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

THIS REGISTRATION DOCUMENT HAS BEEN APPROVED BY THE MFSA, AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THIS MEANS THAT THE MFSA HAS ONLY APPROVED THIS REGISTRATION DOCUMENT 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 COMPANY THAT IS THE SUBJECT OF THIS REGISTRATION DOCUMENT. IN PROVIDING THIS AUTHORISATION, THE MFSA DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN ANY INSTRUMENT 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 ANY SUCH SECURITIES. 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.

APPROVED BY THE BOARD OF DIRECTORS

ANGELO XUEREB **MICHAEL WARRINGTON**

signing in their own capacity as directors of the Company 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.

A COPY OF THIS REGISTRATION DOCUMENT 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 REGISTRATION DOCUMENT, 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 THIS REGISTRATION DOCUMENT.

THIS REGISTRATION DOCUMENT 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.

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 COMPANY 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 ats 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 in Malta, with company number C 2833, 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	means the properties described in section 7.2.1 under the sub-heading 'Qawra Properties';
Redemption Date	means 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	means 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 in Malta, having company registration number C 23936 and registered office at 63, MZ House, St Rita Street, Rabat RBT 1523, Malta, licensed by the MFSA and members 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	means 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 CATEGORY CONSTITUTES THAT RISK FACTOR WHICH THE DIRECTORS HAVE ASSESSED TO BE THE MOST MATERIAL RISK FACTOR UNDER SUCH 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 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 THAT ANY RECIPIENT OF THIS PROSPECTUS, THE DOCUMENTATION INCORPORATED BY REFERENCE HEREIN, OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD 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 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. 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 across multiple sectors, including hospitality, health care, real estate, construction, property development, and renewable energy. 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 would 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 to 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 UK, 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 in general, 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 a various factors that may be out of the control of the Group, 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, but also 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 agreement 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 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 Estates Group's control, which failure may have a material adverse effect on the financial condition of the AX Group, the results of its operations and its prospects.

The majority of the current operative commercial leases are those entered into between the Estates Group and operating and trading companies within the AX 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 Estates 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 Estates 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 Estates 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 Estates Group may not realise the benefits it expects from property investments

The Estates 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 Estates Group's business. The Estates 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 Estates Group may fail to realise the expected benefits from investments made in its properties and the Estates 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 Estates 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. Risk 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 section 2.3.5 below. 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, and a 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 arising as a result, as well as the generation of 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:

- meteorologicial 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., 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, to two of the sectors that would be most severely impacted by the pandemic, 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 recognizes 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 affect 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 effected.

Moreover, the AX Group will, in the near future, become subject to sustainability reporting obligations of the Corporate Sustainability Reporting Directive ("**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 of the Issuer (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.** Premium Banking Centre 475, St Joseph High Road, Santa Venera SVR 1011, 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.

