therefore should not be interpreted as a recommendation to invest or not invest in any of these securities. We will not accept any liability for any loss or damage arising out of the use of this Analysis. As with all investments, potential investors are encouraged to seek professional advice before investing in these securities.

Yours faithfully,

Evan Mohnani
Head of Corporate Broking

TABLE OF CONTENTS

PART 1 – INFORMATION ABOUT THE GROUP

1. ABOUT AX GROUP

AX Group is engaged in the provision of hospitality services, leisure, and entertainment ("**AX Hotels**"); retirement residences and elderly care ("**AX Care**"); property development ("**AX Development**"); construction and building materials ("**AX Construction**"); as well as ownership of real estate mainly through AX Real Estate p.l.c. ("**AX Real Estate**") ("**AXRE**"). In addition, the Group has a 50% shareholding in a joint venture that owns properties in an industrial park (Hardrocks Estates Limited) and has substantial shareholding in two associates that are involved in renewable energy projects (Imselliet Solar Limited) and the management of Valletta Cruise Port.

The Group commenced its business in the 1970s, first as a property construction and development company before diversifying into the hotel industry in the 1980s through the launch of Sunny Coast Resort & Spa and Odycy Hotel (formerly Seashells Resort at Suncrest), both located in Qawra. Thereafter, AX Group continued to grow its hospitality division with the development of The Victoria Hotel and The Palace in 1996 and 2007 respectively, both located in Sliema. These were followed by the acquisition and restoration of two upmarket boutique properties located in Valletta – The Saint John (2015) and Rosselli (2016) – which welcomed their first guests in August 2017 and May 2019 respectively.

Over the years, the **AX Hotels** brand has carved a unique status in the local hospitality market as a hotel operator that caters for a wide range of diverse tastes. Across its hotel properties, as well as its various highly distinguished food and beverage outlets, the Group's hospitality division is the largest operating segment of the Group.

AX Construction and **AX Development** are also very important operating arms of the Group having been entrusted with a number of major projects including the Valletta Cruise Port, the Group's own hotels, the Verdala Mansions, Capua Hospital, is-Suq tal-Belt, the Hilltop Complex (which comprises the Hilltop Gardens Retirement Village and the Simblija Care Home), and the Parliament Building amongst others. Furthermore, AX Construction gained specialisation in the restoration of various buildings which are also deemed to be among Malta's most valuable from a cultural and historical perspective.

In FY2014 and FY2015, the Group developed the Hilltop Complex which is operated under the **AX Care** brand. The complex offers independent living with access to a range of facilities and amenities, as well as a 24-hour care and nursing home for dependent elderly residents who require intensive health support.

In FY2016, AX Group increased its shareholding in Valletta Cruise Port plc to 36.4% from 24% for a total consideration of €3.9 million. The value of this investment, together with the Group's shareholding interests in Imselliet Solar Limited (33.3%) and Hardrocks Estates Limited (50%) stood at €8.29 million as at 30 April 2023.

In December 2019, AX Group issued €25 million in unsecured bonds[1], the net proceeds of which were used for (i) the acquisition and development of Palazzo Lucia, Valletta (€9 million); (ii) the acquisition of a site located in Marsa (€7 million); refinancing of debt (€4.5 million); as well as (iv) general corporate funding requirements (€4 million). The acquisitions of Palazzo Lucia and the site in Marsa were completed in May 2020. Following extensive restoration and upgrading, Palazzo Lucia is expected to be inaugurated as a high-end office building and leased to third parties by the end of calendar year 2023.

During FY2020, the Group was involved in the development of the Targa Gap Complex. The building houses the Group's head office and includes residential units, office space leased to third parties, as well as four levels of underground parking. All the 14 residential units that were placed on the market have been sold whilst the Group leases the remaining seven units to third parties. Similarly, during FY2022 and H1 2023, AX Group concluded the sale of the remaining units within Falcon House, Sliema, and leased the available office space to third parties. Falcon House is located adjacent to the Falcon House Complex and comprises two levels of office space, eight luxury apartments, and a penthouse.

In FY2021, the Group commenced civil works on the site previously occupied by the 160-room five-star Grand Hotel Verdala. The site is located in a Special Designated Area in Tal-Virtù, Rabat, and was acquired by the Group in March 1997. It is currently being redeveloped into: (i) a 40-room five-star all-suite Verdala Hotel that will also include 23 additional serviced/self-catering units; and (ii) two residential blocks comprising a total of 87 units for resale. Furthermore, the project entails the refurbishment of 19 existing apartments (known as Virtu Heights) that will be annexed to the Verdala Hotel.

In February 2022, AX Group listed **AXRE** on the Main Market of the Malta Stock Exchange, with 25% of the company's ordinary 'A' shares being taken up by the general public. Through this transaction, €13.65 million in new equity was raised. In conjunction, AXRE also issued €40 million unsecured bonds redeemable in 2032. The general public subscribed to €18.35 million of the bonds whilst the remaining €21.65 million was allocated to AX Group through the part conversion of an existing intra-group loan with AXRE. The current balance of AXRE bonds held by the Issuer has been reduced to €18.08 million (nominal). It is the Issuer's intention to further dispose of such bonds held by it at the opportune time to ascertain sufficient liquidity for future projects.

Also in 2022, AX Group acquired the La Ferla building which is situated in Tower Road c/w Tigné Street, Sliema, for a consideration of €2.3 million. The transaction was financed from accumulated reserves. In this respect, the Group has started the process to obtain the necessary permits for the eventual redevelopment of the building.

[1] The €15 million 3.25% AX Group plc 2026 Series I and the €10 million 3.75% AX Group plc 2029 Series II.

2. DIRECTORS AND EXECUTIVE MANAGEMENT

2.1 BOARD OF DIRECTORS

The Board of Directors of AX Group consists of seven individuals who are entrusted with the overall direction, strategy, and management of the Group:

Angelo Xuereb	Executive Chairman
Michael Warrington	Executive Director and Chief Executive Officer
Denise Xuereb	Executive Director (AX Construction and AX Development)[2]
Claire Zammit Xuereb	Executive Director (AX Hospitality and AX Care)
John Soler	Independent Non-Executive Director
Josef Formosa Gauci	Independent Non-Executive Director
Christopher Paris	Non-Executive Director

2.2 EXECUTIVE MANAGEMENT

The Executive Management team of AX Group is composed of the following individuals:

Michael Warrington	Executive Director and Chief Executive Officer
Denise Xuereb	Executive Director (AX Construction and AX Development)[3]
Claire Zammit Xuereb	Executive Director (AX Hospitality and AX Care)
Albert Bonello	Managing Director, Finance and Administration
David Wain	Chief Legal Officer
Nicholai (aka Nicky) Camilleri	Chief Operations Officer
Marthese Vella	Chief Technical Officer
Caroline Schembri	Head of Administration
Josephine Grima	Head of Human Resources
Kevin Callus	General Manager, Sliema and Valletta properties
Joseph Vella	General Manager, Qawra properties
Jocelyn Cuomo	Head of Marketing and Public Relations
Lawrence Degabriele	Head of Information Technology

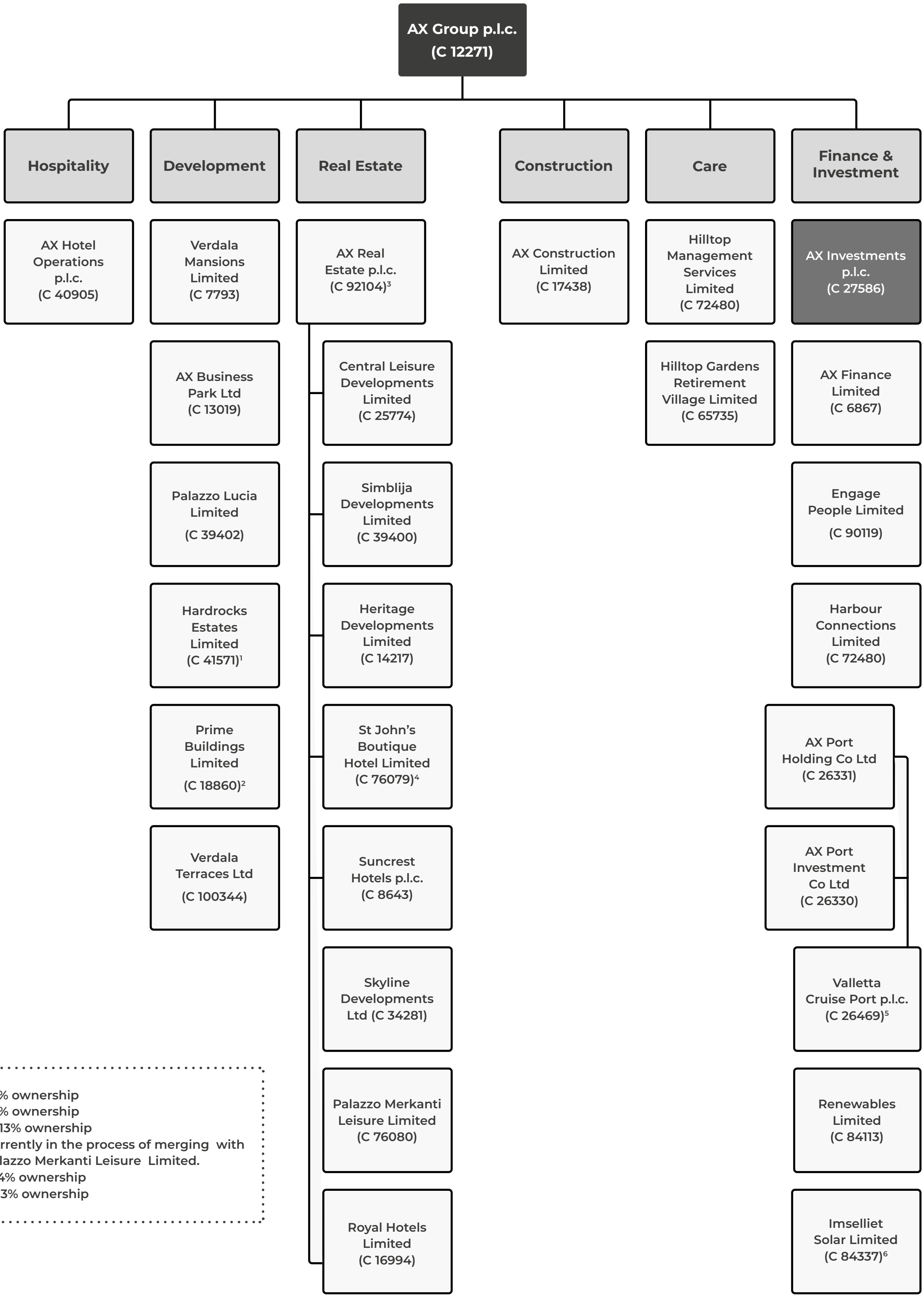
The average number of persons employed by the Group (including the Directors) during FY2022 stood at 684 (FY2021: 577).

3. ORGANISATIONAL STRUCTURE

AX Group is ultimately owned by Angelo Xuereb (55%), Richard Xuereb (15%), Claire Zammit Xuereb (15%)[4] , and Denise Xuereb (15%)[5]. The diagram overleaf illustrates the organisational structure of the Group.

During FY2021, the Group went through a reorganisation exercise with the aim of consolidating its main property letting activities under a single entity – i.e., AXRE. **A description of the operational activities of AXRE, together with an analysis of the company's performance and forecasts, is included in the Financial Analysis Report dated 28 April 2023 which is available at: https://axinvestor-relations.mt/ax-real-estate/.**

[2] Denise Xuereb is also the Chief Executive Officer of AXRE.
[3] Denise Xuereb is also the Chief Executive Officer of AXRE.
[4] Through The Lotus Co Ltd.
[5] Through DX Holdings Limited.



[1] 50% ownership
[2] 75% ownership
[3] 91.13% ownership
[4] Currently in the process of merging with Palazzo Merkanti Leisure Limited.
[5] 36.4% ownership
[6] 33.3% ownership

4. PRINCIPAL PROPERTY ASSETS

The table below provides a list of the principal properties of the Group and their respective asset values as at the end of each of FY2020, FY2021, and FY2022. The year-on-year movement in the carrying value of each principal property mainly reflects additions, disposals, depreciation and, or fair value adjustments. The net movement in revaluation of each principal property during the financial years under review is provided separately in the table hereunder.

AX Group p.l.c. Principal Property Assets As at 31 October	2020 €'000	2021 €'000	2022 €'000	Revaluation FY2020 - FY2022 €'000
Qawra Hotels [1]	93,468	93,469	111,150	(11,374)
Sliema Hotels [2]	72,029	79,870	75,864	(1,748)
Hilltop Complex, Naxxar [3]	45,158	47,485	48,585	6,438
Verdala Project, Rabat [4]	28,877	27,985	44,728	(1,347)
Valletta Hotels [5]	19,294	22,698	20,849	4,536
Tad-Dwiemes, Marsa [6]	18,756	18,758	19,000	242
Targa Gap Complex, Mosta [7]	12,244	12,615	10,715	1,947
Palazzo Capua, Sliema	8,687	8,940	9,300	766
Hardrocks Business Park, Burmarrad [8]	6,349	6,950	7,600	827
Palazzo Lucia, Valletta	5,705	5,828	6,507	-
Villa Vistana, Mosta	3,800	5,250	5,250	1,533
Falcon House Offices, Sliema	-	4,320	5,050	4,067
La Ferla Building, Sliema [9]	-	-	2,417	-
Other	14,672	12,321	10,644	(1,173)
	329,039	346,489	377,659	4,714

*1 Odycy Hotel, Sunny Coast Resort & Spa, and Luzzu Complex.

