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# PROSPECTUS

LM4 MILLION 6.7% BONDS 2014-2016  
LM1 MILLION 4% BONDS 2013  
GUARANTEED BY AX HOLDINGS LIMITED

Legal Counsel:

Camilleri Preziosi  
Level 3, Valletta Buildings, South Street,  
Valletta - VLT11 - Malta

Financial Advisors, Auditors &  
Reporting Accountants:

Deloitte & Touche  
1, Colonel Savona Street,  
Sliema - SLM07 - Malta

Sponsoring Stockbroker:

Charts Investment Management Service Limited  
18A 3rd Floor, Europa Centre,  
Floriana - VLT15 - Malta

Registrar:

Bank of Valletta p.l.c.  
BOV Centre, Cannon Road,  
St. Venera - HMR07 - Malta



a member of the  
AX Group of Companies

Sponsoring Stockbroker



Registrar



a member of the  
AX Group of Companies



## Summary Note

This document is a Summary Note issued in accordance with the provisions of Chapter 6 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No 809/2004 of 29 April, 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus.

This document is a Summary Note as required by Rule 6.4.1 of the Listing Rules and contains information about AX Investments p.l.c. (the "Issuer") and AX Holdings Limited (the "Guarantor") as the Issuer and the Guarantor respectively of the securities for which application has been made for admission to trading on the Malta Stock Exchange. This Summary Note should be read in conjunction with the most updated Registration Document and Securities Note issued by the Issuer from time to time that will provide the details of the securities to which these documents relate.

This document is dated 28 November 2006

The Bonds are being issued by

**AX INVESTMENTS P.L.C.**

with the joint and several Guarantee of

**AX HOLDINGS LIMITED**

In respect of an issue of Lm4 million 6.7% Bonds 2014-2016 (subject to the Over-Allotment Option described herein)  
and  
An offering to Eligible Persons of a maximum of Lm1 million 4% Bonds 2013 in consideration for the acquisition by the Issuer of 20% of Suncrest Hotels p.l.c. Shares

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# DEFINITIONS

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

<b>Act</b>	the Companies Act, Cap. 386 of the Laws of Malta;
<b>AX Group or Group</b>	AX Holdings Limited and any company or entity in which AX Holdings Limited has a controlling interest. For the avoidance of doubt, any reference in this Summary Note to the Group or to the AX Group shall include both the Issuer and the Guarantor;
<b>Bond Issue or Offer</b>	the issue of the Bonds;
<b>Bonds or Securities</b>	the Series I Bonds and the Series II Bonds;
<b>Directors or Board</b>	the directors of the Issuer and the Guarantor, as the case may be, whose names are set out under the heading "Identity of Directors, Advisors and Auditors of the Issuer and Guarantor";
<b>Guarantee</b>	the joint and several suretyship of the Guarantor undertaking to effect payment of interest and capital repayments of any amount due by the Issuer to any Bondholder and which remain unpaid by the Issuer after 60 days of the due date for payment thereof. A copy of the Guarantee together with a description of the nature, scope and terms thereof, is included in Annex 4 of the Securities Note;
<b>Guarantor or AXH</b>	AX Holdings Limited, a company registered under the laws of Malta, and the parent company of the AX Group;
<b>Issue Date</b>	23 December 2006;
<b>Issuer, Company or AXI</b>	AX Investments p.l.c.;
<b>Lm or Maltese Liri</b>	the lawful currency from time to time of the Republic of Malta;
<b>Malta Stock Exchange or MSE</b>	the Malta Stock Exchange as defined by the Financial Markets Act (Cap.345 of the Laws of Malta);
<b>Offering Circular</b>	the circular to be addressed to shareholders in Suncrest Hotels p.l.c. as at 28 November 2006, and which will contain an offer by the Issuer for the purchase from such shareholders of all of their shares in Suncrest Hotels p.l.c. under the terms and conditions contained in that document;
<b>Prospectus</b>	this document together with the Registration Document and the Securities Note;
<b>Redemption Date</b>	in the case of Series I Bonds 15 December 2016 or at the Issuer's option either of the Designated Early Redemption Dates and in the case of the Series II Bonds 15 December 2013;
<b>Redemption Value</b>	Lm100 per Bond in the case of the Series I Bond and Lm140 per Bond in the case of the Series II Bond;
<b>Registration Document</b>	the Registration Document dated 28 November 2006 forming part of the Prospectus;
<b>Regulation</b>	Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus;
<b>Securities Note</b>	the Securities Note dated 28 November 2006 issued by the Issuer making an offering of Lm4 million 6.7% Bonds 2014-2016 as detailed therein or in the case of exercise of the Over-Allotment Option, up to an aggregate of Lm5 million 6.7% Bonds redeemable in 2014-2016 as detailed therein;
<b>Series I Bond</b>	Lm4 million (or in the case of exercise of the Over-Allotment Option, up to an aggregate of Lm 5 million) in bonds issued by the Issuer with the joint and several Guarantee of the Guarantor redeemable at the Redemption Value on a Redemption Date or a Designated Early Redemption Date which shall bear interest from the Issue Date to the Redemption Date at the rate of 6.7 per cent per annum with interest due and payable on an Interest Payment Date (capitalised terms defined in the Securities Note);
<b>Series II Bond</b>	up to a maximum of Lm1 million in bonds to be issued by the Issuer, under the joint and several Guarantee of the Guarantor, to Eligible Persons redeemable at a premium of Lm40 to their face value on the Redemption Date which shall bear interest from the Issue Date to the Redemption Date at the rate of 4 per cent per annum with interest due and payable on the Interest Payment Date (capitalised terms defined in the Offering Circular);
<b>Summary Note</b>	this document in its entirety.

## WARNING TO POTENTIAL INVESTORS

This Summary Note forms part of the Prospectus containing information concerning the Issuer, the Guarantor and the Bonds. This Summary Note is intended to briefly convey the essential characteristics of, and risks associated with, the Issuer, the Guarantor and the Bonds. You should carefully take into consideration the following criteria for evaluation of this Summary Note:

- The Summary Note should be read as merely an introduction to the Prospectus;
- Any decision to invest in the Bonds should be based on consideration of the Prospectus as a whole;
- Civil liability attaches to the Company which has tabled this Summary Note and applied for its notification only if the Summary Note is shown to be misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS RELATED TO THE SERIES I AND SERIES II BOND ISSUES

### Series I Bond

1. Application Forms available	04 December 2006
2. Opening of Subscription Lists	12 December 2006
3. Closing of Subscription Lists	15 December 2006
4. Announcement of Basis of Acceptance	22 December 2006
5. Commencement of Interest on the Bonds	23 December 2006
6. Expected dispatch of Allotment Advice and Refunds of Unallocated Monies	29 December 2006

The Issuer reserves the right to close the Offer of Bonds before 15 December 2006 in the event of over-subscription, in which case, the events set out in steps 4, 5 and 6 above shall be brought forward, although the number of working days between the respective events shall not also be altered.

**PROVIDED, with respect to those Applications for Series I Bonds which are being settled by a transfer from the Applicant to the Issuer of all or part of the 8.25% Suncrest Bond 2005/2007 held by the Applicant at the time of the Offer, events 1,2,3 and 4 above shall not apply. With respect to the foregoing, the closing of Subscription Lists will take place on 11 December 2006, and steps 5 and 6 shall apply as set out above.**

### Series II Bond

1. Closing of Subscription Lists	15 December 2006
2. Commencement of Interest on the Bonds	23 December 2006
3. Expected dispatch of Allotment Advice and Settlement Cheques	29 December 2006

## 1. IDENTITY OF DIRECTORS, ADVISORS AND AUDITORS OF THE ISSUER AND GUARANTOR

The Directors of the Issuer and the sole Director of the Guarantor, whose names are set out hereunder, are the persons responsible for the information contained in this Summary Note. They have been advised and assisted in the drafting and compilation of the document by the persons mentioned hereunder under the sub-heading "Advisors to the Issuer and Guarantor".

### Directors of the Issuer

Angelo Xuereb	Chairman
Michael Warrington	Executive Director
Philip Ransley	Non-Executive Director
Claire Xuereb	Non-Executive Director
Patrick Galea	Non-Executive Director

The Company Secretary of the Issuer is Tonio Farrugia

### Directors of the Guarantor

Angelo Xuereb	Sole Director
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The Company Secretary of the Guarantor is Tonio Farrugia

ALL OF THE DIRECTORS OF THE ISSUER AND GUARANTOR, WHOSE NAMES APPEAR ABOVE (THE "DIRECTORS"), ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS SUMMARY NOTE. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE ISSUER AND GUARANTOR (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS SUMMARY NOTE IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS ACCEPT RESPONSIBILITY ACCORDINGLY.



### Advisors to the Issuer and Guarantor

#### Legal Counsel:

Name: Camilleri Preziosi  
Address: Level 3, Valletta Buildings, South Street  
Valletta - VLT11 - MALTA

#### Sponsoring Stockbroker:

Name: Charts Investment Management Service Limited  
Address: 18a 3rd Floor, Europa Centre  
Floriana - VLT15 - MALTA

#### Financial Advisors, Auditors and Reporting Accountants:

Name: Deloitte & Touche  
Address: 1, Colonel Savona Street  
Sliema - SLM07 - MALTA

Deloitte & Touche is a member firm of Deloitte Touche Tohmatsu. The partners of Deloitte & Touche (Malta) are members of the Malta Institute of Accountants.

