



Dear Investor,

As we bid farewell to the festive season and welcome a new year, the AX Group family extends warm wishes to you and your loved ones. We wanted to take this opportunity to reflect on our accomplishments from the past year and provide a glimpse into the exciting projects awaiting us in 2024.

At AX Group, we remain committed to delivering on what we promise, and 2023 marked a pivotal year for us. Most notably, there was the re-opening of AX ODYCY in Qawra, a project that underwent a complete transformation. From the revamped rooms and interior spaces to a fresh array of amenities and dining options, the project continues to garner positive feedback. Furthermore, restoration works are now completed on Palazzo Lucia in Valletta, and we are delighted to announce that our progress at the Verdala residential complex and hotel development remains on schedule. Further details are provided in this newsletter.

As always, we strive to provide added value to our investors and clients. We recently

introduced an exclusive promotion for our investors, featuring beneficial rates for stays at Rosselli AX Privilege, AX The Palace and AX ODYCY over the winter period. We trust that you had the chance to enjoy a well-deserved getaway and experience our brand of hospitality first-hand. We look forward to bringing you even more exciting opportunities in the near future.

We appreciate the significant number of investors who demonstrated their trust in AX Group p.l.c. by participating in the recent October bond exchange. Your continued support is invaluable to our success.

On behalf of the Directors of AX Group p.l.c., AX Real Estate p.l.c., and AX Investments p.l.c., we extend our gratitude for your trust in AX Group. We are committed to continuing our journey together. Thank you for being a part of the AX Group family.

Angelo Xuereb  
Chairman

Michael Warrington  
Chief Executive Officer

# MAIN CAPITAL PROJECTS

## QAWRA

AX ODYCY re-opened in time for the peak tourism season, launching a host of new dining options, which we're thrilled to introduce to you further on in this newsletter. The summer season was a resounding success, and now, with operations running smoothly, we're focused on further elevating the resort's performance.

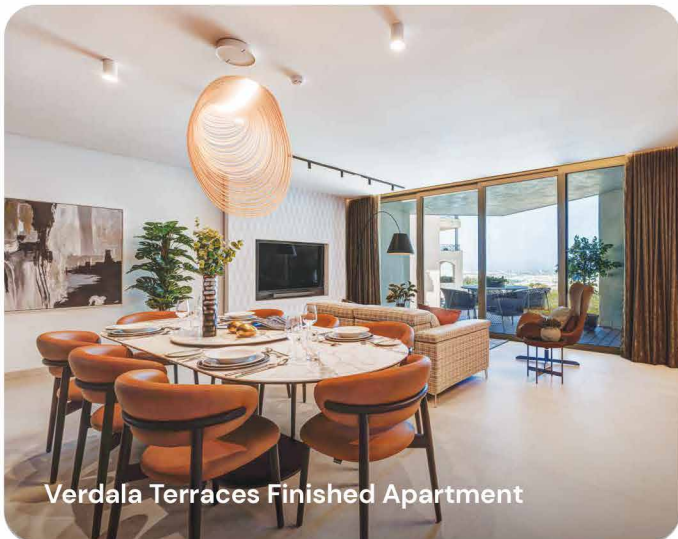
Planning works are gaining momentum for the ground-up redevelopment of AX Sunny Coast Resort & Spa, which is set to extend the AX ODYCY lido into one continuous 300m stretch along the waterfront. Once completed, the lido will include a total of 350 parking spaces, conference facilities, additional F&B offerings and a series of laguna pools.



## RABAT

In Rabat, our focus is on the completion of the Verdala development, which is set to be our next flagship project. The residential apartments are scheduled for full completion by Q3 2024.