*2 The Palace and The Victoria Hotel.

*3 Hilltop Gardens Retirement Village and Simblija Care Home.

*4 Verdala Hotel, Verdala Hotel Annex, and Verdala Terraces.

*5 The Saint John and Rosselli.

*6 Plot of land which is currenty not in use.

*7 Property principally serves as the Group's head office. Some office space and residential units are leased to third parties.

*8 Nine warehouses and an office block in an industrial complex.

*9 Property earmarked for future redevelopment.

4.1 QAWRA HOTELS

4.1.1 ODYCY HOTEL

Odycy Hotel is a four-star hotel located on the Qawra seafront designed in a contemporary and modern style. The hotel suspended its operations in Q4 2021 for the purpose of pursuing a major investment comprising the addition of four floors which increased the total number of rooms by 147 to 599 rooms; and the redevelopment, upgrading, and extension of the hotel's extensive public and outdoor areas including new pools, restaurants, bars, and other facilities. Simultaneously, the hotel's lido area, which spans the entire panorama of Odycy Hotel, was demolished and redeveloped. This now includes an underground car park, whilst above ground there are different sections for adults, family, and children (including a small waterpark). It is envisaged that the lido's pool will eventually form part of a series of laguna pools, restaurants, and commercial outlets that would include the areas currently appertaining to Luzzu Complex and Sunny Coast Resort & Spa.

The soft opening of Odycy Hotel took place in late May 2023. The property offers a wide range of accommodation options and catering to various preferences (including all-inclusive basis). From family-friendly and economy rooms to high-end suites, the hotel appeals to a broad audience with different budget levels and tastes. Moreover, Odycy Hotel boasts various facilities and 11 signature dining choices including the upscale sky bar Medusa, Mediterranean fusion restaurant Minoa, sophisticated hotel lounge bar Sidestreet, buffet restaurant Deck & Keel, and other family-friendly restaurants. The overall cost of the project amounted to circa €72 million which is around €20 million above the budgeted figure. The material variance was due to design and specification changes including a considerable increase in the scope of works, as well as inflationary pressures.

The Group's medium-term plans for its properties in Qawra envision two additional ambitious investments that would entail the redevelopment of the lido areas appertaining to Luzzu Complex and Sunny Coast Resort & Spa ("**Qawra Project – Phase 2**"), as well as the demolition and rebuilding of the Sunny Coast Resort & Spa ("**Qawra Project – Phase 3**"). Further information in this regard can be found in Section 6 – 'Major Committed Projects' of this Analysis.

Legal and Arbitration Proceedings

The Commissioner of Lands has instituted claims against the Group for damages for the alleged illegal occupation of land forming part of Odycy Hotel lido and Sunny Coast Resort & Spa lido, which claims are being contested by the Group. Detailed negotiations were held with the Commissioner of Lands in June and July 2021 to discuss the possibility of reaching an out of court settlement agreement, pursuant to which the Commissioner of Lands would be compensated for past use, and the Group would acquire a long-term title of lease over the contested land.

During the last sitting of the proceedings, it was reported that the contested land had been declassified from public domain status, thus allowing for the conclusion of the transaction. The proceedings have been deferred until March 2024, unless previously settled.

4.1.2 SUNNY COAST RESORT & SPA

The Sunny Coast Resort & Spa is a 92-room four-star aparthotel situated in Qawra that offers self-catering apartments with resort facilities. In total, it occupies a gross floor area of approximately 6,000 sqm. The property has operated in the vacation ownership market since 1983 but ceased such activity on expiration of the timeshare contracts in December 2021. The Sunny Coast Resort & Spa features a restaurant, indoor and outdoor pools, spa and leisure facilities, as well as a fitness centre. Furthermore, the adjacent lido includes a number of restaurants which are leased to independent third parties, an indoor swimming pool, a spa, an outdoor pool, and other sports facilities which are also leased to third parties.

4.1.3 LUZZU COMPLEX

The **Luzzu Complex** occupies a gross floor area of circa 2,235 sqm and comprises a seaside restaurant, a beach club, and a recently refurbished conference centre which accommodates up to 300 delegates in theatre style and 450 guests in receptions.

4.2 SLIEMA HOTELS

4.2.1 THE PALACE

The Palace is a luxurious 144-room five-star city hotel located in a prime location in Sliema that has a strong appeal to business travellers owing to its extensive conference and events facilities. The hotel, which opened its doors for business in 2007, marked AX Group's first investment in the five-star hotel segment. The Palace offers a wide range of facilities to its guests, including five restaurants, an outdoor infinity pool on the rooftop terrace, a freshwater indoor pool, a steam and sauna room, as well as spa, health and fitness centre. The hotel has an underground car park common with The Victoria Hotel. Indeed, the proximity between The Palace and The Victoria Hotel allows both hotels to centralise their management function and share many of their fixed costs with a view of maximising efficiencies and returns.

4.2.2 THE VICTORIA HOTEL

The Victoria Hotel is a 142-room Victorian-style hotel located in the heart of Sliema. The hotel, which is marketed as a classical five-star experience in a four-star accommodation, opened for business in 1997 and was last refurbished in 2018. The hotel features elegant rooms, outdoor and indoor pools, a steam and sauna room, spa facilities, a health and fitness centre, as well as multi-purpose conference halls. It also houses the Copperfields Restaurant and the Penny Black bar. The hotel has an underground car park accessible from the entrance to The Palace car park which can accommodate up to 108 cars.

The Victoria Hotel also operates part of the adjacent Palazzo Capua which is owned by AX Group.[6] The remaining part of the 200-year-old neoclassic building (i.e., the top floor, penthouse, and basement areas) are expected to be leased to third parties as from FY2024.

[6] Palazzo Capua houses five luxurious guest suites, four of which are on two floors. Furthermore, it serves as an exclusive meetings venue whilst its main hall offers outstanding facilities for receptions and banquets which target both business and social functions.

4.3 VALLETTA HOTELS

4.3.1 THE SAINT JOHN

The Saint John is a 19-room boutique hotel located in Merchants Street. Once a former merchant's residence and shop, The Saint John was refashioned into a modern hospitable setting while preserving the building's rich historical fabric. Each of its rooms exude an urban industrial feel with exposed brick and natural materials, combining on-trend style with luxury and the latest in-room technology. The boutique hotel features two private meeting rooms accommodating 16 in-theatre style or eight as a board room which are ideal for the frequent business traveller who needs to make use of desk space in an office-like setting during his stay. The Saint John is also home to the catering establishment Cheeky Monkey Gastropub.

4.3.2 ROSSELLI

AX Group holds Rosselli under the title of temporary emphyteusis subject to an annual ground rent of just under €14,000. The 25-room five-star boutique hotel is one of the most prestigious old palazzos in Valletta. Rosselli is housed in a luxurious property displaying a fusion of traditional and contemporary design complemented by an advanced suite of technology services for guests. Apart from a three-level restaurant with varied cuisine genres – namely Under Grain, Grain, and Over Grain which offer customers refined culinary experiences on each level with Under Grain having been one of the first to have clinched a Michelin Star in Malta – the boutique hotel has a rooftop terrace and swimming pool. Additionally, hotel butler service is available at providing a tailor-made experience for guests staying at Rosselli.

4.4 HILLTOP COMPLEX

4.4.1 HILLTOP GARDENS RETIREMENT VILLAGE

The retirement village was Malta's first of its sort. It comprises private residences in the form of one- or two-bedroom self-catering apartments and penthouses which are finished to very high standards surrounded with landscaped gardens and complimentary facilities. The complex also includes a spa, hair salon, swimming pool, restaurant, crafts centre, indoor and outdoor kids play areas, library, common room and hall, chapel, and extensive underground parking facilities. A reception desk and security personnel complement the residences.

Residents may also request certain services that are provided at a charge, including cleaning, repairs, and maintenance of apartments, as well as preparation and delivery of meals. The setup of the residences allows residents to live independently within a secure community knowing that care is at hand should the need arise. The Hilltop Gardens Retirement Village welcomed its first residents in January 2016 and by August 2018, all 133 apartments in the village had been occupied on leases for definite periods ranging from one month to 50 years by individuals who at the time of taking up residence must be over 55 years of age.

Subject to obtaining the necessary development permits, it is the intention of the Group to construct additional residential units intended to be leased in line with the business model of Hilltop Gardens Retirement Village. No specific date has been set for the initiation of this project.

4.4.2 SIMBLIJA CARE HOME

The 153-bed care home provides intensive nursing to the more dependent elderly residents. It also operates the Revive Physiotherapy Centre which has its own fully equipped state-of-the-art hydrotherapy pool; dedicated services and amenities for short term respite care, convalescence, and post-operative recovery; as well as a specialised dementia ward offering support and assistive technology specifically selected and installed for residents with dementia.

4.5 VERDALA PROJECT

Following demolition of the Grand Hotel Verdala between August and September 2021, construction works on the Verdala Project commenced in October 2021. The development comprises: (i) a 40-room five-star all-suite **Verdala Hotel** which will also incorporate 23 serviced/self-catering units and a state-of-the-art spa offering tailor-made packages, wellness programmes, and retreats that drive long-term positive change; and (ii) an exclusive residential component made up of a total of 87 units earmarked for resale spread over two blocks (Block A 'Royal Mansions' and Block B 'Grand Mansions') – **Verdala Terraces**. The project also entails the refurbishment to a luxury standard of the 19 existing Virtù Heights residential units that will be annexed to the Verdala Hotel – **Verdala Hotel Annex**.

The 38 residential units within Royal Mansions will overlook the landscaped gardens and public piazzas that encircle the residential complexes, whilst the 49 units making up the Grand Mansions block offer panoramic views of Mdina. Around 2,350 sqm of formerly developed space will be made accessible to the public through the introduction of public piazzas and open spaces. New unparalleled vistas will be enjoyed by the public from Triq San Bastjan and Triq ir-Rghajja, whilst a multi-level communal pyramidal atrium will include all the communal facilities with a view of creating a physical and visual corridor from Triq ir-Rghajja to the ridge views overlooking Malta. By reducing the overall height from the demolished building by almost two storeys, the Verdala Project is being developed in such a way as to blend more harmoniously with the promontory. A system of terraces and voids on the ridge side of the building will mimic the natural forms of the rock strata, whilst the back elevations will have greater solidity to tie into the traditional façade typology found in the surrounding streets.

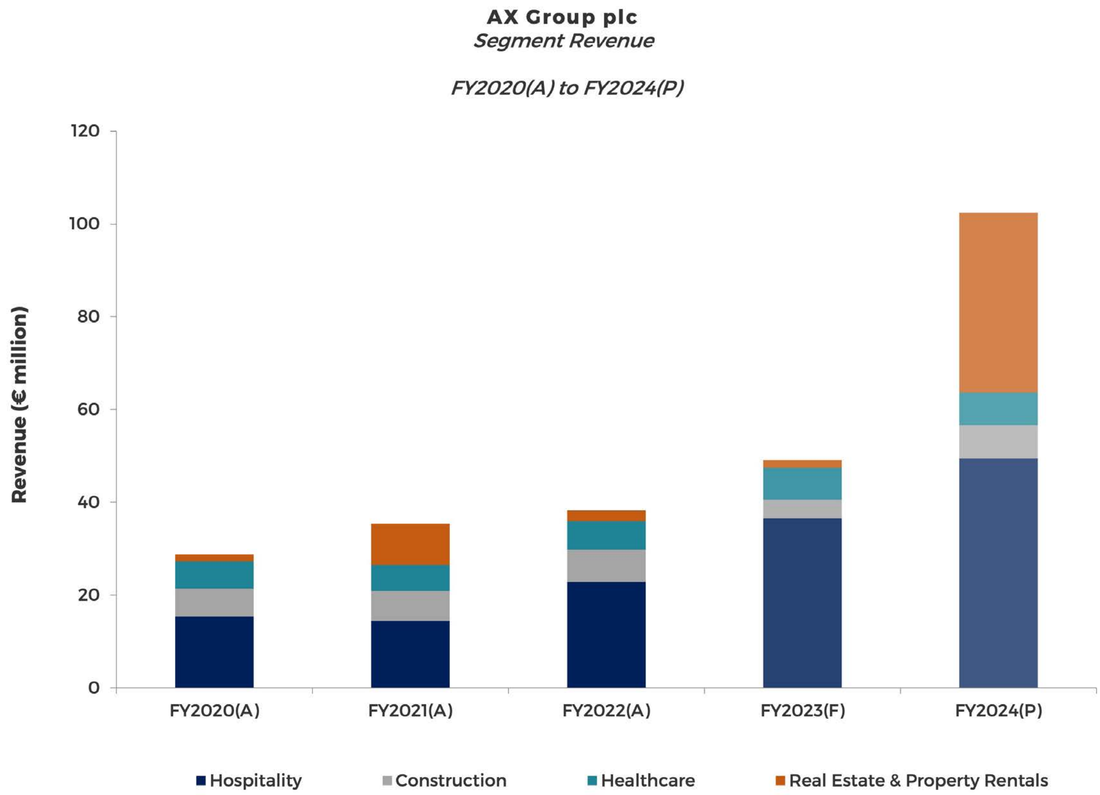
Civil works on the Verdala Terraces have been completed whilst those on the Verdala Hotel are in progress. The Verdala Hotel is expected to start operating in Q4 2024 (i.e., at the start of the Group's 2025 financial year) and will target a new niche market in luxury wellness hospitality in Malta apart from continue diversifying the Group's hotel products to cater towards new and untapped segments. Primarily as a result of high inflation as well as an increase in professional fees, development, and finishing costs, the total expenditure for the Verdala Project is now expected to be around €70 million compared to the earlier projection of €66 million. Included in this amount is the cost related to the development of Verdala Hotel and the refurbishment of Verdala Hotel Annex which will exceed original estimates by €1.5 million and are now expected to amount to €13 million.