## 2. OFFER STATISTICS AND DETAILS OF THE OFFER

### 2.1 The Series I Bond

The initial Lm4 million 6.7% 2014-2016 Bonds being issued as the Series I Bond (the "Original Bond Issue") may be increased, at the option of the Issuer, by a maximum of an additional Lm1 million 6.7% 2014-2016 Bonds in the event of over-subscription of the Original Bond Issue (the "Over-Allotment Option") up to and not exceeding the aggregate amount of Lm5 million.

The Company will be entering into conditional subscription agreements with Intermediaries. In terms of these agreements the Intermediaries will be bound to subscribe and purchase, and the Company will be bound to allot to such Intermediaries, on 11 December 2006, an aggregate not exceeding Lm2 million of the Bonds in issue. Subscriptions under these arrangements will be subject to the same Terms and Conditions of the Series I Bond contained in the Prospectus. Any Bonds not placed with Intermediaries as well as the remaining Lm2 million in Bonds and the Lm1 million in Bonds which may be issued upon exercise by the Issuer of the Over-allotment Option shall be offered to the general public for subscription under the same terms and conditions.

### 2.2 The Series II Bond

The Series II Bond is available to those persons who were shareholders registered on the register of members of the Suncrest Hotels p.l.c. on 28 November 2006 and whose address on the register of members was an address in Malta, with the exception of AX Holdings Limited ("Eligible Persons"). The Series II Bonds shall initially be offered exclusively to Eligible Persons. Following their issue to Eligible Persons and the admission to listing, the Series II Bonds shall be freely transferable and tradable on the Malta Stock Exchange.

### 2.3 Status of the Bonds

The Bonds shall constitute the general, direct, unconditional, unsecured and unsubordinated obligations of the Company and Guarantor and will rank pari passu without any priority or preference with all other present and future unsecured and unsubordinated obligations of the Company and the Guarantor.

### 2.4 Terms and Conditions of Issue of the Bonds

The full terms and conditions of the Issue of the Series I Bonds are contained in Annex 1 attached to the Securities Note and the full terms and conditions of the Series II Bonds are contained in the Offering Circular.

### 2.5 Interest

- (a) The Series I Bonds shall accrue interest at the rate of 6.7 per cent per annum payable annually on 15 December of each year. Interest shall accrue as from 23 December 2006. The first Interest Payment Date shall be 15 December 2007;
- (b) The Series II Bonds shall accrue interest at the rate of 4 per cent per annum payable annually on 15 December of each year. Interest shall accrue as from 23 December 2006. The first Interest Payment Date shall be 15 December 2007.

## **2.6 Maturity and Redemption of the Bonds**

The Series I Bond shall become due for final redemption on 15 December 2016. The Issuer reserves the right to redeem the Bonds or any part of the issue at any time prior to the stated maturity on either of the Interest Payment Dates falling in 2014 and/or 2015. Redemption of the Series I Bonds shall be made at the face value of the Bonds. In addition, the Issuer reserves the right to purchase from the market at any time after issue, Series I Bonds for cancellation.

The Series II Bond shall become due for final redemption on 15 December 2013. Redemption of the Series II Bonds shall be made at a premium of Lm40 to the face value of the Bonds. In addition, the Issuer reserves the right to purchase from the market at any time after issue, Series II Bonds for cancellation.

## **2.7 Public Offer**

- (a) The Series I Bonds shall be issued and offered to the general public in Malta as well as to Intermediaries either for their own account or on behalf of investors represented by such Intermediaries. The allocation of Series I Bonds shall however be made with preference to those Applicants indicating their agreement to settle the consideration for the Series I Bonds by surrendering in the Issuer's favour Suncrest Bonds of an equivalent nominal value.
- (b) The Series II Bonds shall be offered exclusively to those persons who are shareholders in Suncrest Hotels p.l.c. as at the close of business on 28 November 2006 and whose address on the register of members is in Malta (with the exception of AX Holdings Limited). Following their issue to such persons (the "Eligible Persons") and the admission to listing, the Series II Bonds shall be freely transferable and tradable on the Malta Stock Exchange.

## **2.8 Authorisations**

The Issue of the Bonds was authorised by the Issuer's Board of Directors by resolution dated 20 November 2006. The Listing Authority admitted the Bonds as eligible to listing on a Recognised Investment Exchange pursuant to the Listing Rules by virtue of a letter dated 28 November 2006.

## **2.9 Admission to Trading**

The Bonds are expected to be admitted to the Official List of the Malta Stock Exchange with effect from 3 January 2007 and trading is expected to commence on the 4 January 2007.

## **2.10 Estimated Expenses of the Offer**

Professional fees, registrar fees and costs related to publicity, advertising, printing, listing, registration, sponsor, selling commission, management and registrar fees and other miscellaneous expenses in connection with this Offer, are estimated not to exceed Lm150,000, and shall be borne by the Issuer.

## **3. KEY INFORMATION ABOUT THE ISSUER AND GUARANTOR**

### **3.1 Selected Financial Data, and Information on the Issuer's and Guarantor's Capitalisation & Indebtedness**

The Financial information about the Issuer and Guarantor which is being incorporated by reference pursuant to Article 28 of the Regulation and is being made available for inspection is listed in section 11 below of this Summary Note.

Extracts from the Consolidated Financial Statements of the Guarantor for the 3 years ended 31 October 2003 to 2005, together with the extracts from the Estimated Consolidated Financial Statements for the year ended 31 October 2006, extracted from the unaudited Consolidated Management Accounts for the year ended 31 October 2006 are set out below:

**Income Statement Extracts**

For the years ended 31 October	Unaudited Estimated 2006 Lm'000	Audited Actual 2005 Lm'000	Audited Actual 2004 Lm'000	Audited Actual 2003 Lm'000
Turnover	9,172	9,229	10,715	7,398
Gross operating profit	2,113	2,104	2,700	924
Depreciation	(660)	(588)	(688)	(736)
Interest payable	(843)	(866)	(769)	(1,029)
Profit after depreciation and interest	610	650	1,243	(841)
Share of result of associated undertakings	(4)	105	11	49
Gain on disposal of subsidiary and other net income	-	533	649	922
Profit on ordinary activities before taxation	606	1,288	1,903	130
Taxation	(172)	202	253	592
Profit after taxation	434	1,490	2,156	722
Minority interest	(218)	(212)	(464)	89
Profit after minority interest	216	1,278	1,692	811

**Balance Sheet Extracts**

At 31 October	Unaudited Estimated 2006 Lm'000	Audited Actual 2005 Lm'000	Audited Actual 2004 Lm'000	Audited Actual 2003 Lm'000
Non-current assets	31,838	30,647	30,875	32,956
Current assets	6,635	6,933	6,490	5,505
Total assets	38,473	37,580	37,365	38,461
Short-term liabilities	9,473	8,583	9,042	10,554
Long-term liabilities	13,365	13,516	15,332	16,302
Capital and reserves	14,107	13,891	11,645	10,561
Minority interest	1,528	1,590	1,346	1,044
Total liabilities	38,473	37,580	37,365	38,461

Detailed Estimated Consolidated Financial Statements for the year ended 31 October 2006 and the assumptions on which these estimates are based are being incorporated by reference pursuant to Article 28 of the Regulation, and accordingly are available for inspection as laid out in Section 11 below of this Summary Note.

AX Group's turnover shows growth of 24% between 2003 and 2006. Most of the increase in turnover was achieved in the property development sector, which included revenues generated from the sale of the Verdala Mansions and Virtu Heights developments.

The Group's gross operating profit margin has been fairly constant during the years under review, at 23% in 2006 and 2005, and 25% in 2004. The profit before tax for each financial year under review was Lm606,194 for 2006, Lm789,263 in 2005 and Lm1,299,290 for 2004. The figures for 2005 and 2004 are taken before the gain on disposal of subsidiaries in each of the respective financial years.

During 2003 and 2004 the Group disposed of two loss making subsidiaries, namely General Precast Concrete Ltd and Capua Hospital. In the financial year 2005, the Group also sold its interest in the Duke of Edinburgh Hotel in Gozo realising a profit of Lm499,295.



The Group's tangible fixed assets at 31 October 2006 amounted to Lm31.8 million. These assets consist of immovable properties which the Group holds for its business purposes amounting to Lm22.3 million and a portfolio of immovable property held for resale which is valued at cost and has a book value of Lm9.5 million.

Shareholders' funds increased from Lm10.5 million in 2003 to Lm14.1 million in 2006.

Subsequent to the Bond Issues, long term liabilities of the Group will increase by Lm2.15 million to Lm15.52 million. In the event of the exercise of the Over-Allotment Option, long term liabilities of the Group will increase to Lm16.52 million.

### **3.2 Reasons for the Offer and Use of Proceeds**

#### **3.2.1 The Series I Bond**

The Original Bond Issue is intended to raise capital for the following purposes:

##### *General Corporate Funding Purposes of the AX Group*

A loan agreement has been entered into between the Issuer and AXH, whereby the Company shall advance the amount of Lm3,142,000, (or Lm4,142,000 in the event of the exercise of the Over-Allotment Option), to be utilised as follows:

- (a) the amount of Lm2,849,400 for the redemption of the Lm2,849,400 8.25% Suncrest Bonds 2005/2007 issued by Suncrest Hotels p.l.c. due for redemption in March 2007 (the "Suncrest Bond"). It is the intention of the AX Group, subject to raising the necessary funding under the Series I Bond, to redeem the Suncrest Bond before its stated maturity;
- (b) the amount of Lm292,600, as well as the proceeds generated from the exercise of the Over-Allotment Option (if exercised), shall be advanced to AXH for general corporate funding purposes including new projects of the AX Group.