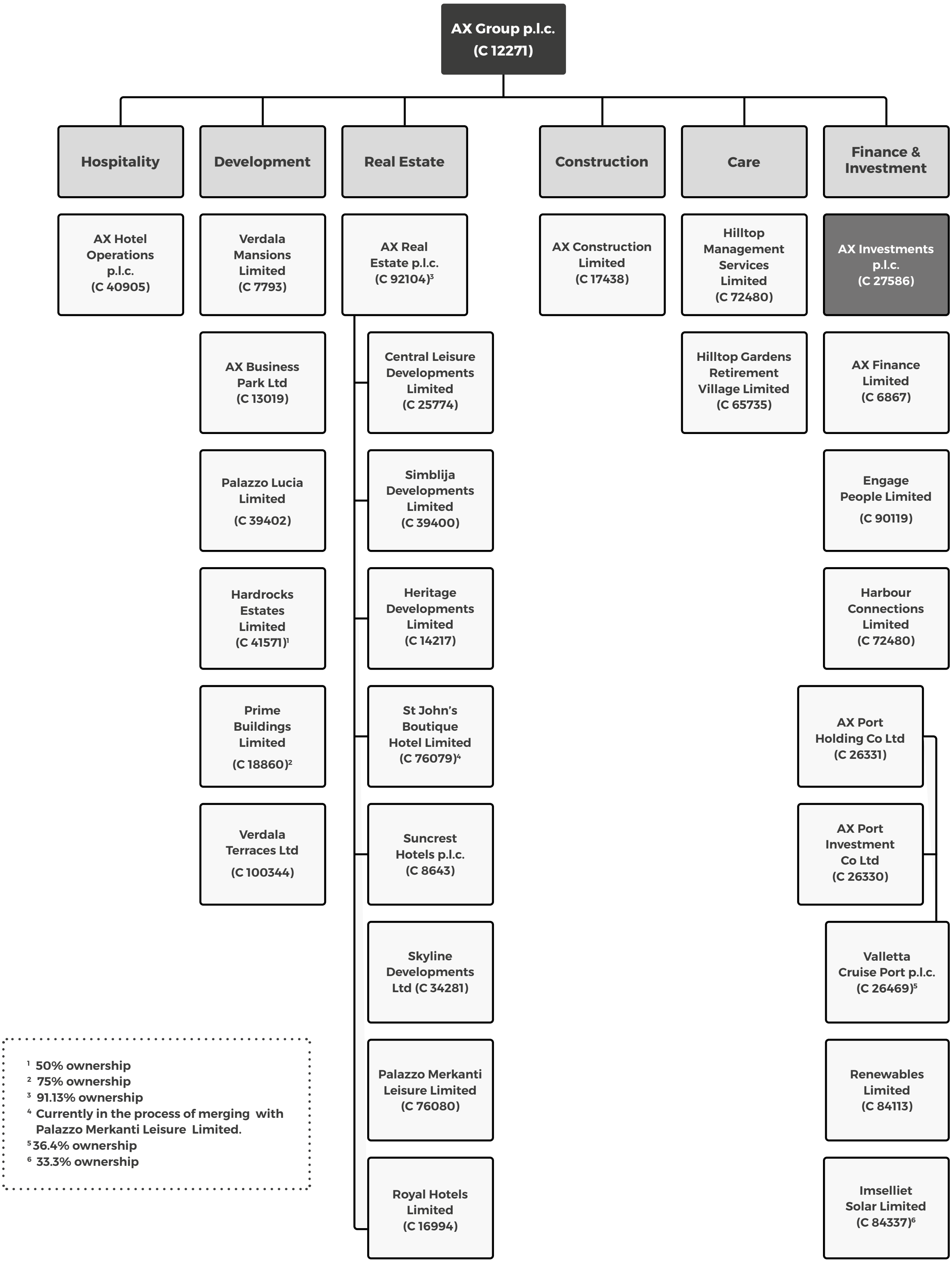
5.2 ORGANISATIONAL STRUCTURE OF THE GROUP

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. (2021: 36.4%), 33.3% interest and voting rights in Imselliet Solar Limited (2021: 33.3%) and 50% interest and voting rights in Hardrocks Estates Limited (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.


AX Group p.l.c. (C 12271)
Hospitality
Development
Real Estate
Construction
Care
Finance & Investment
AX Hotel Operations p.l.c. (C 40905)
Verdala Mansions Limited (C 7793)
AX Business Park Ltd (C 13019)
Palazzo Lucia Limited (C 39402)
Hardrocks Estates Limited (C 41571)[1]
Prime Buildings Limited (C 18860)[2]
Verdala Terraces Ltd (C 100344)
AX Real Estate p.l.c. (C 92104)[3]
Central Leisure Developments Limited (C 25774)
Simblija Developments Limited (C 39400)
Heritage Developments Limited (C 14217)
St John's Boutique Hotel Limited (C 76079)[4]
Suncrest Hotels p.l.c. (C 8643)
Skyline Developments Ltd (C 34281)
Palazzo Merkanti Leisure Limited (C 76080)
Royal Hotels Limited (C 16994)
AX Construction Limited (C 17438)
Hilltop Management Services Limited (C 72480)
Hilltop Gardens Retirement Village Limited (C 65735)
AX Investments p.l.c. (C 27586)
AX Finance Limited (C 6867)
Engage People Limited (C 90119)
Harbour Connections Limited (C 72480)
AX Port Holding Co Ltd (C 26331)
AX Port Investment Co Ltd (C 26330)
Valletta Cruise Port p.l.c. (C 26469)[5]
Renewables Limited (C 84113)
Imselliet Solar Limited (C 84337)[6]
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 effected 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 Boutique Hotel Limited (C 76079) is in the process of merging with Palazzo Merkanti Leisure Limited (C 76080), which will result in St John 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 drawndown 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 shal 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. owes 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 primary 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 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.

Verdala

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, 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 ofPalazzo 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, two of which along with its joint venture partners.

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 knowhow, 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 business and 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 industries 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 other, 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 the 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 lidos and the AX Sunny Coast 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's 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 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 10 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 promoted to Architectural Design leader 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 VISET 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 cateringestablishments 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 members 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 Char tered Certified Accountants and the Malta Institute of Accountants. Prior to joining the 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 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 andComputer hardware/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, Josephinehe 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 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's 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 7 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 Company 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 issues 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 issues 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 issues 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 issues 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 duration period of this Registration Document the following documents shall be available for inspection at the registered address of the Company:

(a) the Memorandum and Articles of Association of the Company;

(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.