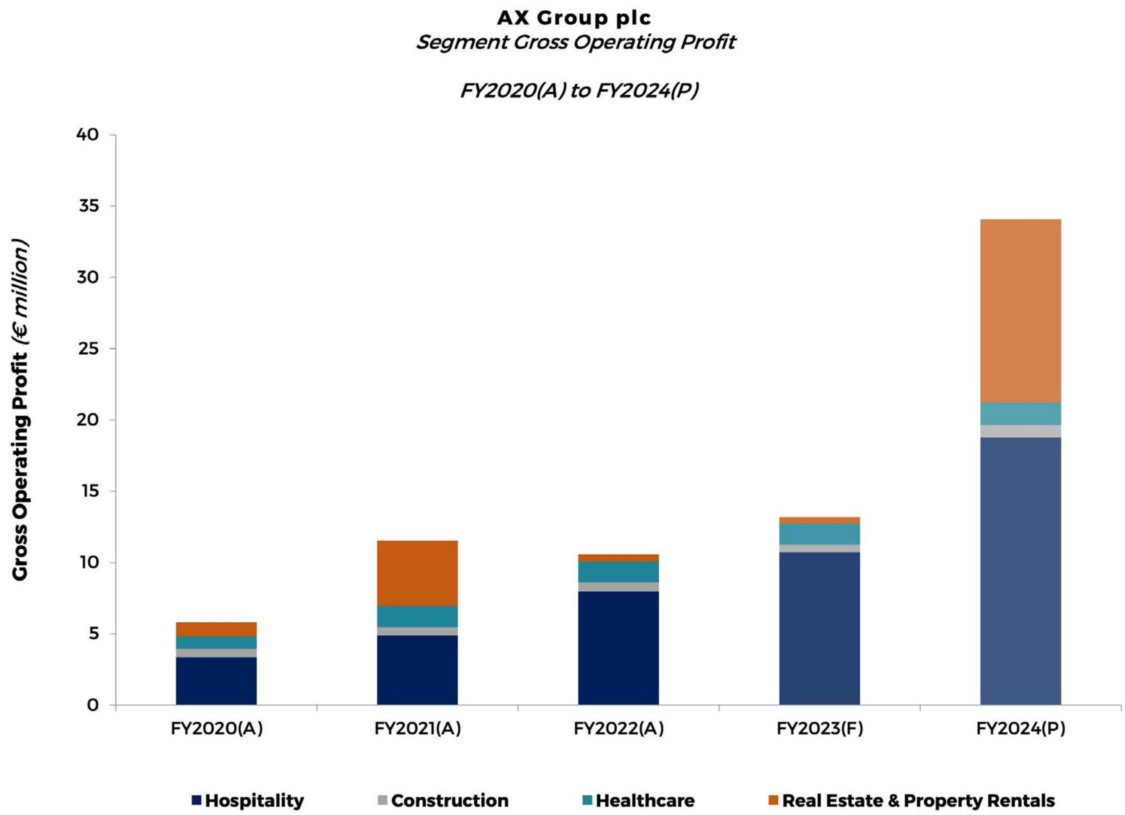
5. SEGMENT INFORMATION

The Group has four principal reportable segments: (i) hospitality; (ii) construction; (iii) healthcare; and (iv) real estate and property rentals.

AX Group p.l.c.					
Segment Information					
For the financial year 31 October	**2020**	**2021**	**2022**	**2023**	**2024**
	Actual	**Actual**	**Actual**	**Forecast**	**Projection**
Revenue *(€'000)*	**29,056**	**35,806**	**38,443**	**50,695**	**102,933**
Hospitality	15,378	14,382	22,793	36,582	49,424
Construction	6,040	6,466	7,025	4,000	7,178
Healthcare	5,877	5,676	6,143	6,854	7,081
Real estate and property rentals	1,421	8,894	2,309	1,734	38,796
Other	340	388	173	1,526	453
Gross operating profit *(€'000)*	**5,787**	**11,525**	**10,556**	**13,186**	**34,067**
Hospitality	3,350	4,885	7,961	10,718	18,775
Construction	586	572	630	527	866
Healthcare [1]	881	1,494	1,471	1,474	1,570
Real estate and property rentals	971	4,574	494	467	12,857
Gross operating profit margin *(%)*	**19.92**	**32.19**	**27.46**	**26.01**	**33.10**
Hospitality	21.78	33.97	34.93	29.30	37.99
Construction	9.70	8.85	8.97	13.17	12.06
Healthcare [1]	14.99	26.32	23.95	21.51	22.16
Real estate and property rentals	68.29	51.43	21.39	26.95	33.14

[1] *GOP for the healthcare division is equivalent to the segment's EBITDA.*


AX Group plc
Segment Revenue
FY2020(A) to FY2024(P)
Revenue (€ million)
120
100
80
60
40
20
0
FY2020(A)
FY2021(A)
FY2022(A)
FY2023(F)
FY2024(P)
Hospitality
Construction
Healthcare
Real Estate & Property Rentals


AX Group plc
Segment Gross Operating Profit
FY2020(A) to FY2024(P)
Gross Operating Profit (€ million)
40
35
30
25
20
15
10
5
0
FY2020(A)
FY2021(A)
FY2022(A)
FY2023(F)
FY2024(P)
Hospitality
Construction
Healthcare
Real Estate & Property Rentals

5.1 HOSPITALITY

The hospitality segment operates a portfolio of hotel properties located in Qawra, Sliema, and Valletta. Revenue includes income from accommodation, food and beverage services, as well as other ancillary services.

An important aspect of the Group's strategy for its hotel properties is to be present in strategic locations and in proximity to one other. AX Group believes that this manner of operating hotels in clusters yields various value-adding advantages such as the allocation of single management teams per location, as well as the creation of internal efficiencies through the reduction of overlap in areas such as marketing, maintenance, accounting, and procurement.

AX Group p.l.c.					
Segment Information – Hospitality					
For the financial year 31 October	**2020**	**2021**	**2022**	**2023**	**2024**
	Actual	**Actual**	**Actual**	**Forecast**	**Projection**
Revenue *(€'000)*	**15,378**	**14,382**	**22,793**	**36,582**	**49,424**
Qawra Hotels	7,488	5,786	5,319	16,377	27,674
Sliema Hotels	6,536	7,093	14,242	16,282	17,129
Valletta Hotels	1,355	1,503	3,232	3,923	4,621
Gross operating profit *(€'000)*	**3,350**	**4,885**	**7,961**	**10,718**	**18,775**
Qawra Hotels	1,859	2,006	1,675	4,470	11,208
Sliema Hotels	1,529	2,516	5,663	5,791	6,701
Valletta Hotels	(38)	363	623	456	866
Gross operating profit margin *(%)*	**21.78**	**33.97**	**34.93**	**29.30**	**37.99**
Qawra Hotels	24.83	34.67	31.49	27.30	40.50
Sliema Hotels	23.39	35.47	39.76	35.57	39.12
Valletta Hotels	(2.83)	24.15	19.28	11.63	18.74
Revenue per available room *(RevPAR) (€)*					
Qawra Hotels	38	40	157	130	110
Sliema Hotels	63	68	136	156	164
Valletta Hotels	84	94	201	244	288
Gross operating profit per available room *(GOPAR) (€)*					
Qawra Hotels	9	14	49	36	44
Sliema Hotels	15	24	54	55	64
Valletta Hotels	(2)	23	39	28	54

The performance of the Group's hospitality division was severely dented during the COVID-19 pandemic particularly in FY2020 and FY2021. Revenue generated during this period stood at circa 40% of the income reported in FY2019, while gross operating profit ("GOP") was lower by 78% and 68% in FY2020 and FY2021 respectively compared to FY2019.

The first signs of the recovery started to emerge in **FY2022** as total turnover generated by the Group's hotels rebounded by 58.48% to €22.79 million (FY2021: €14.38 million) despite the closure of Odycy Hotel in Q4 FY2021. Revenues generated by the hotels located in Sliema and Valletta doubled to €14.24 million (FY2021: €7.09 million) and €3.23 million (FY2021: €1.50 million) respectively reflecting sharp increases in RevPAR and GOPAR. In contrast, the income generated from the Qawra properties eased by 8.07% to €5.32 million compared to €5.79 million in FY2021, reflecting the temporary closure of Odycy Hotel.

The uplift in business translated into a marked improvement in GOP which surged by 62.97% to €7.96 million (FY2021: €4.89 million). The main contributors were the Sliema Hotels which generated a GOP of €5.66 million (FY2021: €2.52 million). The Valletta Hotels also recorded significant growth in GOP despite their minimal contribution to the overall profitability of the Group's hospitality division. On the other hand, the Qawra Hotels registered a 16.50% decline in GOP to €1.68 million (FY2021: €2.01 million) as despite the considerable growth in RevPAR and GOPAR, the number of available rooms dropped drastically reflecting the temporary close of Odycy Hotel.

FY2023 will be marked by the further year-on-year recovery in business to a level at par with the activity prior to the COVID-19 pandemic, as well as the reopening of Odycy Hotel which took place in late May 2023. Revenues are now estimated to rise by 60.50% to €36.58 million compared to the previous forecast of €38.81 million as provided in the Financial Analysis Summary dated 28 April 2023 ("**April Analysis**"). The sharpest uplift in income is expected to emanate from the Qawra properties which are anticipated to generate €16.38 million in revenues, although this is lower than the previous forecasted figure of €18.66 million as provided in the April Analysis. The Sliema and Valletta hotels are also expected to register double-digit growth in income to €16.28 million and €3.92 million respectively which are in line with previous estimates.

The Sliema Hotels are again anticipated to be the largest GOP contributor to the Group's hospitality division (€5.79 million), followed by Qawra Hotels (€4.47 million), and Valletta Hotels (€0.46 million). Overall, the forecasted segment GOP of €10.72 million (April Analysis: €12.72 million) is anticipated to translate into a margin of 29.30%.

For **FY2024**, segment revenues and GOP are projected to grow markedly to €49.42 million and €18.78 million respectively, driven by the full twelve-month contribution of Odycy Hotel. Indeed, the Qawra Hotels are anticipated to generate €27.67 million in income and a GOP of €11.21 million. Nonetheless, the Sliema and Valletta hotels are also expected to register further growth, albeit to a lesser extent in absolute terms. The overall segment GOP margin is anticipated to increase to just under 38%, reflecting improved efficiencies across all the Group's hotel properties.

5.2 CONSTRUCTION

The activities related to construction, building materials, and property management have historically been the second largest business segment of the Group. This division also comprise civil engineering, turnkey assignments, project management, as well as the restoration of buildings. Any related party revenue is eliminated upon consolidation and, as such, is not included in the consolidated information provided in the financial statements.

AX Group p.l.c.					
Segment Information – Construction					
For the financial year 31 October	**2020**	**2021**	**2022**	**2023**	**2024**
	Actual	**Actual**	**Actual**	**Forecast**	**Projection**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Construction	5,360	5,148	5,241	3,462	5,743
Restoration	680	1,318	1,784	538	1,436
Total Revenue	**6,040**	**6,466**	**7,025**	**4,000**	**7,178**
Gross operating profit	**586**	**572**	**630**	**527**	**866**
Gross operating profit margin *(%)*	9.70	8.85	8.97	13.17	12.06

During the historical period under review, turnover increased each year reflecting the growth recorded by the restoration division particularly related to the Senglea bastions and the Maritime Museum in Vittoriosa. In fact, whilst income from construction activity remained stable between **FY2020** and **FY2022**, the contribution from the restoration division almost doubled to €1.32 million in FY2021 (FY2020: €0.68 million) and grew by a further 35.4% to €1.78 million in FY2022.

Overall, the construction division generated a GOP of €0.63 million in FY2022 compared to an amount of just under €0.60 million in the previous two financial years. This level of GOP translated into a margin of 8.97% (FY2021: 8.85%).

For **FY2023**, the construction division is expecting to generate aggregate revenues of €4.00 million which is lower than the previous forecast of €7.04 million due to some delays in third-party contracted works which will now be executed in **FY2024**. As such, the construction division has been focused on the Group's own major projects – i.e., the extension and refurbishment of Odycy Hotel including the redevelopment of the property's lido, as well as the redevelopment of the Verdala Hotel, the refurbishment of the Verdala Hotel Annex, and the construction of Verdala Terraces. On the other hand, main third-party projects include the restoration of the Oratories of the Jesuits' Church in Valletta, the restoration of the façade of the Valletta Cruise Port, construction works on the St John Co-Cathedral Annex in Valletta, as well as finishes at the KPMG Annex in Gzira. Accordingly, total revenues are anticipated to rebound strong to €7.18 million in FY2024, leading to a GOP of €0.87 million compared to the forecasted figure of €0.53 million for the current financial year ending 31 October 2023.

5.3 HEALTHCARE

The healthcare division comprises Hilltop Gardens Retirement Village and Simblija Care Home which together (Hilltop Complex) offer tailor-made packages covering different levels of long and short-term care. Income generated from health care services includes revenue recognised over time on a systematic basis based on the period consumed as a proportion of the total contractual period. Revenue from Hilltop Gardens Retirement Village derive from the self-catering apartments and penthouses that are occupied by tenants for definite periods. On the other hand, income from Simblija Care Home consist of revenue from stays for short term respite care, convalescence, and post-operative recovery, as well as intensive nursing care to the more dependent elderly residents.