##### *Acquisition of the Capua Palace*

The Company shall pay the amount of Lm858,000 to Capua Palace Investments Limited in settlement of the balance of price for the purchase of Capua Palace Sliema by the Company from Capua Palace Investments Limited. A report produced by Architect Wallace Farrugia (A.&C.E.) of Wallace Farrugia & Associates, of 44, St. Francis Street, Sliema SLM05, in respect of the Capua Palace, is available on the Group's website and at its premises, although a summarised version of the said report may be found in Annex 1 of the Registration Document. This report was produced at the Issuer's request, and is included in the Registration Document with the consent of Arch. Farrugia, who authorises the publication of his report in the form and content in which it appears therein.

#### **3.2.2 The Series II Bond**

The Lm1 million Series II Bond Issue will be utilised to settle the consideration for an elective bid being made by the Issuer simultaneously with the Series I Bond Issue to Eligible Persons. The said elective bid is being made by the Issuer to Eligible Persons to exchange ordinary shares in Suncrest Hotels p.l.c. into Series II Bonds. If all Eligible Persons were to accept the elective bid in exchange for their Suncrest Shares, it is expected that the full amount of Series II Bonds to be issued by the Issuer under the joint and several Guarantee of the Guarantor will be equivalent to Lm1 million in value of Series II Bonds.

### **3.3 Risk Factors**

**You should carefully consider the following matters, as well as the other information contained in the Registration Document and Securities Note, before making any investment decision with respect to the Company.**

Information contained in this Summary Note contains "forward-looking statements," which are subject to the qualifications discussed below. If any of the risks described were to materialise, they could have a serious effect on the Company's financial results, trading prospects and the ability of the Company to fulfil its obligations under the Securities to be issued. Important factors that could cause actual results to differ materially from the expectations of the Issuer's or Guarantor's Directors include those risks identified under the heading "RISK FACTORS", and elsewhere in the Prospectus.

The Issuer and Guarantor caution the reader that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ from those expressed or implied by the statements and no assurance is given that the future results or expectations will be achieved.

#### **3.3.1 Risks relating to the Business of the AX Group**

The Issuer is subject to a number of risks which could have an adverse effect on the business of the AX Group. These risks (which are more fully described in the Registration Document) include:

- negative economic trends that may from time to time be felt in Malta, which could have a negative effect on the business activities of the AX Group concentrated in and aimed at the Maltese market;
- risks specifically related to the property development and construction sectors (two of the main pillars of the AX Group's business);
- risks arising in the hospitality industry (another pivotal facet of the AX Group's business) related to: the economic, political and security conditions in Malta's main tourism markets; the overall quality and attractiveness of Malta's tourism product, its competitiveness in the international market, and the resources applied to its marketing; competitiveness on the supply side of the market that may result in increased pricing pressure from other operators.



### 3.3.2 Risks relating to the Bonds

An investment in the Bonds is subject to certain risks (better described in the Securities Note), which risks include:

- the possible rise and fall of the value of investments;
- past performance is not necessarily indicative of future performance;
- there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue;
- there can be no assurance, also, that an investor will be able to re-sell his/her Bonds at or above the Bond Offer Price.
- factors over which the Issuer has no control, including the willingness or otherwise of potential buyers and sellers of the Bonds, time remaining for maturity of the Bonds, the outstanding amount of the Bonds, and the level, direction and volatility of market interest rates generally;
- the investor bears the risk of fluctuations in exchange rates until such time as Malta adopts the Euro, although this risk has been mitigated pursuant to Malta's joining the Exchange Rate Mechanism II.

## 4. INFORMATION ABOUT THE ISSUER AND GUARANTOR

### 4.1 Historical Development of the Issuer

The Issuer, formed on 17 January 2001 with the name Verdala Finance p.l.c., is a public limited liability company, registered in terms of the Act with Company Registration number C-27586. The Issuer's registered office is at AX House, Mosta Road, Lija, Malta.

### 4.2 Overview of the Issuer's Business

The Issuer, which is a subsidiary of AX Holdings Limited, was set up with the principal object of carrying on the business of a finance and investment company within the AX Group. As the finance and investment arm of the AX Group, the Issuer is the primary vehicle for raising the capital required to finance the funding requirements of specific projects being undertaken by members of the AX Group, as and when the demands of their business or the demands of a particular project so require. An object ancillary to this primary purpose of the Company is the taking on lease, exchange or acquisition of movable and immovable property.

The first transaction undertaken by the Issuer in its capacity as the finance and investment arm of the AX Group was the issue of a bond required for the development of one of the Group's projects, the Verdala Mansions in Rabat, Malta. That bond was issued in 2001 for an amount of Lm2.3 million with an original maturity of five years from the date of issue. The said bond proceeds were utilised for the development of the Verdala Mansions and was redeemed in two tranches to the bondholders with the final redemption being made in April 2005, one year before the final maturity.

### 4.3 Historical Development of the Guarantor

The Guarantor, formed on 27 January 1977, is a private limited liability company, registered in terms of the Act with Company Registration number C-3595. The Guarantor's registered office is also at AX House, Mosta Road, Lija, Malta.

AX Holdings Limited is the holding company and parent of the AX Group that has diverse business interests in a number of industry sectors, ranging from construction to hospitality and property development. AX Holdings Limited itself does not actively trade but merely holds the investment in subsidiaries and associated companies that are the operating companies within the AX Group.

### 4.4 Overview of the Guarantor's Business

Since its inception in 1977, AX Holdings Limited has expanded from a construction-based business to an important player in the local hospitality and property development (and investment) markets. In the hospitality industry, the Suncrest Hotel, Sunny Coast Resort in Qawra, the Capua Palace, Victoria Hotel and Villa Drago in Sliema, the Verdala Hotel in Rabat, the Duke of Edinburgh Hotel in Gozo, and several others are currently, or at a point in time were, projects run by the AX Group. A new hotel in Sliema (The Palace Hotel) is targeted to open as a five star boutique hotel in June 2007.

With respect to property development and investment, over the years the AX Group developed a number of properties and disposed of others that were not considered central to its long term development plans. Amongst its prime achievements in this sector the AX Group boasts the Verdala Mansions, the most luxurious apartment complex in Malta.

Apart from these principal areas of specialisation, a large number of subsidiary and operating companies of the AX Group are engaged in sectors which are material to the AX Group's overall business objectives, including civil engineering, quarrying, waste recycling, project management (both local and international), property development, property investment, and the supply of building material and plant.

The Valletta Waterfront was a national project proposed by Angelo Xuereb, the AX Group's Chairman. Seven years ago, Mr. Xuereb proposed the conversion of this run down part of Valletta into a cruise terminal. Viset Malta plc was the company that was awarded an international tender issued by Government to carry out this project. The AX Group has a 22.9% interest in Viset Malta p.l.c., the cruise terminal operator which has enhanced Malta's status as a leading destination for Mediterranean cruises.

The AX Group's Executive Board has approved a number of other projects which will be undertaken in the course of the coming years. These projects include the opening of two food and beverage/entertainment venues at the Valletta Waterfront. In addition, the AX Group may also consider expanding its development activities overseas (such as the expansion of the activities of its subsidiary Universal Supplies Ltd in the North African and Middle East markets), provided that a cautious approach is taken in this respect in such a way that the AX Group will only commit capital to such projects if it is reasonably clear to the Board that such developments can generate the expected returns.

#### 4.5 Property

Through its property development and hospitality divisions, the AX Group holds immovable property throughout the Maltese Islands.

In the hospitality sector, the Suncrest Hotel, built in 1987, remains one of the largest hotels in Malta. The other main operating hotels in the Group's hospitality division are the Victoria Hotel and the Sunny Coast Resort. The Palace Hotel is targeted to open as a five star boutique hotel in June 2007. The hotel will focus on the conference and incentive market and will have 155 rooms. The construction and finishes of the hotel are being financed through a bank loan for the full estimated budget for the project.

Through its property development division, the Group acquires investment properties, identifies business and commercial uses for these properties, and undertakes such projects to dispose of them at an opportune time. Some of these investments are held on a long term basis while others are developed and sold in the normal course of business. The Verdala Mansions and Virtu Heights are the principal projects to have been undertaken by the Group in this respect.

### 5. TREND INFORMATION RELATIVE TO THE ISSUER AND GUARANTOR

There have been no material adverse changes to the prospects of either the Issuer or Guarantor since the date of their respective last published financial statements.

**At the time of publication of this Summary Note, the Issuer considers that its future performance is intimately related to that of the whole AX Group, particularly since members of the AX Group will constitute its only trading partners as borrowers. The Guarantor, 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 strategy for the foreseeable future is to continue to develop its assets with a view to realising and maximising their economic potential.

With respect to the *hospitality division*, the Group is reasonably confident that long term profitability in the tourism sector will return in the foreseeable future. Experience has shown that hotel properties which are market oriented and provide a high standard of service outperform their competition and provide acceptable returns. The Group is reasonably confident that its hotel properties will achieve such returns in the medium term.

The *construction industry* has been going through a steady period of good performance in recent years, and although highly competitive, the industry does provide reasonable return on investment. The AX Group plans to remain one of the foremost construction services providers in Malta and aims to expand its activities in waste recycling and environmental projects.