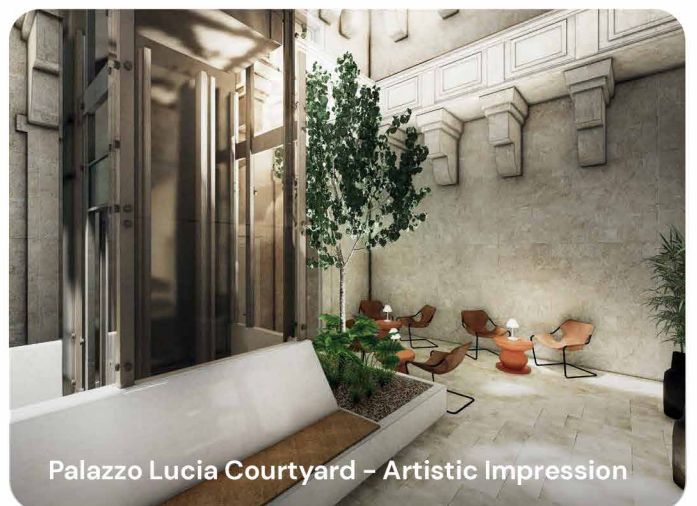
The construction phase for the Verdala Wellness Hotel and the adjacent self-catering apartments is reaching completion, paving the way for the commencement of finishing works. Our target is to achieve full hotel completion by Q4 2024. The 5-star luxury hotel, set to open in 2025, promises a unique hospitality experience unrivaled in Malta.



## VALLETTA

We have wrapped up restoration and rehabilitation works at Palazzo Lucia. This 18th-century palazzo, located on Merchants Street, is being transformed into a prestigious office working hub of exceptional design and architecture.

Within are 18 luxurious offices of varying sizes and layouts, including a well-equipped boardroom with spectacular views over the capital city and Grand Harbour. We've initiated a sales & marketing campaign, with the goal of achieving full occupancy by the end of 2024.



# BUSINESS PERFORMANCE

## AX GROUP P.L.C. BOND ISSUE

In line with our financial planning strategy, in November 2023 AX Group p.l.c. issued a bond exchange having a coupon of 5.85% maturing in 2033 to redeem AX Investments PLC 6% bonds maturing in 2024. The bond was oversubscribed ahead of the planned timeframe.

AX Group's overall performance in 2023 was in line with our expectations and budgets. Notably, our hotel division rebounded to pre-pandemic levels, reflecting the Group's resilience and strategic efforts amid challenging economic conditions.

## AX HOTELS

Last year, Malta's tourism industry rebounded, and our hotel business experienced a full post-pandemic recovery, reaching 2019 levels. AX Group's strategic position has enabled us to claim our fair share of the market, with seven hotel properties and an array of restaurants and bars located across Valletta, Sliema, and Qawra.

The reopening of AX ODYCY has been a significant boost, adding 600 rooms to our portfolio. This property has once again emerged as a major cash generator, thanks in part to the additional income from new F&B outlets and ancillary offerings.

In the face of rising inflation, we've leveraged our internal expertise to benefit from cost efficiencies and improved economies of scale. Looking ahead, our goal is to maintain healthy occupancies across all our properties throughout the year, ensuring the AX Hotels brand remains a leader in local hospitality.