AX Group p.l.c. **Segment Information – Healthcare** **For the financial year 31 October**	**2020** **Actual** **€'000**	**2021** **Actual** **€'000**	**2022** **Actual** **€'000**	**2023** **Forecast** **€'000**	**2024** **Projection** **€'000**
Residences & other income	2,492	2,400	2,796	2,921	2,960
Nursing home	3,385	3,276	3,347	3,933	4,121
Total Revenue	**5,877**	**5,676**	**6,143**	**6,854**	**7,081**
Direct costs	(3,119)	(2,765)	(3,414)	(3,769)	(3,852)
Other costs	(1,877)	(1,417)	(1,258)	(1,610)	(1,660)
EBITDA	**881**	**1,494**	**1,471**	**1,474**	**1,570**
EBDITA margin *(%)*	14.99	26.32	23.95	21.51	22.16

The independent units at **Hilltop Gardens Retirement Village** were virtually fully occupied throughout the historic period under review. Although income was stable in FY200 and FY2021, it surged to just under €2.8 million in FY2022 compared to €2.40 million in FY2021 and €2.49 million in FY2020. In FY2023, revenue is expected to grow by 4.47% to €2.92 million, followed by a marginal increase of 1.34% to €2.96 million in FY2024.

The operational performance of **Simblija Care Home** in FY2020 and FY2021 was adversely impacted by the various restrictions and measures imposed by the health authorities to contain the spread of the COVID-19 pandemic. In addition, the nursing home experienced challenges in achieving budgeted occupancy levels.

Although the effects of the COVID-19 pandemic continued to be felt during FY2022, overall occupancy moved closer to pre-pandemic level. Indeed, revenues increased by 2.17% to €3.35 million (FY2021: €3.28 million) and it is expected that for the current financial year ending 31 October 2023, income will grow by 17.51% to €3.93 million. For the 2024 financial year, the Group is anticipating a further 4.78% increase in revenue contribution from Simblija Care Home to €4.12 million.

Total income generated by the healthcare division in FY2022 increased by 8.23% to €6.14 million compared to €5.68 million in the prior financial year. Notwithstanding, EBITDA contracted marginally to €1.47 million (FY2021: €1.49 million) as the Group experienced a marked increase in overheads primarily on account of the impact of high inflation on food costs as well as personnel costs. As a result, the EBITDA margin declined to 23.95% compared to 26.32% in FY2021.

For **FY2023** and **FY2024**, total revenues are anticipated to increase to €6.85 million and €7.08 million respectively. Furthermore, on the back of improved operational efficiencies, EBITDA is expected to reach €1.57 million in FY2024, thus resulting in an EBITDA margin of 22.16%.

5.4 REAL ESTATE AND RENTAL INCOME

AX Group p.l.c. Segment Information – Real Estate and Property Rentals For the financial year 31 October	2020	2021	2022	2023	2024
	Actual	Actual	Actual	Forecast	Projection
	€'000	€'000	€'000	€'000	€'000
Real estate	750	8,000	1,292	600	37,052
Rental income	671	894	1,017	1,134	1,744
Turnover	**1,421**	**8,894**	**2,309**	**1,734**	**38,796**
Gross operating profit	971	4,574	494	467	12,857
Gross operating profit margin *(%)*	68.29	51.43	21.39	26.93	33.14

Between **FY2020** and **FY2022**, AX Group completed the Targa Gap Complex and the Falcon House projects at a total cost of circa €11.5 million, and either leased or sold all the residential units and commercial/office space that were placed on the market. As a result, income from the sale of property peaked at €8 million in FY2021 (FY2020: €0.75 million) before dropping to €1.29 million in the 2022 financial year. Furthermore, rental income surged by 33.2% to €0.89 million in FY2021 (FY2020: €0.67 million) and increased by a further 13.8% to €1.02 million in FY2022.

Overall, the real estate and property rentals division generated revenues of €12.62 million between FY2020 and FY2022 which filtered into a GOP of €6.04 million.

FY2023 will be a muted year for this segment as revenues are anticipated to drop by 24.90% to €1.73 million, with a corresponding contraction in GOP to €0.47 million (FY2022: €0.49 million). In contrast, segment income is projected to surge to €37.05 million in **FY2024** on the back of the initial sales of some of the residential units forming part of Verdala Terraces. As a result, segment GOP is projected to increase to €12.86 million which would translate into a GOP margin of 33.14%.

6. MAJOR COMMITTED PROJECTS

The following is a list of the Group's major investments for the coming years, excluding the Verdala Project which will be completed in stages culminating in the inauguration of Verdala Hotel in Q4 2024 (i.e., at the start of the Group's 2025 financial year):

Expected Year of Commencement and Completion	Development	Planning Process Status	Approximate Investment
2025 – 2026	**Hilltop Gardens Retirement Village** - Addition of further units for lease.	- Permit application submitted but is pending approval.	**€8 million**

	Qawra Project – Phases 2 and 3		
As yet to be determined, subject to the Group having the necessary funding and resources.	- *Phase 2*: Redevelopment of Luzzu Complex and Sunny Coast & Spa lido which will be linked to Odycy Hotel lido.	- Full development permit obtained *(PA/05952/21).*	**€70 million**
	- *Phase 3*: Demolition and rebuilding of Sunny Coast Resort & Spa into a 200-unit aparthotel with new food, beverage, and leisure facilities.	- Outline development permit obtained *(PA/05952/21).* - The Group has submitted the relevant application for a full development permit.	

7. MARKET OVERVIEW

7.1 ECONOMIC UPDATE [7]

The Maltese economy grew by 7.1% in real terms in 2022, driven by strong private domestic demand and investment as well as the better-than-expected recovery in tourism. Furthermore, the unemployment rate remained low at 3% of the labour supply despite the high level of inflation which stood at 6.1%.

Economic growth is projected to ease to 3.7% in 2023 and stabilise at 3.6% in both 2024 and 2025. Net exports are expected to be the main contributor to growth in 2023 reflecting the projected decrease in imports (following the upsurge of investment equipment in 2022) as well as the growth in exports. The rate of growth in government consumption expenditure is also projected to increase, to 4.2% from 2.4% in 2022, and stabilise near the 4% level in 2024 and 2025. On the other hand, the rate of growth in private consumption expenditure is anticipated to slow to 4.3% from 9.8% in 2022 and remain close to the 4% level in both 2024 and 2025. This slowdown reflects the normalisation of consumer demand following the strong post-pandemic recovery, as well as slower growth in real disposable income due to high inflation. The latter is projected to ease to 5.9% in 2023 and drop further to 3.1% and 2.3% in 2024 and 2025 respectively. In parallel, however, the unemployment rate is projected to remain very low and only increase marginally to 3.1% by 2025.

Despite the upsurge in inflation, pandemic-related savings are expected to remain a catalyst to private consumption. Nevertheless, the saving ratio is envisaged to retreat from 28.8% in 2022 to 26.1% in 2025 which would be close to the level prior to the outbreak of the pandemic.

Investment is projected to decline by 21.9% in 2023 before registering a growth of 1.5% in 2024 and 2.7% in 2025. Private investment is expected to contract by around 26% in 2023, mostly reflecting the extraordinary outlays in the aviation sector in 2022. Furthermore, both residential and non-residential construction are projected to contract in 2022 reflecting a softening in sentiment across this sector. Growth in private investment is projected to stand at 3.5% and 3.1% for 2024 and 2025 respectively.

After dropping by around 8.5% in 2022, government investment is projected to grow by 4.3% in 2023, decline by 7.2% in 2024, and grow again by 0.8% in 2025. These dynamics are partly driven by the expected take up of EU funds, notably the full absorption of funds from the 2014-2020 financing framework by 2023, and the increased take up of the Recovery and Resilience Facility grants in 2023 and 2024. Furthermore, domestically funded investment is set to be lower than the level reached in 2022.

The general government deficit is projected to decline gradually to 3.3% by 2025 from 5.8% in 2022, driven by a declining share of expenditure in GDP mainly due to the profile of inflation-mitigation measures. On the other hand, the general government debt-to-GDP ratio is expected to increase to 54.8% by 2025 from 53.2% in 2022, due to the expected level of primary deficits which are projected to offset the debt-decreasing impact of the interest-growth differential.

7.2 HOSPITALITY[8]

In 2022, the number of inbound tourists increased considerably by 136.19% over 2021, reaching 2,286,597 (2021: 968,136 visitors), but still remained almost 17% below 2019 pre-pandemic level (2019: 2,753,239 inbound tourists). In absolute terms, tourists visiting Malta for leisure purposes accounted for most of the year-on-year increase in arrivals although the number of visitors with business and other motives also increased.

The total number of guest nights that tourists spent in Malta during 2022 increased to 16.61 million from 8.39 million a year earlier (+97.96%), but 14.12% less than the level recorded in 2019 (19.34 million guest nights). Guest nights at collective

[7] Central Bank of Malta – 'Outlook for the Maltese Economy', 24 August 2023.

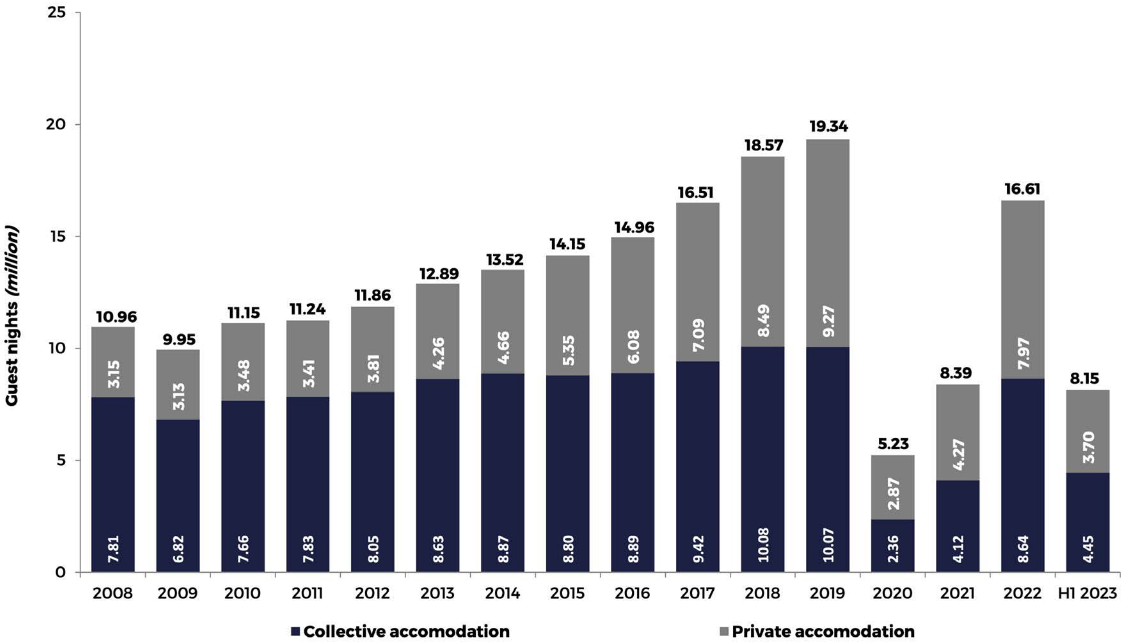
[8] National Statistics Office Malta.

accommodation made up 52.02% of the aggregate (2021: 49.06%), while rented accommodation (other than collective accommodation) held a near 48% market share (2021: 50.94%).

The total occupancy rate in collective accommodation establishments during 2022 rose to 53.3%, from 33.2% a year earlier. However, it remained below that recorded in 2019, when it had reached 65.7%. All categories reported increases in their occupancy rates over 2021, with the 2-star category registering the largest increase – of 24.3 percentage points. This was followed by a rise of 23.0 percentage points in the 4-star category. Meanwhile, the smallest increase – of 13.6 percentage points – was registered in the 'other' collective accommodation category. Occupancy rates remained below those prevailing before the pandemic, with the most significant gap recorded among 5-star hotels, while in 2-star establishments the rate has almost converged to that prevailing then.