The *property development* division of the AX Group will persevere with its proposed plans to develop the lands of the former Grand Hotel Verdala and build, through Skyline Developments Ltd, a complex of 100 luxury apartments. Subject to final approval from the Malta Environment and Planning Authority and the resolution of legal action instituted by Malta Enterprise, it is expected that work on this project will commence in 2007, and that Royal Hotels Ltd will construct a boutique hotel on another part of the lands in question. Is-Simblija Developments Ltd has plans to construct a complex consisting of 250 apartments with a view to market these as sheltered homes for the elderly. The company has an outline permit for the project and has recently acquired two additional areas of land to be incorporated into the development.

### 6. MANAGEMENT AND EMPLOYEES

#### 6.1 The Board of Directors of the Issuer

The Issuer is managed by a Board of Directors, consisting of five members, which is entrusted with the overall administration and management of the Company. The Board consists of two Executive Directors (who have been assigned the company's day-to-day management) and three Non-Executive Directors (who monitor the operations of the Executive Directors and their performance, review any proposals tabled by the Executive Directors, and ensure avoidance of possible conflicts of interest for the Executive Directors in view of their dual role as Executive Directors of the Company and their role as officers of the AX Group). The responsibility of the Directors is a collective one, although within the structure of a unitary board, the main functions of the Directors are, in practice, complementary.

The Executive Directors of the Issuer are Angelo Xuereb (Chairman) and Michael Warrington. The Non-Executive Directors are Claire Xuereb, Patrick J. Galea and Philip A. Ransley. Two of the Non-Executive Directors hold a majority on the Issuer's Audit Committee.

#### 6.2 Employees

As at 31 October 2006, the Guarantor had 456 employees, which included the employees of the Issuer. The Construction Division had 97 full time employees and the hospitality companies employed 341 full time equivalents. AXH and the property division employed 18 persons on a full time basis.



### **6.3 Management Structure of the Issuer and Guarantor**

The Issuer is an investment company which does not require an elaborate management structure. Angelo Xuereb has been appointed Chairman of the Company. The Directors believe that the current organisational structures are adequate for the current activities of the Company. The Directors will maintain these structures under continuous review to ensure that they meet the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

The Guarantor is managed by an Executive Board composed of: the Chairman and Chief Executive of the AX Group, Angelo Xuereb; the Group Finance Director, Michael Warrington; and the Group Administration Director, Tonio Farrugia. The Executive Board is responsible for the determination of policy and strategic guidance and management. Each of the principal operating subsidiaries of the AX Group has its own independent management organisations and structures, the General Managers of which report to the Executive Board.

### **6.4 Remuneration of Directors of the Issuer and Guarantor**

For the financial year ending 31 October 2007 the Issuer will pay an aggregate of Lm16,000 to its Directors.

The sole Director of the Guarantor is entitled to an annual remuneration of Lm25,000.

## **7. MAJOR SHAREHOLDERS OF THE ISSUER AND GUARANTOR**

AX Holdings Limited currently holds 1,199,999 of the Issuer's 1,200,000 issued ordinary shares. AX Holdings Limited is wholly owned by Fulcrum Services Limited (C-12271), a private company of which Angelo Xuereb is the ultimate beneficial owner. The remaining one share in the Issuer is held by Verdala Mansions Limited (C-7793).

The Issuer adopts measures in line with the Code of Corporate Governance to ensure that the relationship with AX Holdings Limited is retained at arm's length, including adherence to Rules on Related Party Transactions requiring the sanction of the Audit Committee, in which the majority is constituted by independent Non-Executive Directors, of which one shall also act as chairman.

## **8. FINANCIAL INFORMATION**

Financial information about the Issuer and the Guarantor is being incorporated by reference pursuant to Article 28 of the Regulation. Accordingly, the Audited Financial Statements of the Issuer for the years ended 31 October 2003 to 2006, and the Audited Consolidated Financial Statements of the Guarantor for the years ended 31 October 2003 to 2005, as well as the Estimated Consolidated Financial Statements of the Guarantor for the year ended 31 October 2006, are available for inspection as laid out in Section 11 below of this Summary Note.

There were no significant changes to the financial or trading position of the Issuer and Guarantor since the end of the financial period to which the Financial Statements detailed above relate.

Extracts from the Consolidated Financial Statements of the Guarantor for the 3 years ended 31 October 2003 to 2005, together with the extracts from the Estimated Consolidated Financial Statements for the year ended 31 October 2006 may be found in section 3.1 above of this Summary Note.

## **9. ADDITIONAL INFORMATION**

### **9.1 Share Capital of the Issuer**

Upon registration of the Issuer, the original issued share capital was Lm20,000. This was raised on two occasions, to Lm200,000 and to Lm1,200,000. At the date of publication of this Summary Note, the authorised and issued share capital of the Issuer is set at Lm1,200,000, divided into 1,200,000 ordinary shares of Lm1 each, fully paid up. AX Holdings Limited holds 1,199,999 ordinary shares of Lm1 each, and Verdala Mansions Limited holds 1 ordinary share of Lm1.

### **9.2 Memorandum and Articles of Association of the Issuer**

The Memorandum and Articles of Association of the Issuer are registered with the Registry of Companies. The main object of the Issuer is to carry on the business of a finance and investment company and in particular but without prejudice to the generality of the foregoing the financing or re-financing of the funding requirements of the business of AX Holdings Limited or any of its subsidiaries and/or associated companies. Clause 3 of the Memorandum of Association contains the full list of objects of the Company. The Memorandum and Articles of Association of the Company, a copy of which may be inspected during the lifetime of this Summary Note at the registered office of the Company and at the Registrar of Companies of the Malta Financial Services Authority, regulate matters customarily dealt with therein, including matters such as voting rights and restrictions thereof, and the appointment and powers of directors.

### **9.3 Share Capital of the Guarantor**

Upon registration of the company, the original issued share capital of the Guarantor was Lm2,000, eventually raised to Lm202,000. At the date of publication of this Summary Note, the authorised and issued share capital of the company is set at Lm202,000, divided into 202,000 ordinary shares of Lm1 each, fully paid up. Fulcrum Services Limited (C-12271) holds 201,999 ordinary shares of Lm1 each, and Angelo Xuereb holds 1 ordinary share of Lm1.

#### **9.4 Memorandum and Articles of Association of the Guarantor**

The Memorandum and Articles of Association of the Guarantor are registered with the Registry of Companies. The main object of the company is to co-ordinate the business of the AX Group. Clause 3 of the Memorandum of Association contains the full list of objects of the company. The Memorandum and Articles of Association of the Guarantor, a copy of which may be inspected during the lifetime of this Summary Note at the registered office of the Guarantor and at the Registrar of Companies of the Malta Financial Services Authority, regulate matters customarily dealt with therein, including matters such as voting rights and restrictions thereof, and the appointment and powers of directors.

#### **10. TERMS OF THE GUARANTEE**

The full terms of the joint and several suretyship of the Guarantor in favour of the holders of Bonds described in this Summary Note ("Holder") may be found in Annex 4 of the Securities Note. Briefly, pursuant to the Guarantee, the Guarantor irrevocably and unconditionally guarantees to each Holder that if for any reason the Issuer fails to pay any sum payable by it to such Holder pursuant to the terms of the Bonds detailed in the Securities Note or Offering Circular (as the case may be) within 60 days after when the same shall have become due under any of the foregoing, the Guarantor will pay to such Holder on demand the amount payable by the Issuer to such Holder.

#### **11. DOCUMENTS AVAILABLE FOR INSPECTION**

For the duration period of this Summary Note the following documents shall be available for inspection at the registered address of the Issuer and Guarantor (AX House, Mosta Road, Lija, Malta):

- (a) Memorandum and Articles of Association of the Issuer and Guarantor;
- (b) The Securities Note and Registration Document forming part of the Prospectus;
- (c) Audited Financial Statements of the Issuer for the years ended 31 October 2003 to 2006.
- (d) Audited Consolidated Financial Statements of the Guarantor for the years ended 31 October 2003 to 2005 and Estimated Consolidated Financial Statements for the year ended 31 October 2006;
- (e) Statement of Adjustments with respect to the Audited Consolidated Financial Statements of the Guarantor for the years ended 31 October 2003-2005;
- (f) Historical Financial Information of the subsidiary undertakings of AX Holdings Limited for the years ended 31 October 2004 and 2005;
- (g) Expert's report prepared at the Issuer's request in respect of the Capua Palace Hotel, Sliema.

These documents, except for the Historical Financial Information of the subsidiary undertakings of AX Holdings Limited, are also available for inspection in electronic form on the AX Group's website at [www.axholdings.com.mt](http://www.axholdings.com.mt)



## Registration Document

This document is a Registration Document issued in accordance with the provisions of Chapter 6 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus.

This Registration Document is issued pursuant to the requirements of Rule 6.4.2 of the Listing Rules and contains information about AX Investments p.l.c. (the "Issuer") and AX Holdings Limited (the "Guarantor") as the Issuer and the Guarantor respectively of the securities for which application has been made for admission to trading on the Malta Stock Exchange. This document should be read in conjunction with the most updated Securities Note issued by the Issuer from time to time that will provide the details of the securities to which it relates.