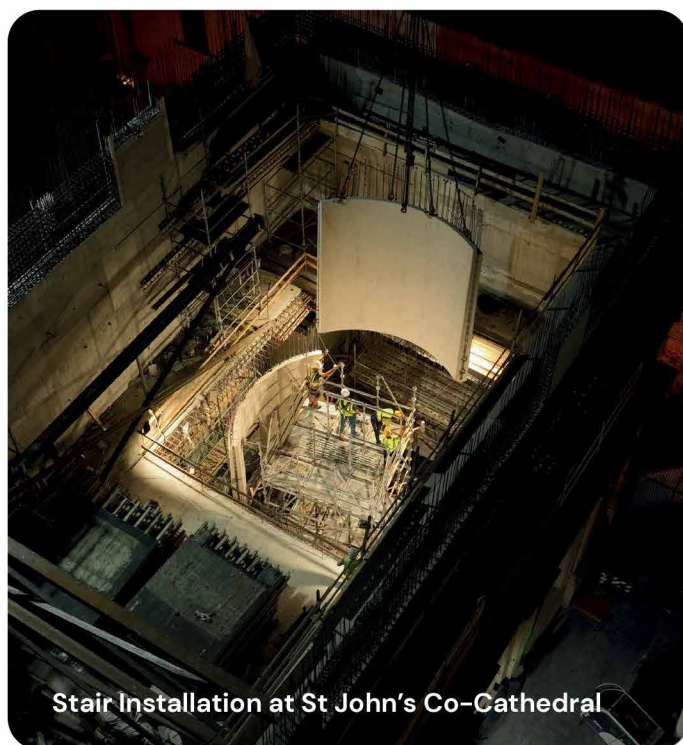
Minoa Mediterranean Fusion Restaurant

## AX CONSTRUCTION

In addition to the completion of the AX ODYCY and Verdala projects, we are also focused on third party business. This strategic approach further strengthened our reputation as the preferred choice for high-quality construction services. We have also implemented an internal reorganisation to enhance efficiency across our numerous projects.

On the restoration front, we wrapped up the Birgu Maritime Museum project, while works are ongoing on the new visitor's centre at St John's Co-Cathedral. Additionally, we completed contracted restoration efforts on the Jesuit's oratory in Valletta and secured a tender to undertake further restoration within the church.

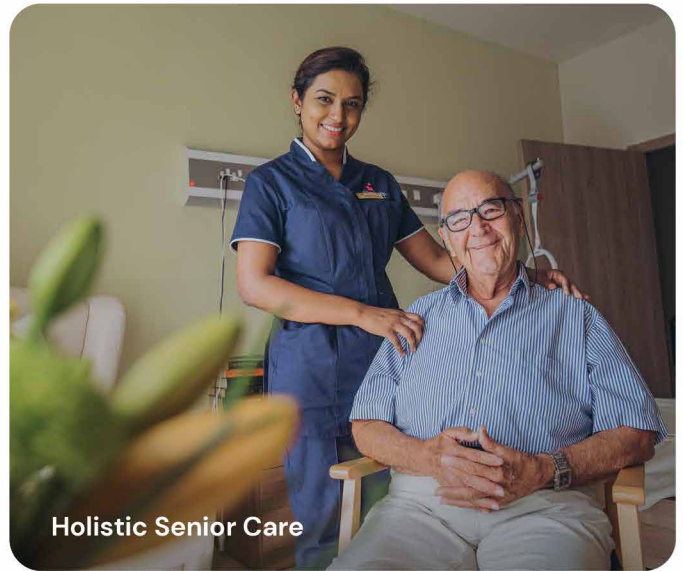
A significant achievement for the Group was the tender award for the extension of Schengen arrival terminal. We take pride in contributing to major civil engineering projects in our country.



Stair Installation at St John's Co-Cathedral

Occupancies at Hilltop Gardens and Simblija Care Home remained high, resulting in another successful year for our healthcare division. Hilltop Gardens continued to experience increased interest which reflected in a growing waiting list. The social wellbeing of our residents is a priority and we are continually improving the weekly community events and activities.

Our objective is to grow this business segment by establishing partnerships, such as the recent collaboration with DanceHub Studio to provide movement and dance classes.



Holistic Senior Care

## AX REAL ESTATE P.L.C.

With AX ODYCY back in operation, AX Real Estate p.l.c. is set to achieve the projected rental income thereby reassuring a continuous dividend payment as outlined in our prospectus.

Looking ahead, we're excited about the upcoming launch of the Verdala development in 2025. This venture will continue to expand the real estate portfolio, enhancing rental potential and income opportunities for AX Real Estate p.l.c. We're committed to delivering on our promises and creating value for our investors.