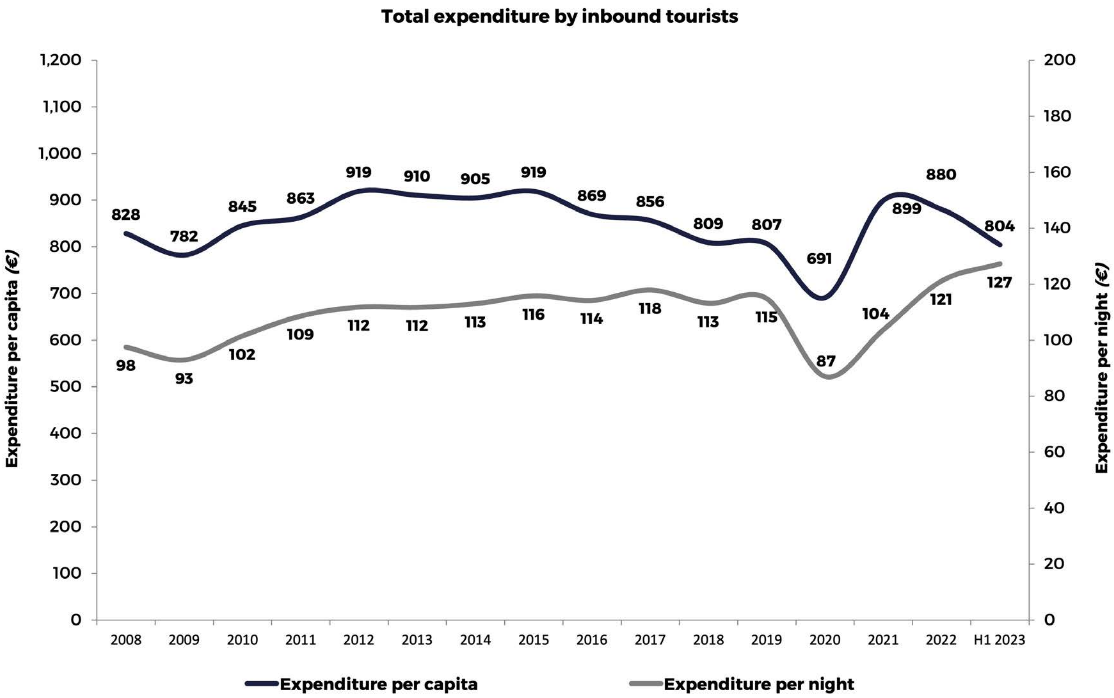
Tourist expenditure in Malta more than doubled in 2022 to €2,012.54 million compared to the prior year (2021: €870.71 million). Total spending was just 9.37% below the level registered in the corresponding period of 2019. Expenditure per capita decreased by 2.11% from €899 in 2021 to €880 in 2022 (2019: €807), while average length of stay also decreased from 8.7 nights in 2021 to 7.3 nights in 2022 (2019: 7.0 nights).

Total nights spent by inbound tourists by type of accommodation



Source: National Statistics Office Malta

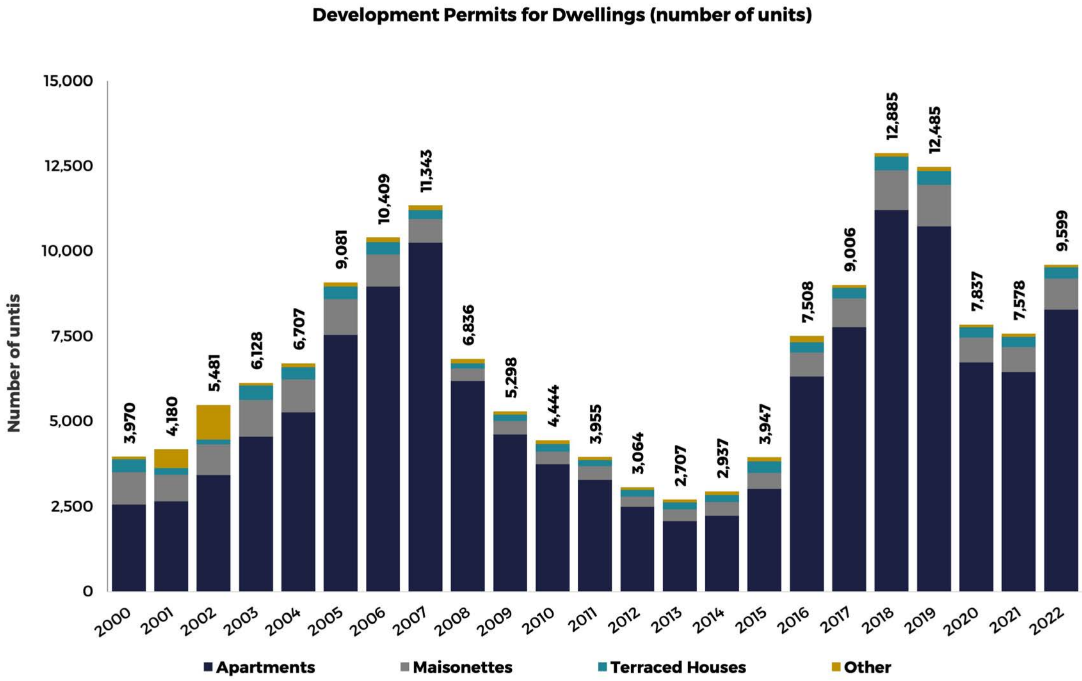
In the first half the 2023, inbound tourists amounted to 1,289,292 – an increase of 43.82% over the same period in 2022. Total nights spent by inbound tourists went up by 35.91% to 8.15 million nights compared to 5.99 million nights in the first half of 2022. Furthermore, total tourist expenditure was estimated at €1,036.8 million – 48.8% higher than that recorded for the corresponding period in 2022. Total expenditure per capita also increased to €804 from €777 in H1 2022, whilst the expenditure per night stood at €127.



Source: National Statistics Office Malta

7.3 PROPERTY MARKET

Data provided by the Central Bank of Malta show that the number of residential building permits issued in 2022 amounted to 1,271 permits (2021: 1,633 permits) for the development of 9,599 residential units (2021: 7,578 residential units). As shown in the below chart, the number of units in 2022 (9,599) reflects a decrease of 26% from the all-time high of 12,885 units in 2018.

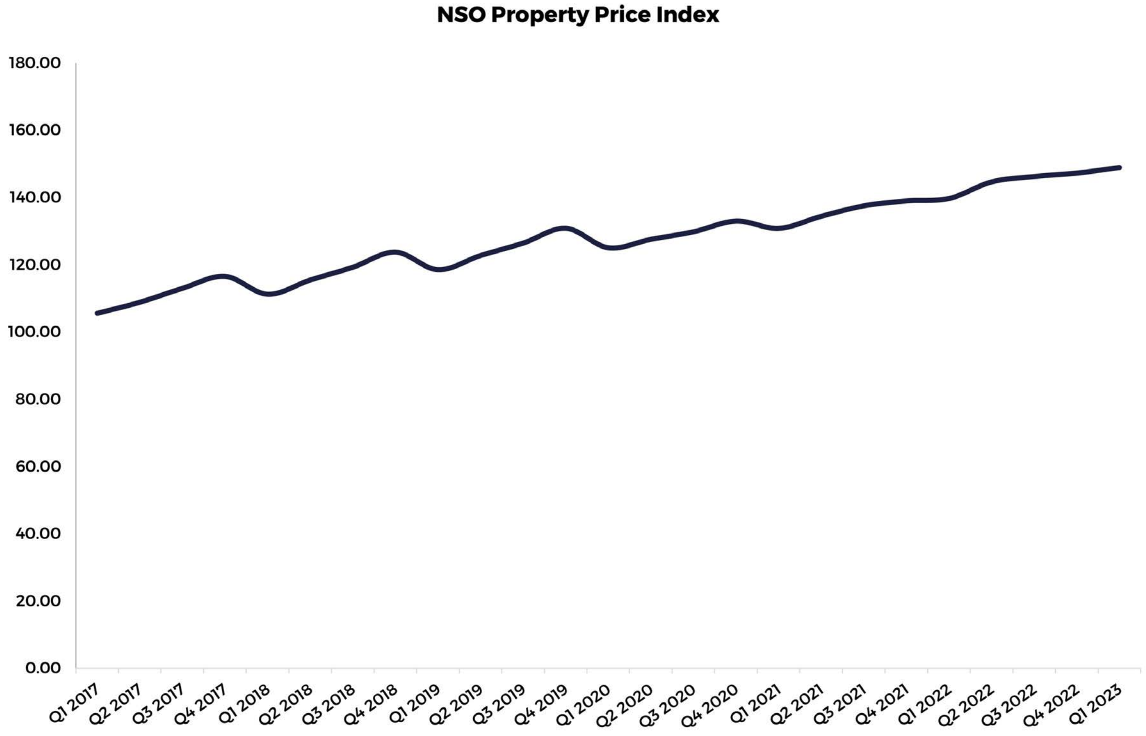


Source: Central Bank of Malta

The NSO's Property Price Index – which is based on actual transactions involving apartments, maisonettes, and terraced houses – continued to show increases in property prices in Malta in Q1 2023. Indeed, the annual rate of change stood at 6.59%, whilst quarter-on-quarter property prices increased by 1.12%. The strongest year-on-year increase was registered for apartments which increased in prices by 6.83%, followed by maisonettes which increased by just under 5.10%.[9]

Residential property prices continue to be supported by a number of factors, including the Government schemes supporting demand for property, such as the first-time and second-time buyers' schemes, the purchase of properties located in Urban Conservation Areas, purchases of property in Gozo, as well as refund schemes for restoration expenses.

The recovery of tourism and normalisation of migrant workers flows from pandemic lows may have also shored up demand for property and contributed to the recent increase in property prices.[10]



Additional data provided by the National Statistics Office shows that between January and July 2023, the total number of final deeds of sale relating to residential property amounted to 7,130 – a decline of 13.49% compared to the previous corresponding period. In 2022, a total of 14,331 deeds of sale were executed compared to 14,368 in 2021 and 11,057 in 2020 (+30%).

The value of deeds completed between January and July 2023 amounted to just under €1,845 million, representing a drop of just 1.85% compared to the same period in 2022. In 2022, the total value of deeds that were executed amounted to €3,294.2 million compared to €3,162 million in 2021 and €2,126.6 million in 2020.[11]

7.4 LONG-TERM CARE

Demand for long-term care in Malta is expected to progressively rise in the coming years as the population ages. The total population of Malta and Gozo at the end of 2022 was estimated at 542,051, an increase of 28% over a 10-year period.[12] Furthermore, the number of persons aged over 60 years was estimated at 125,660, representing around 23% of the total population, and these are projected to increase further over the next 50 years.

Long-term care systems available to elderly persons comprise: (i) informal care through the support of own family; (ii) community care services aimed at enabling the elderly to continue living at home and/or in the community; (iii) long-term care services in state-run institutions; and (iii) long-term care services in facilities operated by the Church and the private sector.

As a result of the projected growth in elderly persons relative to the population, it is envisaged that the demand for care and support services provided to this category of the population will continue to gain importance and further develop in the foreseeable future.

[9] National Statistics Office

[10] Central Bank of Malta Quarterly Review (2023 Vol. 56 No. 1; page 43).

[11] National Statistics Office.

[12] National Statistics Office.

8. CONSOLIDATED FINANCIAL INFORMATION

The following financial information is extracted from the audited consolidated annual financial statements of AX Group for the financial years ended 31 October 2020, 31 October 2021, and 31 October 2022.

The projected information is based on future events and assumptions which AX Group believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between projections and actual results may be material.

Moreover, the estimates for the projected financial years assume that the carrying values of the Group's hotels and investment properties will not be revalued upwards or impaired, and therefore no adjustment has been made as to possible uplifts or impairments in value of assets which can materially affect the values in the consolidated income statement and the statement of financial position.

AX Group p.l.c.					
Segment of Total Comprehensive Income					
for the financial year 31 October	**2020**	**2021**	**2022**	**2023**	**2024**
	Actual	**Actual**	**Actual**	**Forecast**	**Projection**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Revenue	29,056	35,806	38,443	50,695	102,933
Net operating expenses	(26,436)	(26,026)	(31,233)	(40,959)	(73,293)
EBITDA	**2,620**	**6,779**	**7,220**	**9,736**	**29,640**
Depriciation	**(7,087)**	**(6,815)**	**(6,916)**	**(7,352)**	**(7,576)**
Adjusted operating profit / (loss)	**(4,467)**	**(35)**	**304**	**2,384**	**22,064**
Investment property revaluation	-	4,965	1,669	-	-
Operating profit / (loss)	**(4,467)**	**4,929**	**1,974**	**2,384**	**22,064**
Share of results of associates and joint venture	(321)	541	849	(127)	892
Net finance costs	(3,442)	(4,016)	(4,125)	(5,246)	(8,737)
Profit / (loss) before tax	**(8,230)**	**1,455**	**(1,303)**	**(2,989)**	**14,219**
Taxation	340	473	1,054	(341)	(4,561)
Profit / (loss) after tax	(7,890)	1,928	(249)	(3,330)	9,657
Other comprehensive income					
Gain / (loss) on property revaluation	(14,922)	16,589	(3,587)	-	-
Taxation	1,532	1,581	2,055	-	-
	(13,390)	**18,170**	**(1,532)**	-	-
Total comprehensive income / (expense)	**(21,280)**	**20,098**	**(1,781)**	**(3,330)**	**9,657**

Key Financial Ratios	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Forecast	FY2024 Projection
EBITDA margin *(%)* *(EBITDA / revenue)*	9.02	18.93	18.78	19.20	28.80
Operating profit margin *(%)* *(Adjusted operating profit / revenue)*	(15.37)	(0.10)	0.79	4.70	21.44
Net profit margin (*%)* *(Profit after tax / revenue)*	(27.15)	5.39	(0.65)	(6.57)	9.38
Return on equity *(%)* *(Profit after tax / average equity)*	(3.46)	0.85	(0.10)	(1.36)	3.91
Return on assets (%) *(Profit after tax / avrage assets)*	(2.25)	0.53	(0.06)	(0.75)	2.07
Return on invested capital (%) (*Adjusted operating profit / average equity and net debt*)	(1.53)	(0.01)	0.09	0.62	5.36
Interest cover *(times)* *(EBITDA / net finance costs*)	0.76	1.69	1.75	1.86	3.39

In **FY2020**, total revenues decreased by €23.16 million to €29.06 million (FY2019: €52.22 million) reflecting the adverse impact of the COVID-19 pandemic on the Group's hospitality, entertainment, and leisure operations. In contrast, revenue generated from construction increased by €1.18 million to €6.04 million (FY2019: €4.86 million) whilst the Group also generated €0.75 million from the sale of property (FY2019: nil). Income from the healthcare division was broadly unchanged at €5.88 million when compared to the prior financial year (€5.68 million).

