

Circular to Shareholders

Wednesday, 5th April 2023

This circular is being issued by AX Real Estate p.l.c., a public limited liability company registered in Malta with registration number C-92104, with its registered office located at AX Group, AX Business Centre, Triq id-Difiza Civili, Mosta, MST 1741, Malta (the "Company").

The purpose of this Circular is to provide the Shareholders of the Company with the information required for them to make an informed decision with respect to the Ordinary Resolutions – Special Business, which are being proposed by the Board of Directors of the Company, together with other ordinary business, for the consideration, and if appropriate, the consent by the Shareholders at the Company's' 2023 Annual General Meeting (AGM), which will be held on Wednesday 26th April 2023 at 03:00pm at The Courtyard, Hilltop Gardens, Naxxar.

Important Information

This Circular requires the immediate attention of all the Shareholders eligible to vote at the AGM.

This circular contains information about the Ordinary Resolutions Special Business at the AGM, specifically the Remuneration Policy of the Company. In compliance with the Capital Market Rule 6.2, issued by the Malta Financial Services Authority, this circular is being distributed to all Shareholders of the Company listed on the Malta Stock Exchange register as at Monday 27 March 2023.

Should any share/s in the Company held by a recipient of this Circular, be sold or transferred on the date of receipt of this document, this Circular, along with the Notice of AGM, Proxy Form, and all other documentation and copies in relation to the AGM and Company thereof, should be transferred to the person/s in favour of whom the sale or transfer for the transmission to the purchaser or transferee was carried out.

All the Directors of the company as at the date of this Circular, namely Mr Angelo Xuereb, Mr Christopher Paris, Dr Christian Farrugia, Ms Denise Xuereb, Mr Joseph Lupi, Mr Michael Warrington and Mr Stephen Paris, accept responsibility for the information contained in this Circular, which to the best of their knowledge, is factual, accountable, and does not omit anything likely to affect and alter the significance of this Circular.

Proposed Ordinary Resolution

Special Business: Approval of the Remuneration Policy for the Board of Directors of the Company

Resolution 5 of the Agenda of the Second AGM will propose that:

"The Remuneration Policy be hereby approved".

Explanatory Note: The Remuneration Policy ("the Policy") has been implemented by the Remunerations and Nominations Committee in accordance to Chapter 12 of the Capital Market Rules, established by the Malta Financial Services Authority.

The Remunerations and Nominations Committee is also responsible for the oversight and maintenance of the proposed Policy, which seeks to provide, deliver, and retain a remuneration framework for the Directors, Company Secretary and Executives of the Company, which aligns and safeguards the best interests of all stakeholders and sustainability of the Company.

The Policy being proposed for the approval of the Shareholders at the AGM is being attached as Annex 1 to this Circular.

Shareholders are advised to consult with appropriate independent financial advisors prior to submitting their vote.

Directors' Recommendation

In the best interest of the Company and its Stakeholders, the Directors of the Company encourage and recommend the Shareholders to approve the proposed Ordinary Resolutions – Special Business at the forthcoming AGM of the Company.

ANNEX 1:

REMUNERATION POLICY

The Remuneration Policy was approved by the Board of Directors of AX Real Estate p.l.c. on Monday 27th March 2023.

1. PURPOSE AND SCOPE

In accordance with the Capital Market Rules (the 'Rules') established by the Malta Financial Services Authority, AX Real Estate P.L.C (C 92104) (the 'Company') is setting out its Remuneration Policy below, in the form stipulated by the said Rules.

The Remuneration Policy seeks to deliver and retain a fair and transparent remuneration for the Board of Directors, including the Company Secretary (the 'Board') and the incumbent Chief Executive Officer and Chief Financial Officer of the Company (the 'Executives') with a view towards aligning the best interests of all stakeholders whilst safeguarding the interests and sustainability of the Company.

In order to achieve these strategic objectives, this Remuneration Policy provides a remuneration framework that defines the principles and guidelines to be applied in determining the remuneration to be paid to the Board and the Executives.

2. REMUNERTATION

2.1 Responsibility of Administering the Remuneration Function

In its function as remuneration committee, the Remunerations and Nominations Committee ('RemNom Committee' or 'Committee') is responsible for the oversight of the Remuneration Policy ('the Policy') implementation by the Company in accordance with Chapter 12 of the Rules.

The RemNom Committee is responsible to draw up and maintain a remuneration policy that attracts, retains, and motivates directors as well as executives who have the right qualities and skills to benefit the Company. The policy shall determine the principles and the manner in which emoluments are distributed to Directors and the establishment of remuneration packages of Executives.

The RemNom Committee is also guided by the "Terms of Reference of the Remuneration and Nomination Committee" of the Company, which inter alia governs the composition, role and function of the Committee, the parameters of its remit as well as the basis for the processes that it is required to comply with.

The Committee is a sub-committee of the Board, derives its authority from the Board and is directly responsible and accountable to the Board.