This document is dated 28 November 2006

The Bonds are being issued by

**AX INVESTMENTS P.L.C.**

with the joint and several Guarantee of

**AX HOLDINGS LIMITED**

In respect of an issue of Lm4 million 6.7% Bonds 2014-2016 (subject to the Over-Allotment Option described herein)  
and  
An offering to Eligible Persons of a maximum of Lm1 million 4% Bonds 2013 in consideration for the acquisition by the Issuer of 20% of Suncrest Hotels p.l.c. Shares

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# IMPORTANT INFORMATION

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION ON AX INVESTMENTS P.L.C. (THE "ISSUER") AND AX HOLDINGS LIMITED (THE "GUARANTOR") IN CONNECTION WITH THE ISSUE OF SECURITIES TO BE MADE BY THE ISSUER AND DETAILS OF WHICH WILL BE CONTAINED IN A SEPARATE SECURITIES NOTE OR OTHER OFFERING CIRCULAR. INFORMATION IS ALSO BEING GIVEN ABOUT THE GUARANTOR WHICH IS APPLICABLE TO INSTANCES WHERE THE OBLIGATIONS OF THE ISSUER UNDER ANY ISSUE OF SECURITIES IS TO BE GUARANTEED BY THE GUARANTOR. ACCORDINGLY, THIS DOCUMENT PROVIDES ONLY GENERAL INFORMATION ABOUT THE ISSUER AND THE GUARANTOR AND DOES NOT PROVIDE INFORMATION ABOUT ANY OF THE SECURITIES THAT MAY BE ISSUED BY THE ISSUER DURING THE VALIDITY OF THIS DOCUMENT, SAVE FOR BONDS WHICH MAY BE ISSUED PURSUANT TO THE OVER-ALLOTMENT OPTION DESCRIBED BELOW. PROSPECTIVE INVESTORS ARE URGED TO READ ANY SECURITIES NOTE OR OTHER OFFERING CIRCULAR ISSUED BY THE ISSUER IN CONNECTION WITH ANY ISSUE OF SECURITIES BY THE ISSUER. THIS DOCUMENT WILL BE RETAINED CURRENT AND UPDATED BY THE ISSUER AND THE GUARANTOR (IF APPLICABLE) DURING ANY PUBLIC OFFER OF SECURITIES MADE BY THE ISSUER.

THIS DOCUMENT INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH THE LISTING RULES OF THE LISTING AUTHORITY FOR THE PURPOSE OF GIVING INFORMATION WITH REGARDS TO THE ISSUER AND GUARANTOR. ALL OF THE DIRECTORS OF THE COMPANY, WHOSE NAMES APPEAR UNDER THE HEADING DIRECTORS OF THE ISSUER (THE "DIRECTORS"), ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS WHERE THAT INFORMATION RELATES TO THE ISSUER, WHILST THE DIRECTOR OF THE GUARANTOR IS THE PERSON RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS WHERE THAT INFORMATION RELATES TO THE GUARANTOR. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE COMPANY AND THE GUARANTOR (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS PROSPECTUS IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS OF THE ISSUER AND OF THE GUARANTOR ACCEPT RESPONSIBILITY ACCORDINGLY.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE COMPANY OR ITS DIRECTORS, 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 IN CONNECTION, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR, OR EITHER OF THEIR RESPECTIVE DIRECTORS OR ADVISORS.

**THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.**

THIS REGISTRATION DOCUMENT DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR BONDS BY ANY PERSON IN ANY JURISDICTION (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT AND ANY PERSONS 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 APPLICANTS FOR 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 OR DOMICILE.

A COPY OF THIS DOCUMENT HAS BEEN LODGED WITH THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES, IN ACCORDANCE WITH THE ACT.

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

THE VALUE OF INVESTMENTS CAN RISE OR FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. IF YOU NEED ADVICE YOU SHOULD CONSULT A LICENSED STOCKBROKER OR AN INVESTMENT ADVISOR LICENSED UNDER THE INVESTMENT SERVICES ACT, CAP. 370 OF THE LAWS OF MALTA.

AT THE DATE OF THIS DOCUMENT THE ISSUER INTENDS TO ISSUE THE FOLLOWING SECURITIES WITH THE BENEFIT AND UNDER THE GUARANTEE OF THE GUARANTOR:

1. AN ISSUE OF LM4 MILLION IN BONDS AT A FACE VALUE OF LM100 PER BOND WITH A FINAL MATURITY DATE FOR REDEMPTION ON 15 DECEMBER 2016 AND OPTIONAL DATES OF REDEMPTION ON EACH OF 15 DECEMBER 2014 AND 15 DECEMBER 2015. THE BONDS SHALL CARRY INTEREST AT A RATE OF 6.7% PER ANNUM.



DETAILS OF THE BOND ISSUE ARE AVAILABLE IN THE SECURITIES NOTE DATED 28 NOVEMBER 2006. IN THE EVENT OF OVER-SUBSCRIPTION BY INVESTORS THE ISSUER RESERVES THE RIGHT TO ISSUE AN ADDITIONAL LM1 MILLION IN BONDS AT A FACE VALUE OF LM100 PER BOND WITH A FINAL MATURITY DATE FOR REDEMPTION ON 15 DECEMBER 2016 AND OPTIONAL DATES OF REDEMPTION ON EACH OF 15 DECEMBER 2014 AND 15 DECEMBER 2015 CARRYING INTEREST AT A RATE OF 6.7% PER ANNUM;

2. AN OFFER TO SHAREHOLDERS OF SUNCREST HOTELS P.L.C. (WITH THE EXCEPTION OF AX HOLDINGS LIMITED) TO PURCHASE THEIR SHARES IN THE SAID COMPANY AGAINST THE ISSUE BY THE ISSUER OF A MAXIMUM OF LM1 MILLION BONDS OF A FACE VALUE OF LM100 PER BOND WITH A FINAL MATURITY DATE FOR REDEMPTION ON 15 DECEMBER 2013. THE BONDS SHALL CARRY INTEREST AT A RATE OF 4% PER ANNUM. THE BONDS WILL BE REDEEMABLE AT LM140, THAT IS A PREMIUM TO FACE VALUE OF LM40. DETAILS OF THE OFFER TO PURCHASE THE SUNCREST SHARES AND THE BOND TO BE ISSUED IN CONSIDERATION THEREOF ARE AVAILABLE IN AN OFFERING CIRCULAR DATED 28 NOVEMBER 2006 THAT WILL BE SENT TO SUNCREST SHAREHOLDERS ONLY. OTHER DETAILS OF THE BONDS AND HOW, IF ISSUED, THEY WILL IMPACT THE ISSUER ARE ALSO AVAILABLE IN THE SECURITIES NOTE DATED 28 NOVEMBER 2006.

## DEFINITIONS

In this 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	AX Holdings Limited and any company or entity in which AX Holdings Limited has a controlling interest. For the avoidance of doubt, any reference in this Registration Document to the Group shall include both the Issuer and the Guarantor;
Bond Issue of Offer	the issue of the Bonds;
Bonds or Securities	the Lm4 million 6.7% Bonds 2014-2016 as detailed in the Securities Note or in the case of exercise of the Over-Allotment Option, up to an aggregate of Lm5 million 6.7% Bonds 2014-2016 as detailed in the Securities Note, and the Lm1 million 4% Bonds 2013 as detailed in the Offering Circular;
Directors or Board	the directors of the Issuer and the Guarantor, as the case may be, whose names are set out under the heading "Identity of Directors, Advisors and Auditors of the Issuer and Guarantor";
Guarantee	the joint and several suretyship of the Guarantor undertaking to effect payment of interest and capital repayments of any amount due by the Issuer to any Bondholder and which remain unpaid by the Issuer after 60 days of the due date for payment thereof. A copy of the Guarantee and a description of the nature, scope and terms of the Guarantee are appended to the Securities Note as Annex 4 thereof;
Guarantor or AXH	AX Holdings Limited, a company registered under the laws of Malta, and the parent company of the AX Group;
Issuer, Company or AXI	AX Investments p.l.c.;
Lm or Maltese Liri	the lawful currency from time to time of the Republic of Malta;
Malta Stock Exchange or MSE	the Malta Stock Exchange as defined by the Financial Markets Act (Cap. 345 of the Laws of Malta);
Offering Circular	The circular to be addressed to shareholders in Suncrest Hotels p.l.c. as at 28 November 2006, and which will contain an offer by the Issuer for the purchase from such shareholders of all of their shares in Suncrest Hotels p.l.c. under the terms and conditions contained in that document;
Original Bond Issue	the Lm4 million 6.7% Bonds 2014-2016 as detailed in the Securities Note;
Over-Allotment Option	the option of the Issuer to increase the Original Bond Issue by a maximum of an additional Lm1 million 6.7% Bonds 2014-2016 as detailed in the Securities Note in the event of over-subscription of the Original Bond Issue;
Prospectus	this document together with the Securities Note and the Summary Note;
Registration Document	this document in its entirety;
Regulation	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus;
Securities Note	the Securities Note dated 28 November 2006 issued by the Issuer making an offering of Lm4 million 6.7% Bonds 2014-2016 as detailed therein or in the case of exercise of the Over-Allotment Option, up to an aggregate of Lm5 million 6.7% Bonds 2014-2016 as detailed therein;
Summary Note	the Summary Note dated 28 November 2006.



## 1. IDENTITY OF DIRECTORS, ADVISORS AND AUDITORS OF THE ISSUER AND GUARANTOR

The Directors of the Issuer and the sole Director of the Guarantor, whose names are set out hereunder, are the persons responsible for the information contained in this Registration Document. They have been advised and assisted in the drafting and compilation of the document by the persons mentioned hereunder under the sub-heading "Advisors to the Issuer and Guarantor".