As a result of the sharp contraction in tourism and leisure activity, EBITDA decreased by €14.02 million to €2.62 million (FY2019: €16.64 million). After accounting for depreciation charges of €7.09 million (FY2019: €6.58 million), net finance costs of €3.44 million (FY2019: €3.00 million) and the share of loss of €0.32 million from associates and joint venture, the Group registered a loss before tax of €8.23 million compared to a profit of €6.39 million in FY2019.

The loss after tax amounted to €7.89 million compared to a profit of €4.56 million in FY2019. During FY2020, the Group reversed €14.92 million of revaluation surplus on land and buildings (net of deferred tax amounted to €13.39 million). Thus, the total comprehensive expense in FY2020 amounted to €21.28 million compared to a total comprehensive income of €21.84 million in FY2019.

In FY2020, the EBITDA margin declined to 9.02% (FY2019: 31.86%) whilst the interest cover stood at 0.76 times compared to 5.55 times in FY2019.

In **FY2021**, total revenues rebounded by 23.23% (or +€6.75 million) to €35.81 million primarily on the back of the income generated from the sale of the residential units at Targa Gap Complex and Falcon House.

Malta's rapid vaccination programme launched in May 2021 led to the gradual easing of a number of COVID-19 related restrictions which benefitted the operations of the Group's hospitality division. As a result, this segment experienced a steady improvement in performance particularly during the summer months. Nonetheless, revenue generated from hospitality for the full year decreased by just under €1.0 million to €14.38 million compared to €15.38 million in FY2020.

Group EBITDA improved considerably and amounted to €6.78 million which translated into a margin of 18.93%. Furthermore, although net finance costs increased by 16.68% to €4.02 million, in view of the upsurge in EBITDA, the interest cover improved to 1.69 times. Meanwhile, as the Group recorded an uplift of €4.97 million in the fair value of its investment property, coupled with the contribution of €0.54 million from associates and joint venture, AX Group reported a pre-tax profit of €1.46 million and a net profit €1.93 million. The total comprehensive income for the year amounted to €20.10 million and was boosted by gains of €16.59 million on property revaluations.

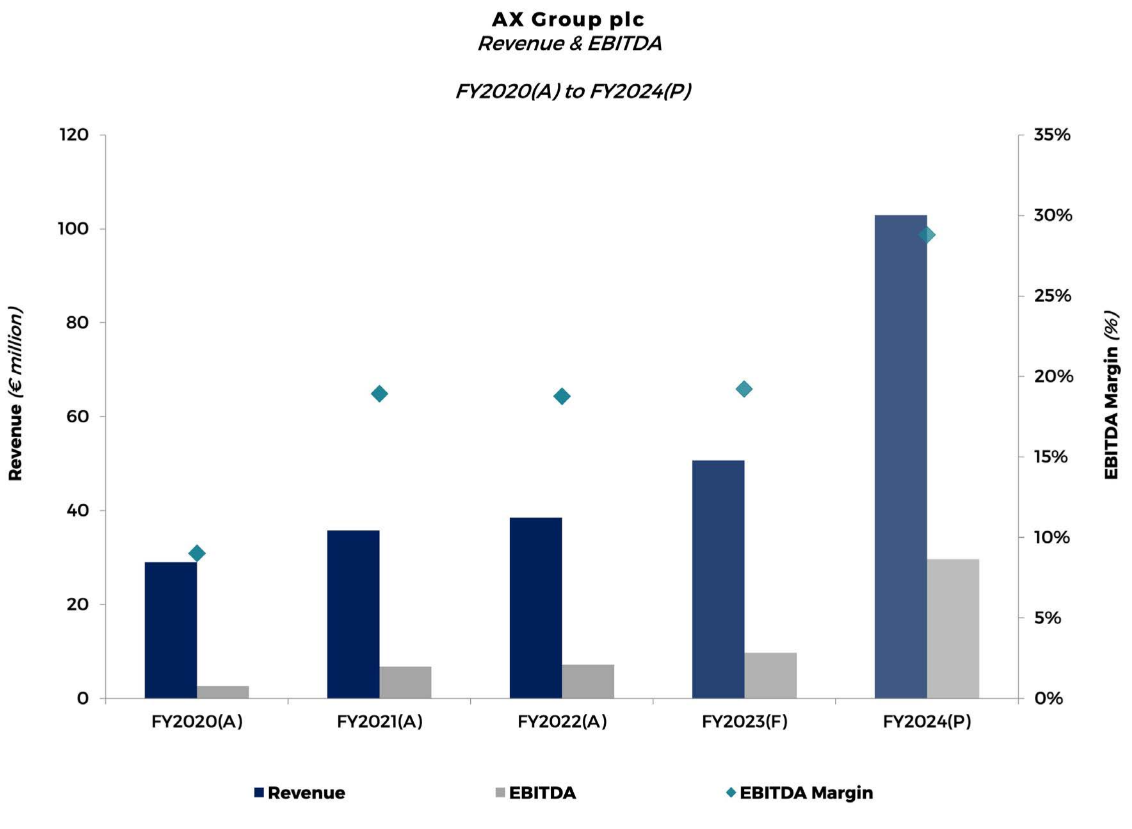
In **FY2022**, total revenues increased by 7.36% to €38.44 million largely reflecting the encouraging rebound in tourism throughout the year despite the sharp rise in the number of cases related to the Omicron variant which peaked in late 2021 and early 2022. Indeed, revenues from the hospitality division surged by 58.48% to €22.79 million. Furthermore, the Group recorded higher revenues from its healthcare and construction divisions to €6.14 million (FY2021: €5.68 million) and €7.03 million (FY2021: €6.47 million) respectively. In contrast, the real estate and property rentals division recorded a considerable drop in revenues to €2.31 million (FY2021: €8.89 million) in view of the material one-time property sales accounted for in the 2021 financial year.

The EBITDA of €7.22 million translated into a margin of 18.78% whilst the interest cover improved to 1.75 times. Nonetheless, the Group still recorded a pre-tax loss of €1.30 million as the increase in EBITDA and the higher contribution from associates and joint venture which amounted to €0.85 million were dented by the marginal increase in depreciation charges to €4.13 million and the lower amount of fair value gains when compared to the prior year. Overall, AX Group posted a net loss of €0.25 million and a total comprehensive expense of €1.78 million.

For **FY2023**, AX Group is now anticipating total revenues to increase by 31.87% to €50.70 million (April Analysis: €55.00 million) reflecting the further recovery in tourism as well as the circa five-month contribution from Odycy Hotel which reopened for business in late May 2023. Moreover, despite the adverse impact of high inflation on costs and operating efficiencies, AX Group is expecting EBITDA to grow by 34.85% to €9.74 million (April Analysis: €11.55 million), thus leading to an improved EBITDA margin of 19.20% when compared to FY2022. Likewise, the Group is forecasting a material increase in adjusted operating profit to €2.38 million (April Analysis: €3.06 million) compared to just €0.30 million in FY2022.

Despite the strong rebound in business activity, the Group is forecasting a loss before tax of €2.99 million (April Analysis: €1.93 million). The improvement in operational performance is expected to be undermined by the higher level of depreciation charges (+6.30% to €7.35 million) reflecting the significant capital expenditure on Odycy Hotel, as well as the 27.18% increase in net finance costs to €5.25 million. However, in view of the stronger increase in EBITDA, the interest cover is anticipated to increase to 1.86 times. Overall, AX Group is projecting a net loss for the year of €3.33 million (April Analysis €2.70 million).

For the **2024** financial year, AX Group is anticipating revenues to more than double to €102.93 million, on the back of the full twelve-month contribution from Odycy Hotel, the further strengthening of the performance of the Group's other hotel properties, as well as the income from the sale of the first residential units at the Verdala Terraces. In fact, the hospitality division is projected to generate €49.42 million in revenues (revised forecast for FY2023: €36.58 million) whilst the real estate and property rentals division is anticipating total income of €38.80 million (revised forecast for FY2023: €1.73 million). Meanwhile, the two other principal segments of the Group, namely construction and healthcare, are also projecting an improved performance with a combined contribution of €14.26 million compared to the forecasted figure of €10.85 million for the 2023 financial year.



In view of the remarkable increase in revenues, EBITDA is anticipated to surge to €29.64 million which would translate into a margin of 28.80%. Likewise, interest cover is projected to rise to 3.39 times despite the notable increase in net finance costs to €8.74 million. Meanwhile, the estimated operating profit of €22.06 million would translate into a margin of 21.44% (revised FY2023 forecast: 4.70%) and a return on invested capital of 5.36% (revised FY2023 forecast: 0.62%).

After accounting for the share of results of associates and joint venture amounting to €0.89 million and tax charges of €4.56 million, AX Group is projecting a net profit and total comprehensive income of €9.66 million for the 2024 financial year. This would translate into a return on equity of 3.91% and a return on assets of 2.07%.

AX Group p.l.c.					
Statement of Cash Flows					
for the financial year 31 October	**2020**	**2021**	**2022**	**2023**	**2024**
	Actual	**Actual**	**Actual**	**Forecast**	**Projection**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Net cash from / (used in) operating activities	(588)	2,959	(4,489)	6,166	39,478
Net cash from / (used in) investing activities	(20,653)	(6,725)	(32,363)	(65,769)	(32,544)
Net cash from / (used in) financing activities	19,500	7,644	42,719	52,475	(11,033)
Net movement in cash and cash equivalents	**(1,741)**	**3,878**	**5,867**	**(7,128)**	**(4,099)**
Cash and cash equivalents at beginning of year	1,575	(166)	3,712	9,579	2,450
Cash and cash equivalents at end of year	**(166)**	**3,712**	**9,579**	**2,450**	**(1,648)**
Investing activities:					
Purchase of PPE	4,312	4,910	31,326	46,264	892
Acquisition of investment property	16,342	1,815	1,036	6,114	(8,737)
Inventory - Verdala Terraces	-	-	-	13,391	20,247
Free cash flow	(21,241)	(3,766)	(36,852)	(59,603)	6,934

In **FY2021**, net cash from operating activities amounted to €2.96 million compared to a negative €0.59 million in the prior year, on account of an increase in operational activities particularly from the real estate and property rentals division. Furthermore, the Group's cash flows benefitted from lower outflows related to investing activities (€6.73 million compared to €20.65 million in FY2020) albeit AX Group only raised €7.64 million in relation to its financing activities compared to €19.50 million in the prior year. Overall, the Group's cash position improved from negative €0.17 million as at the end of FY2020 to a positive balance of €3.71 million as at 31 October 2021.

In **FY2022**, the Group used €4.49 million in cash flows for its operating activities largely reflecting the material negative movement in inventories which offset the favourable movement in trade and other payables. However, as AX Group raised €42.72 million from its financing activities which outweighed the outflows of €32.36 million in relation to its investing activities, the Group ended the 2022 financial year with a higher cash balance of €9.58 million.

For **FY2023**, AX Group is now forecasting an aggregate negative movement in cash and cash equivalents of €7.13 million (FY2022: positive €5.87 million) as the substantial amount of cash to be used in investing activities (€65.77 million) largely relating to the Qawra and Verdala projects is expected to outweigh the inflows from operating activities (€6.17 million) and financing activities (€52.48 million). As a result, the Group is anticipating ending the 2023 financial year with a cash balance of €2.45 million which is expected to drop further to negative €1.65 million by the end of **FY2024**. Indeed, despite the material projected increase in cash generated from operating activities in FY2024 to €39.48 million, the Group's cash flows are anticipated to be adversely impacted by the combined negative cash movements of €43.58 million in relation to its investing and financing activities.