2.2 Remuneration Framework

In general, to establish remuneration appropriately the committee shall be guided by the extent of responsibilities and experience of the individual concerned.

When establishing an appropriate remuneration to the individual Directors and Executives the following factors shall be considered:

- I. The expectation that Directors and Executives are to be appropriately dedicated to their role;
- II. The time, commitment and dedication required by Directors and Executives in accordance with their duties and the affairs of the Company; and
- III. The provision of a fair, attractive, and competitive remuneration, benefits, and conditions, that are commensurate to the level of experience, expertise, qualifications, professional status and responsibilities of the appointed Directors and Executives.

2.3 Directors' Remuneration

2.3.1 Emoluments: The aggregate Emoluments payable to the Board refer to the total fixed remuneration of the Directors.

The maximum aggregate Emoluments shall be such an amount as may from time to time be determined by the Company, subject to any notice of approval conveyed during the AGM referring to any proposal for increasing the maximum Emoluments.

Approval from Shareholders shall not be sought where the Board proposes an increase which does not exceed the latest established maximum yearly Emoluments approved by the Shareholders.

2.3.2 Establishing the Emoluments: The Emoluments payable to Directors shall be determined by the Committee without prejudice to article 2.3.1 above.

The Committee shall on annual basis ensure that the said Emoluments remain commensurate with the performance of the individuals concerned, as well as market conditions.

The Emoluments shall be established in accordance with the principles set in section 2.2 as well as the key factors set out below:

- I. The assigned duties and responsibilities of the individual concerned, including the level of involvement in the Company business (if applicable), as well as involvements in any standing or ad-hoc sub-committees of the Company;
- II. The nature of their incumbent office as to whether they are Executive or Non-executive Directors;
- III. The requirement for Directors to be available outside working hours including, weekends and public holidays, where applicable;
- IV. The level of competencies, knowledge, skills, abilities, experience and expertise enjoyed by such individuals;
- V. The legal responsibilities that is pertinent to the post of director of a publicly listed company;
- VI. The length of service with the Company, as well as his/her contribution to the Company's repute, financial performance, position, growth, and success.
- VII. Any restrictions on secondary employment and involvements in business activity imposed on the individual concerned for his/her appointment to the board; and
- VIII. The general remuneration practices, company employment conditions and remuneration rates adopted by local companies operating in the same industry sectors, and of like standing, repute, size and complexity.

2.3.3 In order to manage conflict of interest, the individual Directors appointed as members of the RemNom Committee shall not be present when his/her appointment, remuneration or other matters relating to him/her are being discussed by the RemNom Committee. If the member absenting himself/herself from such discussions relating to him/her is the Chairperson, another member of the RemNom Committee shall chair the meeting during the Chairperson's absence.

2.4 Executive Remuneration

RemNom Committee is also responsible to establish the remuneration of the Executives.

2.4.1 In establishing the remuneration package for Executives the following factors shall be considered:

- I. The assigned duties and responsibilities of the individual concerned, including the extent of involvement in the Company business;
- II. The expected working pattern and consideration for duties falling in extraordinary hours;
- III. the level of competencies, knowledge, skills, abilities, experience and expertise required as well as the demand and supply of such skills in the market;
- IV. The legal responsibilities pertinent to the post being considered;
- V. The length of service of the individual with the Company, as well as his/her contribution to the Company's repute, financial performance, position, growth, and success.

- VI. Any restrictions on secondary employment and involvements in business activity imposed on the individual concerned for such appointment; and
- VII. The general remuneration practices, company employment conditions and remuneration rates adopted by local companies operating in the same industry sectors, and of like standing, repute, size and complexity.

2.4.2 In addition to the fixed remuneration, the total compensation received by the Executives may include a discretionary variable remuneration based on company performance as well as the individual's performance.

All bonuses paid to the Executives shall be recommended by the CEO and approved by the Rem Nom committee.

2.4.3 Without prejudice to Article 3 below the remuneration paid to Executives shall not fall under Article 2.3 Emoluments of the directors.

3. DURATION

The duration of service of Directors is regulated by the Articles of Association of the Company. Directors are appointed to the Board of Directors by the shareholders at a general meeting and shall hold office until the next general meeting. The appointment of Executives is subject to employment laws and regulations. The engagement of both Directors and Executives are governed by a written engagement contract clearly setting out the duties, roles, responsibilities and remuneration.

4. DISCLOSURE OF AGGREGATE EMOLUMENTS

The RemNom Committee shall present a remuneration report for the most recent financial year as prescribed under Appendix 12.1 of the Rules. The remuneration report shall be put forward to an advisory vote of the shareholders at the Annual General Meetings.

5. REMUNERATION POLICY REVIEW

The RemNom Committee shall regularly review the Policy and any material amendments thereto shall be submitted to a vote at the annual general meeting before adoption, and in any case at least every four (4) years.

The Remuneration Policy of the Company shall be available on the Company's website on the following link: <https://axinvestor-relations.mt/ax-real-estate/>.