### Directors of the Issuer

Angelo Xuereb	Chairman
Michael Warrington	Executive Director
Philip Ransley	Non-Executive Director
Claire Xuereb	Non-Executive Director
Patrick Galea	Non-Executive Director

The Company Secretary of the Issuer is Tonio Farrugia

### Director of the Guarantor

Angelo Xuereb	Sole Director
---------------	---------------

The Company Secretary of the Guarantor is Tonio Farrugia

ALL OF THE DIRECTORS OF THE ISSUER AND GUARANTOR, WHOSE NAMES APPEAR ABOVE (THE "DIRECTORS"), 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 AND GUARANTOR (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.

### Advisors to the Issuer and Guarantor

Legal Counsel:

Name:	Camilleri Preziosi
Address:	Level 3, Valletta Buildings, South Street Valletta - VLT 11 - MALTA

Sponsoring Stockbroker:

Name:	Charts Investment Management Service Limited
Address:	18a 3rd Floor, Europa Centre Floriana - VLT15 - MALTA

Financial Advisors, Auditors and Reporting Accountants:

Name:	Deloitte & Touche
Address:	1, Colonel Savona Street Sliema - SLM07 - MALTA

Deloitte & Touche is a member firm of Deloitte Touche Tohmatsu. The partners of Deloitte & Touche (Malta) are members of the Malta Institute of Accountants.

## 2. KEY INFORMATION ABOUT THE ISSUER AND GUARANTOR

### 2.1 Selected Financial Data and Information on the Issuer's and Guarantor's Capitalisation & Indebtedness

Financial information about the Issuer and the Guarantor is being incorporated by reference pursuant to Article 28 of the Regulation. Accordingly, the Audited Financial Statements of the Issuer for the years ended 31 October 2003 to 2006, and the Audited Consolidated Financial Statements of the Guarantor for the years ended 31 October 2003 to 2005, as well as the Estimated Consolidated Financial Statements of the Guarantor for the year ended 31 October 2006, are available for inspection as laid out in Section 17 below of this Registration Document.

There were no significant changes to the financial or trading position of the Issuer and Guarantor since the end of the financial period to which the Financial Statements detailed above relate.

Extracts from the Consolidated Financial Statements of the Guarantor for the 3 years ended 31 October 2003 to 2005, together with the extracts from the Estimated Consolidated Financial Statements for the year ended 31 October 2006 extracted from the Unaudited Consolidated Management Accounts for the year ended 31 October 2006, are set out below:

#### Income Statement Extracts

For the years ended 31 October	Unaudited Estimated 2006 Lm'000	Audited Actual 2005 Lm'000	Audited Actual 2004 Lm'000	Audited Actual 2003 Lm'000
Turnover	9,172	9,229	10,715	7,398
Gross operating profit	2,113	2,104	2,700	924
Depreciation	(660)	(588)	(688)	(736)
Interest payable	(843)	(866)	(769)	(1,029)
Profit after depreciation and interest	610	650	1,243	(841)
Share of result of associated undertakings	(4)	105	11	49
Gain on disposal of subsidiary and other net income	-	533	649	922
Profit on ordinary activities before taxation	606	1,288	1,903	130
Taxation	(172)	202	253	592
Profit after taxation	434	1,490	2,156	722
Minority interest	(218)	(212)	(464)	89
Profit after minority interest	216	1,278	1,692	811

#### Balance Sheet Extracts

At 31 October	Unaudited Estimated 2006 Lm'000	Audited Actual 2005 Lm'000	Audited Actual 2004 Lm'000	Audited Actual 2003 Lm'000
Non-current assets	31,838	30,647	30,875	32,956
Current assets	6,635	6,933	6,490	5,505
Total assets	38,473	37,580	37,365	38,461
Short-term liabilities	9,473	8,583	9,042	10,554
Long-term liabilities	13,365	13,516	15,332	16,302
Capital and reserves	14,107	13,891	11,645	10,561
Minority interest	1,528	1,590	1,346	1,044
Total liabilities	38,473	37,580	37,365	38,461

Detailed Estimated Consolidated Financial Statements for the year ended 31 October 2006 and the assumptions on which these estimates are based are being incorporated by reference pursuant to Article 28 of the Regulation, and accordingly are available for inspection as laid out in Section 17 below of this Registration Document.

AX Group's turnover shows growth of 24% between 2003 and 2006. Most of the increase in turnover was achieved in the property development sector, which included revenues generated from the sale of the Verdala Mansions and Virtu Heights developments.

The Group's gross operating profit margin has been fairly constant during the years under review, at 23% in 2006 and 2005, and 25% in 2004. The profit before tax for each financial year under review was Lm606,194 for 2006, Lm789,263 in 2005, and Lm1,299,290 for 2004. The figures for 2005 and 2004 are taken before the gain on disposal of subsidiaries in each of the respective financial years.



During 2003 and 2004 the Group disposed of two loss making subsidiaries, namely General Precast Concrete Ltd and Capua Hospital. In the financial year 2005, the Group also sold its interest in the Duke of Edinburgh Hotel in Gozo realising a profit of Lm499,295.

The Group's tangible fixed assets at 31 October 2006 amounted to Lm31.8 million. These assets consist of immovable properties which the Group holds for its business purposes amounting to Lm22.3 million and a portfolio of immovable property held for resale which is valued at cost and has a book value of Lm9.5 million.

Shareholders' funds increased from Lm10.5 million in 2003 to Lm14.1 million in 2006.

Subsequent to the Bond Issues, long term liabilities of the Group will increase by Lm2.15 million to Lm15.52 million. In the event of the exercise of the Over-Allotment Option, long term liabilities of the Group will increase to Lm16.52 million.

## 2.2 Risk Factors

### FORWARD-LOOKING STATEMENTS

This Document contains forward-looking statements that include, among others, statements concerning the Issuer's or Guarantor's strategies and plans relating to the attainment of their objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may involve predictions of future circumstances. Investors can generally identify forward-looking statements by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. These forward-looking statements are inherently subject to a number of risks, uncertainties, and assumptions. Important factors that could cause actual results to differ materially from the expectations of the Issuer's or Guarantor's Directors include those risks identified under the heading "*Risk Factors*", and elsewhere in this Prospectus.

The Issuer and Guarantor caution the reader that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ from those expressed or implied by the statements and no assurance is given that the future results or expectations will be achieved.

### CONSIDERATIONS RELATING TO THE COMPANY

The Company itself does not have any substantial assets and is essentially a special purpose vehicle set up to assist in the financing of the AX Group. The Bonds however are being guaranteed by AX Holdings Limited and this Prospectus is designed to provide the prospective investor with sufficient information about AX Holdings Limited and the other companies comprising the AX Group to enable such investor to make an informed judgment as to the reliance to be placed on the Guarantee.

### CONSIDERATIONS RELATING TO THE BUSINESS OF THE AX GROUP

#### *General*

The AX Group has a diversified business portfolio with activities ranging from property development and construction to hospitality. The diversification of the Group's business interests provides a natural hedge against downtrends in any one particular sector of its business activities, but on the other hand exposes the AX Group to risks which are not particular to any one industry sector.

The AX Group's business activities are all 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. 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 AX Group.

#### *Property Development*

One of the main pillars of the AX Group's business is property development, targeted at the local commercial and residential market. All development projects are subject to a number of specific risks – the risk of cost overruns; the risk of insufficiency of resources to complete; the risk of sales transactions not materialising at the prices and the tempo envisaged; and the risk of sales delays resulting in a liquidity strain, higher interest costs and the erosion of revenue generation. If these risks were to materialise, they would have an adverse impact on the Group's revenue generation and cash flows.

#### *Hospitality*

The servicing of the interests on the Bonds, and the repayment of the capital thereof, is partly dependent on the future revenue generation of Suncrest Hotels p.l.c., although ultimately guaranteed by the Guarantor. The prospects of the Suncrest Hotel during the duration of the Bonds are subject to a number of internal and external risk factors, such as:

- Economic, political and security conditions in Malta's main tourism markets, such as the United Kingdom, Italy and Germany amongst others;
- The overall quality and attractiveness of Malta's tourism product, its competitiveness in the international market, and the resources applied to its marketing;
- Competitiveness on the supply side of the market that may result in increased pricing pressure from other operators.

### 3. INFORMATION ABOUT THE ISSUER AND GUARANTOR

#### 3.1 Historical Development of the Issuer

##### 3.1.1 Introduction

AX Investments p.l.c., which was formed on 17 January 2001 with the name Verdala Finance p.l.c., is a public limited liability company domiciled in Malta, registered in terms of the Act with Company Registration number C-27586. The Issuer's registered office is at AX House, Mosta Road, Lija, Malta. The telephone number of the registered office is 00356 2331 2345.

##### 3.1.2 Principal Objects of the Issuer

The principal object of the Issuer is to carry on the business of a finance and investment company within the AX Group, in particular the financing of the funding requirements of specific projects being undertaken by members of the AX Group. The Issuer does not itself carry on any trading activities apart from the raising of capital and the advancing thereof to members of the AX Group as and when the demands of their business or the demands of a particular project so require. Accordingly, the Issuer is economically dependant on AX Holdings Limited.

An object ancillary to this primary purpose of the Company is the taking on lease, exchange or acquisition of movable or immovable property.