AX Group p.l.c.					
Statement of Financial Position					
for the financial year 31 October	**2020**	**2021**	**2022**	**2023**	**2024**
	Actual	**Actual**	**Actual**	**Forecast**	**Projection**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
ASSETS					
Non-current assets					
Property, plant & equipment	250,055	268,546	281,437	327,157	331,769
Investment property	75,646	48,446	57,887	61,625	62,733
Inventories	-	23,195	37,023	48,617	45,862
Investments in associates, joint venture, & other non-current assets	6,512	9,132	10,014	10,381	10,423
	332,213	**349,319**	**386,361**	**447,780**	**450,788**
Current assets					
Inventories	4,968	3,510	3,506	3,674	3,733
Trade & other current assets	9,289	11,072	19,011	12,335	12,968
Investment property held for sale	-	4,286	-	-	-
Cash at bank and in hand	2,187	5,912	13,881	2,450	-
	16,444	**24,780**	**36,398**	**18,459**	**16,701**
Total assets	**348,657**	**374,099**	**422,759**	**466,240**	**467,489**
EQUITY					
Share capital	1,165	1,165	1,165	1,165	1,165
Reserves	186,507	210,041	209,429	209,429	209,429
Retained earnings	28,765	25,224	24,317	19,548	27,684
Non-controlling interest	1,012	713	13,312	13,040	13,065
	217,449	**237,143**	**248,223**	**243,181**	**251,342**
LIABILITIES					
Non-current liabilities					
Debt securities	63,857	63,956	82,424	84,615	84,783
Bank borrowings	7,192	14,939	27,126	77,523	63,577
Trade & other payables	13,903	13,300	13,039	12,384	11,339
Deferred tax liabilities	24,695	22,286	19,745	19,745	19,745
	109,647	**114,481**	**142,334**	**194,267**	**179,443**
Current liabilities					
Debt securities	2,320	2,317	2,798	1,304	1,304
Bank borrowings	5,376	6,474	7,976	6,208	11,266
Trade & other payables	13,865	13,685	21,428	21,280	24,134
	21,561	**22,476**	**32,202**	**28,792**	**36,704**
Total liabilities	**131,208**	**136,957**	**174,537**	**223,058**	**216,147**
Total equity and liabilities	**348,657**	**374,099**	**422,759**	**466,240**	**467,489**
Total debt	*78,745*	*87,686*	*120,324*	*169,650*	*160,930*

Net debt	*76,558*	*81,774*	*106,443*	*167,199*	*160,930*
Invested capital (total equity plus net debt)	*294,007*	*318,917*	*354,666*	*410,381*	*412,272*

Key Financial Ratios	**FY2020 Actual**	**FY2021 Actual**	**FY2022 Actual**	**FY2023 Forecast**	**FY2024 Projection**
Net debt-to-EBITDA (times) *(Net debt / EBITDA)*	29.22	12.06	14.74	17.17	5.43
Net debt-to-equity (times) *(Net debt / total equity)*	0.35	0.34	0.43	0.69	0.64
Net gearing (%) *(Net debt / net debt and total equity)*	26.04	25.64	30.01	40.74	39.03
Debt-to-asset (times) *(Total debt / total assets)*	0.23	0.23	0.28	0.36	0.34
Leverage (times) *(Total assets / total equity)*	1.60	1.58	1.70	1.92	1.86
Current ratio (times) *(Current assets / current liabilities)*	0.76	1.10	1.13	0.64	0.46

Total assets stood at €374.10 million as at 31 October **2021**, of which €346.49 million comprised property assets as described in Section 4 – 'Principal Property Assets' of this Analysis. During the year, the net carrying value of properties was increased by €21.6 million compared to the impairment charge of €14.9 million that was accounted for in FY2020. The portion of the Verdala site that is currently being redeveloped into the Verdala Terraces was reclassified from investment property to non-current inventories.

Elsewhere, trade and other current assets increased from €9.29 million as at 31 October 2020 to €11.07 million due to an increase in operating activities within the hospitality division as well as an increase in accrued income emanating from the construction division. Investment property held for sale amounted to €4.29 million and related to the previous head office of the Group situated in Lija (AX House).

Total liabilities increased by €5.75 million to €136.96 million in FY2021 compared to the balance of €131.21 million as at 31 October 2020. During the year, bank borrowings increased by €8.85 million to €21.41 million (31 October 2020: €12.57 million) while deferred tax liabilities decreased by €2.41 million to €22.29 million due to an increase in deferred tax assets on unutilised capital allowances and tax losses which were partly offset by an increase in deferred tax liabilities on revaluation of properties.

All the principal debt ratios remained virtually unchanged year-on-year, except for the net debt-to-EBITDA multiple which dropped to 12.06 times (FY2020: 29.22 times) reflecting the partial rebound from the material negative impact of the COVID-19 pandemic on the Group's profitability. On the other hand, the current ratio improved from 0.76 times in FY2020 to 1.10 times in FY2021 on account of an increase in trade receivables and cash balances.

Total equity stood at €237.14 million as at 31 October 2021 compared to €217.45 million as at the end of FY2020. The year-on-year increase was principally due to the material gain on property revaluation recorded throughout the year which positively impacted the total comprehensive income of the Group.

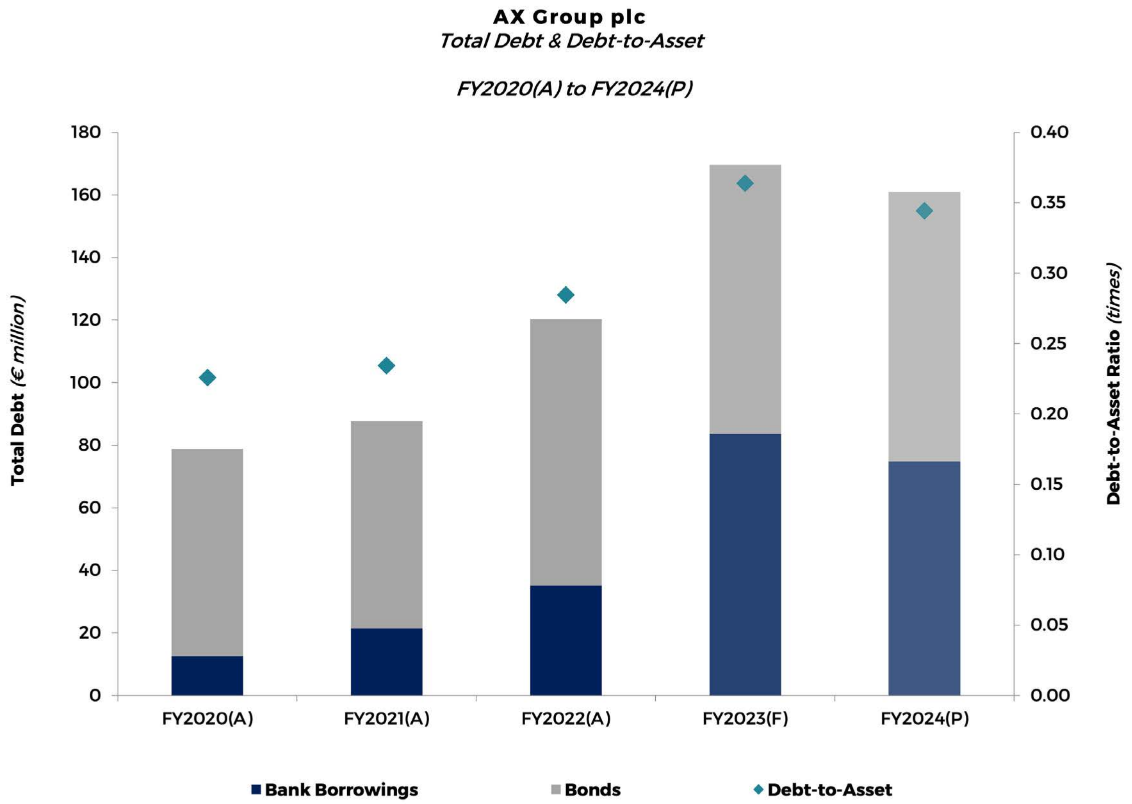
During **FY2022**, total assets increased by 13.01% to €422.76 million largely reflecting higher levels of property, plant, and equipment ("**PPE**") (+4.80% to €281.44 million); investment property (+19.49% to €57.89 million); inventories (+59.62% to €37.02 million); and trade and other current assets (+71.70% to €19.01 million). During the year, the Group continued with the execution of two major projects – i.e., Qawra Project Phase 1 and the Verdala Project – and also pursued the renovation of Palazzo Lucia apart from concluding the acquisition of La Ferla building in Sliema.

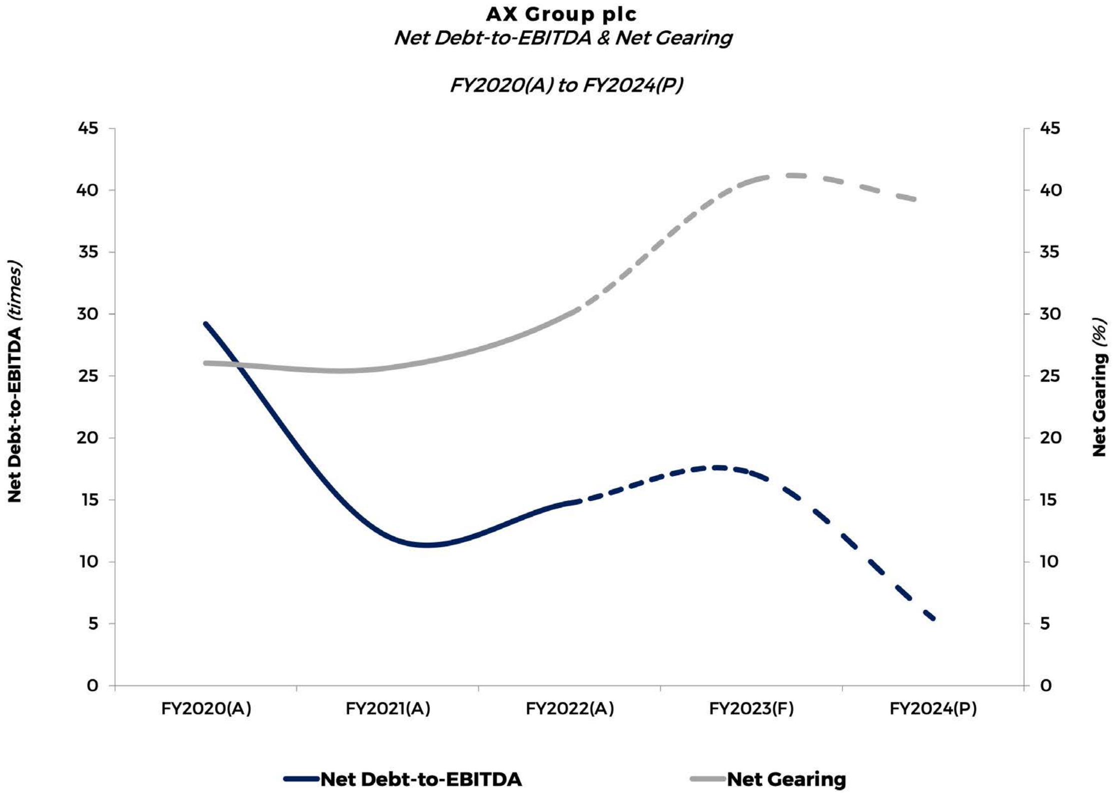
Total liabilities also increased markedly to €174.54 million mainly on the back of the higher level of debt which grew by 37.22% (or +€32.64 million) to €120.32 million (31 October 2021: €87.69 million). Despite the further expansion in the Group's equity base to €248.22 million (+4.67%), the net gearing ratio climbed to just over 30% whilst the net debt-to-equity and debt-to-asset ratios increased to 0.43 times and 0.28 times respectively from 0.34 times and 0.23 times as at the end of FY2021. Furthermore, the net debt-to-EBITDA multiple rose to 14.74 times despite the 6.51% increase in EBITDA generated during the year.

Total assets are expected to increase by 10.29% to €466.24 million during the current financial year ending 31 October **2023**, reflected by the forecasted year-on-year increase in the value of PPE, investment property, and inventories which will outweigh the drop in the value of cash and trade and other current assets.

Total liabilities are estimated to increase by 27.80% to €223.06 million, reflecting the higher level of debt (+€49.33 million to €169.65 million) taken on for the purpose of supporting the Group's investments in Odycy Hotel and the Verdala project. Coupled with the forecasted 2.03% drop in equity to €243.18 million, all the Group's credit ratios are anticipated to deteriorate including the net debt-to-EBITDA multiple which is expected to increase to 17.17 times.

FY2024 is projected to be a year of consolidation for the Group reflecting the full twelve-month contribution from Odycy Hotel as well as the proceeds from the initial sale of some of the units within Verdala Terraces. As such, the Group is estimating marginal movements in total assets (+0.27% to €467.49 million) and total liabilities (-3.10% to €216.15 million), with the latter largely reflecting the projected contraction in total debt to €160.93 million. Coupled with the anticipated strengthening of the Group's equity base to €251.34 million (reflecting the projected profits to the registered by the Group), all the Group's debt ratios are projected to improve. In fact, the net gearing ratio is estimated to decline to just above 39% from the forecasted level of 40.74% as at the end of FY2023, whilst the debt-to-asset ratio is anticipated to ease slightly to 0.34 times (31 October 2023 forecast: 0.36 times). Nonetheless, the sharpest year-on-year change is projected to be in the net debt-to-EBITDA multiple whereby this is expected to fall considerably to 5.43 times on the back of the improved financial position of the Group as well as the boost in profitability resulting from the full year contribution from Odycy Hotel and the profits to be made on the sale of some of the units forming part of Verdala Terraces.