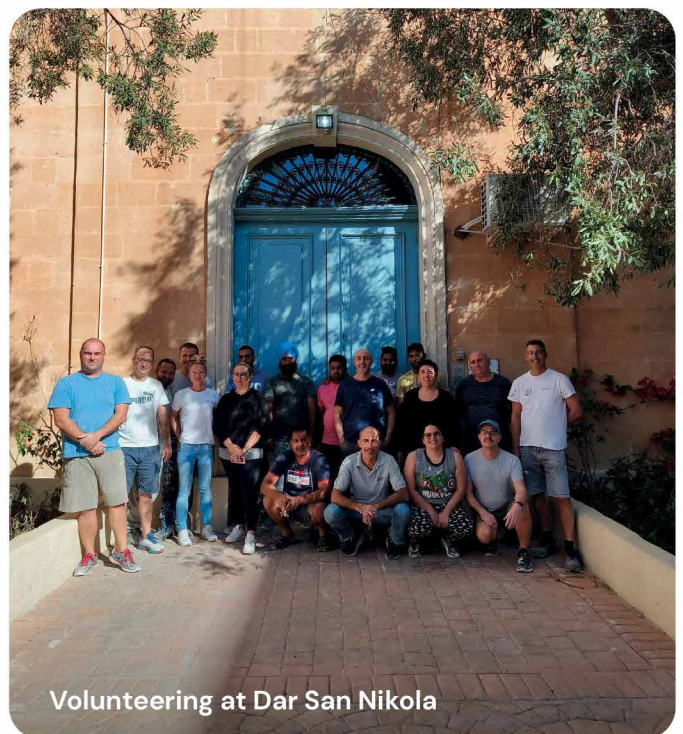
Verdala Hotel – Artistic Impression

## ESG (ENVIRONMENTAL, SOCIAL, AND GOVERNANCE)

In the past year, our ESG Committee achieved significant milestones, resulting in reductions in single-use plastic, paper, water, electricity and waste. To address the recent requirements outlined in the Corporate Sustainability Reporting Directive (CSRD), the Group has engaged external consultants to ensure compliance with the Directive. The CSRD report shall highlight material social and environmental risks, as well as the impact of activities on people and the environment.

On the social front, we have been actively involved in raising cancer awareness among our staff, through the Pink October and Movember initiatives. AX employees also volunteered to enhance living conditions for children at Dar San Nikola in Hamrun. Additionally we have organized mental health sessions and developed schemes to offer support to our staff.

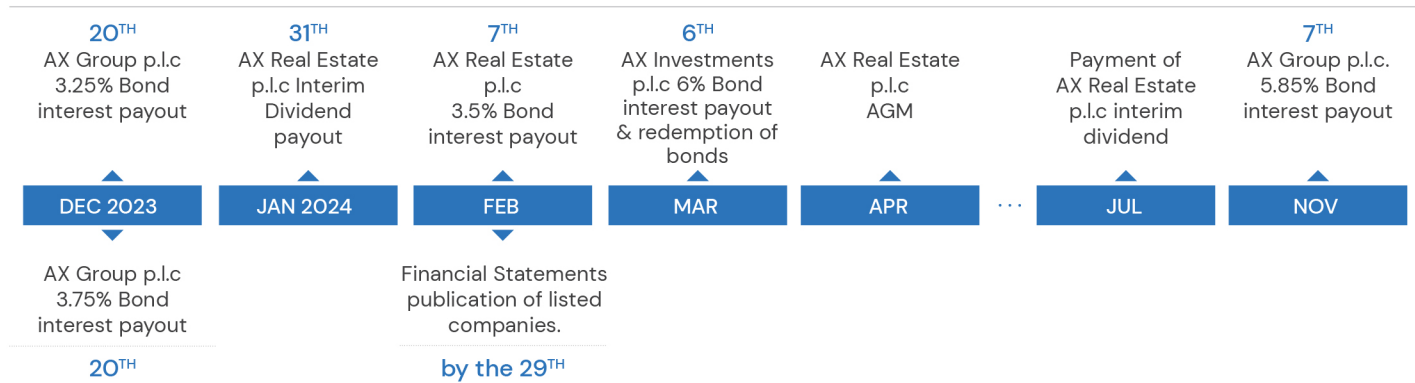
Our ESG Committee will continue to strengthen our strategies to cultivate a culture of responsibility, accountability, and awareness throughout the Group.