##### 3.2 Overview of the Issuer's Business

The Issuer was set up in 2001 with the intention of acting as the finance and investment arm of the AX Group. The first such transaction undertaken by the Issuer was the issue of a bond required for the development of one of the Group's projects, the Verdala Mansions in Rabat, Malta. That bond was issued in 2001 for an amount of Lm2.3 million with an original maturity of five years from the date of issue. The said bond proceeds were utilised for the development of the Verdala Mansions and was redeemed in two tranches to the bondholders with the final redemption being made in April 2005, one year before the final maturity.

#### 3.3 Historical Development of the Guarantor

##### 3.3.1 Introduction

AX Holdings Limited, which was formed on 27 January 1977 with the name Angelo Xuereb Holdings Limited, is a private limited liability company domiciled in Malta, registered in terms of the Act with Company Registration number C-3595. The Guarantor's registered office is also at AX House, Mosta Road, Lija, Malta. The telephone number of the registered office is 00356 2331 2345.

##### 3.3.2 Principal Objects

AX Holdings Limited is the holding company and parent of the AX Group that has diverse business interests in a number of industry sectors, ranging from construction and property development to hospitality. AX Holdings Limited itself does not actively trade but merely holds the investment in subsidiaries and associated companies that are the operating companies within the AX Group.

##### 3.4 Overview of the Guarantor's Business

Since its inception in 1977, AX Holdings Limited through a number of subsidiary companies has been actively involved in hotel operations, property development and construction in Malta. The following table sets out the major subsidiary and operating companies of the AX Group with a short description of their key business activities.

##### *Major subsidiary and operating companies of the AX Group*

Name of Company	Place of Incorporation	% of Shareholding held by AX Holdings Limited	Short Description of Business
AX Construction Limited	Malta	100%	Civil Engineering & Construction
Hardrocks Ltd	Malta	51%	Quarrying
C & D Waste Ltd	Malta	51%	Waste recycling
The Constructors Ltd	Malta	75%	Civil Engineering & Construction
Management In Construction Ltd	Malta	100%	Project Management
Oil & Construction International Ltd	Malta	100%	Project Management Internationally
Suncrest Hotels p.l.c.	Malta	80%	Hotel Owner/Operator
Central Hotels Ltd	Malta	97%	Hotel Owner/Operator
Holiday Resorts Ltd	Malta	100%	Hotel Owner/Operator
Central Leisure Developments Ltd	Malta	100%	Hotel Owner
Royal Hotels Ltd	Malta	97%	Hotel Owner
Capua Palace Investments Ltd	Malta	100%	Rental
Verdala Mansions Ltd	Malta	100%	Property Development
Heritage Developments Ltd	Malta	100%	Property Development
Is-Simblija Developments Ltd	Malta	100%	Property Investment
Viset Malta p.l.c.	Malta	22.9%	Cruise Terminal Operator
Marine World Ltd	Malta	100%	Property Investment
Universal Supplies Ltd	Malta	100%	Building and Finishing Supplies



The AX Group is a property based entity founded more than 30 years ago by Angelo Xuereb. Its origins lie in the construction sector and from its inception, the AX Group established a reputation for rapid growth centered around a philosophy of innovation, quality and a dynamic approach. Over the years the AX Group branched out into different sectors.

One of the milestones in the AX Group's development was the construction of the Suncrest Hotel in 1987. For many years, the Suncrest was the largest hotel on the island. Following this success, the AX Group acquired a number of large property investments with a view to future development. Among these properties were Capua Palace in Sliema, the Verdala Hotel in Rabat, the Capua Court Hotel in Sliema (the site of the Victoria Hotel), the Duke of Edinburgh Hotel in Gozo, Villa Drago in Sliema and several others.

Over the years, the AX Group developed a number of these investment properties and disposed of others that were not considered central to its long term development plans. The lands adjoining Capua Palace became the site of Capua Palace Hospital, now the St. James Capua Hospital, which was the first private hospital to open in Malta. This was initially managed by the AX Group but was sold in 2002 to the St. James Group. Capua Palace itself was retained by the AX Group and converted into a luxury annex to the Victoria Hotel. Properties such as Villa Drago and the Duke of Edinburgh Hotel were sold, as was General Precast Concrete's factory in Hal Far.

The Group today operates in three main sectors: construction, property development and hospitality.

#### *Construction*

The AX Group's main construction companies are AX Construction Ltd, The Constructors Ltd, Hardrocks Ltd and C & D Waste Ltd. The AX Group has a strong reputation in the construction sector, delivering a product of high quality and fulfilling its philosophy aimed at providing clients with value for money. Several challenging and innovative developments have been undertaken. These include the construction of the chimney for the Delimara power station, the Santa Venera bridges, the restoration of Scamps Palace (now the Casino di Venezia), the restoration of the warehouses at the Valletta Waterfront, the construction of the Malta Maritime Authority offices in Marsa, and the Forni Complex in Valletta, which received the prestigious Europa Nostra award.

AX Construction Limited undertakes all construction works for Group subsidiaries on an arms length basis. The AX construction companies also undertake most types of civil engineering works, and specialise in turnkey projects. The Group's list of completed projects includes the factory buildings for large companies (Baxter, Medichem) and branches for the island's leading commercial banks, as well as a number of churches.

#### *Hospitality*

The hospitality division consists of three main operating hotels, the Suncrest Hotel, the Victoria Hotel and the Sunny Coast Resort. This division is one of the main contributors to the AX Group's turnover and represents a significant part of its asset base.

The Suncrest remains one of the largest hotels in Malta. The AX Group believes that although Suncrest's operational results in recent years has been under-performing, further investment in the property will help Suncrest Hotels p.l.c. improve its results and reposition itself in the market.

The Sunny Coast resort is a 92 apartment complex in Qawra. The resort has operated in the vacation ownership market for many years and was the AX Group's first experience in the hospitality sector. It generates a steady return to the Group results.

The Victoria Hotel is a four star boutique hotel in Sliema which is mainly focused on the business market. The hotel achieves good operational returns and has recently undergone a refurbishment. Capua Palace in Sliema is managed as part of the Victoria Hotel and offers luxury suites and up-market conference facilities.

The Palace Hotel is targeted to open as a five star boutique hotel in June 2007. The hotel will focus on the conference and incentive market and will have 155 rooms. The construction and finishes of the hotel are being financed through a bank loan for the full estimated budget for the project.

The Valletta Waterfront was a national project conceived by Angelo Xuereb. Seven years ago, Mr. Xuereb proposed the conversion of this run down part of Valletta into a cruise terminal. Viset Malta p.l.c. was the company that was awarded an international tender issued by Government to carry out this project. Today, the Valletta Waterfront is well established as a leisure destination for both locals and foreigners.

#### *Property Development*

The property development division acquires investment properties, identifies business and commercial uses for these properties, and undertakes such projects to dispose of them at an opportune time. Some of these investments are held on a long term basis while others are developed and sold in the normal course of business.

The Verdala Mansions is to date the most luxurious apartment complex in Malta. The apartments are built on a unique site with outstanding views and finished to very high specifications. Currently, circa 80% of the apartments have been sold.

Virtu Heights is another block of apartments that has been developed in the last year and which to date is completely sold. The quality, design and features of the block contributed to the success of this development.

The AX Group's Executive Board has approved a number of other projects which will be undertaken in the course of the coming years. These projects include the opening of two food and beverage/entertainment venues at the Valletta Waterfront.

The AX Group may also consider expanding its business activities overseas (such as the extension of the activities of its subsidiary Universal Supplies Ltd in the European, North African and Middle East markets). A cautious approach will be taken in this respect in that the AX Group will only commit capital to such projects if and when it is reasonably clear to the Board that such ventures will generate the expected returns.

#### *Principal Markets and Competition*

The construction, hospitality and property development sectors are the principal markets in which the Group's business activities in Malta are focused. The Group does not command a monopoly in any one of these markets and accordingly faces the competition posed by other players in each of these respective fields.

#### **4. GROUP CAPITAL STRUCTURE**

The Issuer is a fully owned subsidiary of AX Holdings Limited. The Issuer has an authorised and issued share capital of Lm1,200,000 divided into 1,200,000 ordinary shares of Lm1 each, fully paid up. AX Holdings Limited holds 1,199,999 ordinary shares of Lm1 each, and Verdala Mansions Limited holds 1 ordinary share of Lm1 (see section 13.1 below for further details).

The Guarantor has an authorised and issued share capital of Lm202,000 divided into 202,000 ordinary shares of Lm1 each, fully paid up. Fulcrum Services Limited (C-12271) (of which Angelo Xuereb is the beneficial owner) holds 201,999 ordinary shares of Lm1 each and Angelo Xuereb holds 1 ordinary share of Lm1 (see section 13.3 below for further details).

#### **5. TREND INFORMATION RELATIVE TO THE ISSUER AND GUARANTOR**

There have been no material adverse changes to the prospects of either the Issuer or Guarantor since the date of their respective last published financial statements.

**At the time of publication of this Registration Document, the Issuer considers that its future performance is intimately related to that of the whole AX Group, particularly since members of the AX Group will constitute its only trading partners as borrowers. The Guarantor, 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 following is an overview of the trends expected in the key areas of operation of the AX Group in the foreseeable future:

The AX Group's strategy for the foreseeable future is to continue to develop its assets with a view to realising and maximising its financial potential.

#### *Hospitality*

The Group plans to carry out a partial refurbishment of the Suncrest Hotel, fully financed by the AX Group. The Group believes that this investment will help the Suncrest to recover its position in the leisure market.

The Group will finish the upgrading of the Sunny Coast Resort in 2007 and will also carry out the refurbishing of the seventh floor in line with the programme and commitment made to the vacation club members in 2004.