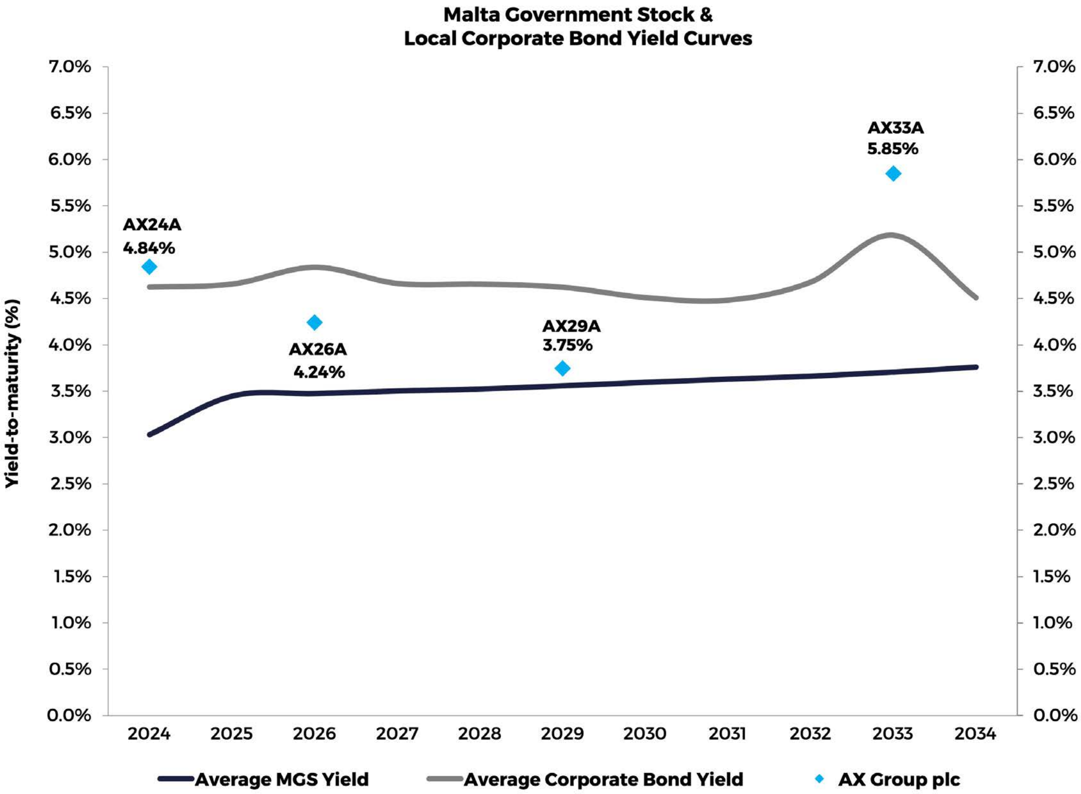


9. LISTED SECURITIES

Security ISIN	Shares in Issue	Listing Date	Symbol Code	Security
MT0002670100	97,193,600	15/02/2022	AXR	AX Real Estate plc Ordinary Shares 'A'
Security ISIN	**Outstanding Amount in Issue**		**Symbol Code**	**Security**
MT0000081233	€40,000,000	17/03/2014	AX24A	6.00% AX Investments plc Unsecured Bonds 2024
MT0002361203	€15,000,000	19/12/2019	AX26A	3.25% AX Group plc Unsecured Bonds 2026 Series I
MT0002361211	€10,000,000	19/12/2019	AX29A	3.75% AX Group plc Unsecured Bonds 2029 Series II
MT0002571215	€40,000,000	15/02/2022	AX32A	3.50% AX Real Estate plc Unsecured Bonds 2032
	€105,000,000			

PART 3 – COMPARATIVE ANALYSIS

The table overleaf provides a comparison between the Group and its bonds with other debt issuers listed on the Malta Stock Exchange and their respective debt securities. Although there are significant variances between the activities of AX Group and other issuers (including different industries, principal markets, competition, capital requirements etc.), and material differences between the risks associated with the Group's business and that of other issuers, the comparative analysis serves as an indication of the financial strength and creditworthiness of the Group.



The **6.00% AX Investments plc unsecured and guaranteed bonds 2024** had a yield-to-maturity ("**YTM**") of 4.84% as at 31 August 2023, which was 22 basis points higher than the average YTM of 4.62% of other local corporate bonds maturing in the same year. The premium over the corresponding Malta Government Stock yield of equivalent maturity stood at 181 basis points.

The **3.25% AX Group plc unsecured bonds 2026 Series I** had a YTM of 4.24% as at 31 August 2023, which was 60 basis points lower than the average YTM of 4.84% of other local corporate bonds maturing in the same year. The premium over the corresponding Malta Government Stock yield of equivalent maturity stood at 77 basis points.

The **3.75% AX Group plc unsecured bonds 2029 Series II** had a YTM of 3.75% as at 31 August 2023, which was 88 basis points lower than the average YTM of 4.62% of other local corporate bonds maturing in the same year. The premium over the corresponding Malta Government Stock yield of equivalent maturity stood at 19 basis points.

The new **5.85% AX Group plc unsecured bonds 2033** have been priced at 67 basis points above the average YTM of 5.18% of other local corporate bonds maturing in the same year. The premium over the corresponding Malta Government Stock yield of equivalent maturity as at 31 August 2023 is 214 basis points.

Comparative Analysis*	**Amount Issued** (€'000)	**Yield-to-Maturity** (%)	**Interest Cover** (times)	**Net Debt-to-EBITDA** (times)	**Net Gearing** (%)	**Debt-to-Assets** (times)
6.00% AX Investments plc Unsecured & Guaranteed 2024	40,000	4.84	1.75	14.74	30.01	0.28
6.00% International Hotel Investments plc Unsecured 2024	35,000	3.73	1.87	11.42	41.92	0.40
5.30% Mariner Finance plc Unsecured 2024	17,684	5.29	4.72	5.95	49.91	0.49
5.00% Hal Mann Vella Group plc Secured 2024	30,000	4.88	2.42	9.45	51.80	0.44
5.10% 1923 Investments plc Unsecured 2024	36,000	5.07	4.81	2.94	47.79	0.40
4.25% Best Deal Properties Holding plc Secured & Guaranteed 2024	6,365	3.58	13.29	4.71	63.61	0.65
5.75% International Hotel Investments plc Unsecured 2025	45,000	5.10	1.87	11.42	41.92	0.40
5.10% 6PM Holdings plc Unsecured 2025	13,000	5.09	10.95	0.38	11.16	0.17
4.50% Hili Properties plc Unsecured & Guaranteed 2025	37,000	4.49	1.80	12.53	45.87	0.46
3.70% Gap Group plc Secured & Guaranteed 2023/2025	12,308	3.69	33.21	4.85	56.20	0.69
4.35% Hudson Malta plc Unsecured & Guaranteed 2026	12,000	4.34	6.11	4.89	71.67	0.57
4.25% CPHCL Finance plc Unsecured & Guaranteed 2026	40,000	4.24	1.66	12.42	42.45	0.40
4.00% International Hotel Investments plc Secured 2026	55,000	4.18	1.87	11.42	41.92	0.40
5.00% Dizz Finance plc Unsecured & Guaranteed 2026	8,000	4.78	1.91	10.70	79.93	0.59
3.75% Premier Capital plc Unsecured 2026	65,000	5.11	11.25	2.09	61.67	0.56
4.00% International Hotel Investments plc Unsecured 2026	60,000	5.35	1.87	11.42	41.92	0.40
3.25% AX Group plc Unsecured 2026	15,000	4.24	1.75	14.74	30.01	0.28
3.90% Gap Group plc Secured & Guaranteed 2024/2026	21,000	4.22	33.21	4.85	56.20	0.69
4.00% Hili Finance Company plc Unsecured & Guaranteed 2027	50,000	4.62	4.64	4.84	69.79	0.63
4.35% SD Finance plc Unsecured & Guaranteed 2027	65,000	4.80	4.68	1.74	22.08	0.26
4.00% Eden Finance plc Unsecured & Guaranteed 2027	40,000	5.54	4.24	5.37	25.33	0.23
5.25% Mediterranean Investments Holding plc Unsecured & Guaranteed 2027	30,000	5.24	3.79	3.30	22.75	0.21
4.00% Stivala Group Finance plc Secured & Guaranteed 2027	45,000	4.00	5.61	4.81	28.97	0.26
4.75% Best Deal Properties Holding Plc Secured & Guaranteed 2025/2027	15,000	4.55	13.29	4.71	63.61	0.65
4.75% Gap Group plc Secured & Guaranteed 2025/2027	23,000	4.49	33.21	4.85	56.20	0.69
3.85% Hili Finance Company plc Unsecured & Guaranteed 2028	40,000	4.78	4.64	4.84	69.79	0.63
5.85% Mediterranean Investments Holding plc Unsecured & Guaranteed 2028	20,000	5.26	3.79	3.30	22.75	0.21
3.65% Stivala Group Finance plc Secured & Guaranteed 2029	15,000	3.84	5.61	4.81	28.97	0.26
3.80% Hili Finance Company plc Unsecured & Guaranteed 2029	80,000	4.58	4.64	4.84	69.79	0.63
3.75% AX Group plc Unsecured 2029	10,000	3.75	1.75	14.74	30.01	0.28
6.25% GPH Malta Finance plc Unsecured & Guaranteed 2030	18,144	5.87	1.73	7.63	94.01	0.75
3.65% International Hotel Investments plc Unsecured 2031	80,000	4.63	1.87	11.42	41.92	0.40
3.50% AX Real Estate plc Unsecured 2032	40,000	4.29	2.31	13.83	42.36	0.41
5.00% Mariner Finance plc Unsecured 2032	36,930	5.00	4.72	5.95	49.91	0.49
5.85% AX Group plc Unsecured 2033	40,000	5.85	1.75	14.74	30.01	0.28
4.50% The Ona plc Secured & Guaranteed 2028/2034	16,000	4.51	44.17	9.76	64.11	0.59
5.50% Juel Group plc Secured & Guaranteed 2035	32,000	5.16	3.35	11.26	55.24	0.51

As at 31 August 2023

Sources: Malta Stock Exchange
M.Z. Investment Services Limited
Most recent audited annual financial statements except for Juel Group plc (FY2024 – forecast)

PART 4 – EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total income generated from business activities.
EBITDA	Earnings before interest, taxes, depreciation, and amortisation. It is a metric used for gauging a company's operating performance, excluding the impact of its capital structure, and is usually interpreted as a loose proxy for operating cash flow generation.
Adjusted operating profit	Profit from core operations excluding movements in the fair value of investment property, share of results of associates and joint venture, net finance costs, and taxation.
Operating profit	Profit from operating activities including movements in the fair value of investment property but excluding the share of results of associates and joint venture, net finance costs, and taxation.
Share of results of associates and joint venture	Share of profit from companies in which the Issuer does not have a majority shareholding.
Profit after tax	Net profit generated from all business activities.

Hotel Industry Key Performance Indicators	
Occupancy level	The level of occupancy of all available rooms over a period of time. It is calculated by dividing the number of rooms sold by the total number of available rooms.
Average room rate	Measures the average price at which each hotel room is sold per night. It is calculated by dividing hotel room revenue by the number of rooms sold.
Revenue per available room (RevPAR)	Calculated by dividing a hotel's total revenue by the total number of available rooms, and usually serves as a measure for comparing a hotel's performance with other properties within the same category or market.
Gross operating profit per available room (GOPAR)	Calculated by dividing a hotel's gross operating profit by the total number of available rooms, and usually serves as a measure for comparing a hotel's performance with other properties within the same category or market.
Revenue generating index	Measures a hotel's market share compared to its peer/competitive set based on the amount of revenue generated per available room. A reading of 1 indicates that a hotel's performance is in line with the market. On the other hand, a reading of above 1 shows a superior performance compared to competition, whilst a reading below 1 reflects underperformance.

Profitability Ratios	
EBITDA margin	EBITDA as a percentage of revenue.
Operating profit margin	Adjusted operating profit as a percentage of total revenue.
Net profit margin	Profit after tax as a percentage of total revenue.
Return on equity	Measures the rate of return on the Group's net assets and is computed by dividing the net profit by average equity.
Return on assets	Measures the rate of return on the Group's assets and is computed by dividing the net profit by average assets.
Return on invested capital	Measures the rate of return from core operations and is computed by dividing operating profit by the average amount of equity and net debt.

Cash Flow Statement

Net cash flow from / (used in) operating activities	The amount of cash generated (or consumed) from the normal conduct of business.
Cash flow from / (used in) investing activities	The amount of cash generated (or consumed) from activities related to the acquisition, disposal, and/or development of long-term assets and other investments.
Cash flow from / (used in) financing activities	The amount of cash generated (or consumed) that have an impact on the Group's capital structure and thus result in changes to share capital and borrowings.
Free cash flow	Represents the amount of cash generated from operating activities after accounting for capital expenditure.

Statement of Financial Position

Non-current assets	These represent long-term investments which full value will not be realised within the next twelve months. Such assets, which typically include property, plant, equipment, and investment property, are capitalised rather than expensed, meaning that a company amortises the cost of the asset over the number of years for which the asset will be in use instead of allocating the entire cost to the accounting year in which the asset was acquired.
Current assets	All assets which could be realisable within a twelve-month period from the balance sheet date. Such amounts may include development stock, accounts receivable, cash and bank balances.
Non-current liabilities	These represent long-term financial obligations which are not due within the next twelve months, and typically include long-term borrowings and debt securities.
Current liabilities	Liabilities which fall due within the next twelve months from the balance sheet date, and typically include accounts payable and short-term debt.
Total equity	Represents the residual value of the business (assets minus liabilities) and typically includes the share capital, reserves, as well as retained earnings.

Financial Strength / Credit Ratios

Interest cover	Measures the extent of how many times a company can pay its net finance costs from EBITDA.
Net debt-to-EBITDA	Measures how many years it will take a company to pay off its net interest-bearing liabilities (including lease liabilities) from its EBITDA generation capabilities, assuming that net debt and EBITDA are held constant.
Net debt-to-equity	Shows the proportion of net debt (including lease liabilities) to the amount of equity.
Net gearing	Shows the proportion of equity and net debt used to finance a company's business and is calculated by dividing a company's net debt by net debt plus equity.
Debt-to-asset	Shows the degree to which a company's assets are funded by debt and is calculated by dividing all interest-bearing liabilities by total assets.
Leverage	Shows how much equity a company is using to finance its assets.
Current ratio	Measures whether or not a company has enough resources to pay its short-term liabilities from its short-term assets.

NOTES

ISSUER	**AX Group p.l.c.** AX Group, AX Business Centre, Triq id-Difiza Civili, Mosta MST 1741, Malta
LEGAL COUNSEL	**Camilleri Preziosi** Level 3, Valletta Buildings, South Street, Valletta VLT 1103, Malta
SPONSOR	**M.Z. Investment Services Limited** 63, MZ House, St Rita Street, Rabat RBT 1523, Malta
MANAGER AND REGISTRAR	**Bank of Valletta p.l.c.** 58, Zachary Street, Valletta VLT 1130, Malta