Volunteering at Dar San Nikola

# TIMELINE

Investors can expect to receive payouts according to the following payment timeline:



# OUTLOOK

Looking ahead, AX Group is strategically positioned to optimise returns for our investors through key projects driving revenue and growth. Following the re-opening of AX ODYCY, returns on this property are already materialising. Looking ahead, we are anticipating healthy occupancies and rates in our hotels due to the quality of our offerings as well as the positive tourism trends. In addition, once completed, the redevelopment of Sunny Coast Hotel and its Lido will open additional revenue streams in the coming years.

The Care division is expected to continue on the positive trend with steady occupancies projected throughout the year. On the other hand, AX Construction has secured prestigious projects and is fully committed for 2024. The completion of residential apartments in Q3 2024 is expected to drive a surge in sales momentum for Verdala. Meanwhile, at Palazzo Lucia, we expect to reach full occupancy by the end of 2024.

Financial year 2024 is expected to be another exciting year for the Group. The new projects will continue to complement our vision of delivering exceptional value to our customers whilst ensuring a sustainable return to our investors and shareholders. In addition, the positive operational performance of our divisions augurs well in ensuring that the Group meets all of its commitments and obligations.

# EXECUTIVE FOCUS



**Marthese Vella**

CHIEF TECHNOLOGY OFFICER

With over 30 years of experience, she has held various senior IT roles, and provided valuable expertise in IT Strategic Planning, Cybersecurity and Compliance.

A qualified Electrical Engineer, Ing Vella earned a master's degree in information management from Lancaster University. She is a Certified Information Systems Auditor (CISA), ISO27001 Certified ISMS Lead Implementer, and holds certifications in Sustainability Management. Her extensive experience and commitment drive AX Group's business transformation and technological advancements.



**Kevin Callus**

GENERAL MANAGER AT  
AX HOTELS VALLETTA AND SLIEMA

During his 20-plus year career with AX Hotels, Kevin Callus has gained a wealth of expertise in managing diverse hospitality offerings. His dedication at AX The Victoria led to his appointment as General Manager of AX The Palace in 2012, which has consistently earned industry accolades under his management.

From 2020, Mr Callus's role expanded to oversee AX Hotels' Valletta properties. As General Manager, Mr Callus ensures efficient and cost-effective hotel and restaurant operations while prioritising guest and employee satisfaction.

# OUR NEW BRANDS

At AX Group, we take great pride in all our brands, and invest time and effort to craft distinctive identities that resonate with our clients and which embody the values of our diverse business units. In the past year, we've welcomed several new brands into our F&B portfolio, through a collection of unique dining experiences located within AX ODYCY in Qawra.

## espresso

A welcoming spot that offers specialty coffee, healthy juices, and snacks.

## SIDE > STREET

Our elegant lobby lounge bar offers a curated selection of premium drinks, cocktails, and a range of classic spirits within a welcoming open-space ambiance.

## Deck&Keel

Our two contemporary buffet restaurants provide a diverse selection of dishes to savor for breakfast, lunch and dinner.

## TRATTORIA RICCARDO

Trattoria Riccardo offers an authentic taste of Italy. Complete with a wood-burning oven, a menu of Italian classics, and a vibrant children's play area, our family-friendly restaurant ensures an enjoyable dining experience for all the family.

## Cheeky Monkey GASTROPUB

Cheeky Monkey, our flagship Gastropub brand in Qawra, has undergone a significant expansion, complemented by an extended selection of pub food and wide selection of beverages catering to locals and tourists alike.

**AX** INVESTOR RELATIONS



## LEVEL TEN MEDUSA SKY BAR

Located on the 10th floor, is an exclusive adults-only venue serves signature cocktails, beverages and delectable mezes. It stands as the ideal destination for guests seeking a one-of-a-kind evening out.

## MINOIA

For an exclusive fine-dining experience, Minoia Mediterranean Fusion restaurant caters to adults only, presenting panoramic coastal vistas.

## EXCLUSIVE DISCOUNTS

As a valued AX investor, you have the privilege of enjoying exclusive discounts on reservations at all our new bars and restaurants at AX ODYCY. Simply present your loyalty card to unlock your exclusive rates. We look forward to welcoming you to AX ODYCY.

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