Apart from the AX Group's current portfolio of hotels (described in section 3.4 above), the AX Group is also in the process of constructing another hotel in Sliema. The Group will open The Palace Hotel in Sliema in June 2007. Together with the Victoria Hotel and Capua Palace these three properties will offer a unique venue for conferences and business travelers. The Palace Hotel will be a five star hotel, having 150 guest rooms.

The AX Group's Executive Board has authorised the investment for a food and beverage outlet and an entertainment venue at the Valletta Waterfront. The lease agreements for the premises have been concluded and it is targeted that the outlets will open in April 2007.

The Group is reasonably confident that long term profitability in the tourism sector will return in the foreseeable future. Experience has shown that hotel properties which are market oriented and provide a high standard of service outperform their competition and provide acceptable returns. The Group is reasonably confident that all its hotel properties will achieve such returns in the medium term.

#### *Construction*

The construction industry has been going through a steady period of good performance in recent years. Although highly competitive, the industry does provide a reasonable return on investment. The activities of the construction division support a number of the AX Group's developments which are all carried out at arms length.

The AX Group plans to remain one of the foremost construction services providers in Malta and aims to expand its activities in waste recycling and environmental projects.





### *Property Development*

The AX Group will persevere with its proposed plans to develop the lands of the former Grand Hotel Verdala. Skyline Developments Ltd plans to build a complex of 100 luxury apartments. The company is actively seeking to obtain approval from the competent authorities to undertake this development. Subject to final approval from the Malta Environment and Planning Authority and the resolution of legal action instituted by Malta Enterprise, it is expected that work on this project will commence in 2007, and that Royal Hotels Ltd will construct a boutique hotel on another part of the lands in question.

Is-Simblija Developments Ltd has plans to construct a complex consisting of 250 apartments in Naxxar with a view to market these as sheltered homes for the elderly. The company has an outline permit for the project and has recently acquired two additional areas of land to be incorporated into the development.

## **6. CAPITAL AND INDEBTEDNESS**

Details of the loan capital and borrowings of the Guarantor are set out in Sections 2 and 17 of this Registration Document.

## **7. MANAGEMENT**

### **7.1 The Board of Directors of the Issuer**

The Issuer is managed by a Board of Directors, consisting of five members, which is entrusted with the overall administration and management of the Issuer. The Board consists of two Executive Directors and three Non-Executive Directors. The responsibility of the Directors is a collective one, although within the structure of a unitary board, the main functions of the Directors are in practice complementary.

Meetings of the Board of Directors are held at the registered office of the Group: AX House, Mosta Road, Lija, Malta.

#### **7.1.1 Executive Directors of the Issuer**

The Executive Directors of the Issuer are entrusted with the company's day-to-day management. The Executive Directors are also Directors or officers of other companies within the AX Group. They are supported in this role by several consultants, and benefit from the know-how gained by members and officers of the AX Group.

The Executive Directors of the Issuer are Angelo Xuereb (Chairman) and Michael Warrington.

#### **7.1.2 Non-Executive Directors of the Issuer**

The Non-Executive Directors' main functions are to monitor the operations of the Executive Directors and their performance, as well as to review any proposals tabled by the Executive Directors. In addition, the Non-Executive Directors have the role of acting as an important check on the possible conflicts of interest for the Executive Directors in view of their dual role as Executive Directors of the company and their role as officers of the AX Group.

The Non-Executive Directors are Claire Xuereb, Patrick J. Galea and Philip A. Ransley.

Two of the Non-Executive Directors hold a majority on the Issuer's Audit Committee. (See "Audit Committee" below).

#### **7.1.3 Curriculum Vitae of Directors of the Issuer**

**Angelo Xuereb:** a Maltese citizen, age 54, is the founder of the AX Group. Mr. Xuereb has been the Chairman of the Board of the Company since its formation. He is also Chairman of AX Holdings Limited, the parent company. He sits on the Board of all companies forming part of the Group with interests in hotel operations, property investments and development and construction. Mr. Xuereb is a council member of the Federation of Industry, a council member of the Building Industry Consultative Council, and the President of the Federation of Building and Civil Engineering Contractors. Mr. Xuereb has also served as mayor of the Naxxar local council for six years.

**Michael Warrington:** a Maltese citizen, age 44, 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. Mr. Warrington 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 is the Group Finance Director of AX Holdings Limited. He is a director on the boards of the following companies: Suncrest Hotels p.l.c., Viset Malta p.l.c., Citadel Insurance p.l.c., Skyline Developments Ltd, Suncrest Finance Ltd, Menhir Company Ltd and MW Properties Ltd.

**Claire Xuereb:** a Maltese citizen, age 30, is the General Manager of the Victoria Hotel and Capua Palace in Sliema. She holds a degree in Hospitality and Tourism Management from the Centre International De Glion and a Bachelors of Science (Hons) International Hospitality Management from the University of Wales. Ms. Xuereb has held various positions within the AX Group hotels and is a director on the boards of the following companies: Suncrest Hotels p.l.c., Capua Palace Investments Ltd and C & C Caterers Ltd. Ms. Xuereb is also a council member of the Malta Hotels & Restaurants Association and forms part of the judiciary board of the Malta Tourism Authority.



**Patrick J. Galea:** a Maltese citizen, age 47, has been in private professional practice as an advocate for almost 25 years, having been called to the Bar in 1982, and has long experience of representation of parties before the Courts of Malta and in Arbitration proceedings. He has also advised extensively in civil and commercial law, intellectual property, planning and construction law, procurement, the leisure industry, energy and financial services law. Since 1996, Dr. Galea has served as Chairman of Raiffeisen Malta Bank p.l.c. Dr. Galea is Head of Department of Civil Law and Senior Lecturer in Civil Law and Civil Procedure at the Faculty of Laws at the University of Malta.

**Philip A. Ransley:** a Maltese Citizen, age 58, has worked up to 1975 with two audit firms, Attard Manfre and later with Diamantino Manfre & Co. He joined in partnership in setting up Edrichton Holidays Limited, a tourism (incoming) company, in 1976, where he was the Financial Director up to 1988. He then joined Edrichton Holdings Ltd as a Financial Director up to its division in 1997. He is now a Financial Executive Controller for Tartarun Group (namely: Tartarun Developments Limited and Tartarun Tourism Services Ltd). The hospitality industry is still his main specialisation. He is a director on the boards of the following companies: PPAC Limited, PAPS Limited, Gallina Operators Limited, CGR Enterprises Limited, Suncrest Hotels p.l.c. and Suncrest Finance Limited.

#### **7.2 Service Contracts of the Issuer's Directors**

None of the Directors of the Issuer have a service contract with the Company.

#### **7.3 Aggregate Emoluments of the Issuer's Directors**

For the financial year ending 31 October 2007 the Issuer will pay an aggregate of Lm16,000 to its Directors.

#### **7.4 Loans to the Issuer's Directors**

There are no loans outstanding by the Issuer to any of its Directors, nor any guarantees issued for their benefit by the Issuer.

#### **7.5 Removal of the Issuer's Directors**

A Director may, unless he resigns, be removed by the shareholder appointing him or by an ordinary resolution of the shareholders as provided in section 139 of the Act.

#### **7.6 Powers of the Issuer's Directors**

By virtue of the Articles of Association of the Issuer, the Directors are empowered to transact all business which is not by the Articles expressly reserved for the shareholders in general meeting. The powers of the Directors of the Issuer are better described in section 13.2(d) below.

#### **7.7 Employees**

The Issuer relies on the AX Group for recruiting staff, and does not have any employees of its own.

#### **7.8 The Board of Directors of the Guarantor**

The business of AX Holdings Limited is managed by a Board of Directors consisting of not more than three Directors. The present sole Director is Angelo Xuereb, whose CV may be found in section 7.1.3 above.

#### **7.9 Service Contracts of the Guarantor's Director**

The Guarantor's sole Director does not have a service contract with AX Holdings Limited.

#### **7.10 Aggregate Emoluments of the Guarantor's Director**

The sole Director of the Guarantor is entitled to an annual remuneration of Lm25,000.

#### **7.11 Loans to the Guarantor's Director**

There are no loans outstanding by the Guarantor to its sole Director, nor any guarantees issued for his benefit by the Guarantor.

#### **7.12 Removal of the Guarantor's Director**

The present Director shall hold office until death or resignation, or by removal by the shareholder appointing him or by an ordinary resolution of the shareholders as provided in section 139 of the Act. It should be noted that Mr. Xuereb is, whether directly or indirectly, the beneficial owner of 100 per cent of the issued share capital of AX Holdings Limited.

#### **7.13 Powers of the Guarantor's Director**

By virtue of the Articles of Association of AX Holdings Limited, the Board is empowered to transact all business which is not by the Articles expressly reserved for the shareholders in general meeting. The powers of the Director of the Guarantor are better described in section 13.4(d) below.



#### 7.14 *Employees*

As at 31 October 2006, the Guarantor had 456 employees. The construction division had 97 full time employees, while the hospitality companies employed 341 full time equivalents. AXH and the property division employed 18 persons on a full time basis.

### 8. MANAGEMENT STRUCTURE OF THE ISSUER AND GUARANTOR

#### 8.1 *General*

The Issuer is an investment company which does not require an elaborate management structure. Angelo Xuereb has been appointed Chairman of the Company. The Directors believe that the current organisational structures are adequate for the current activities of the Company. The Directors will maintain these structures under continuous review to ensure that they meet the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

The Guarantor is managed by an Executive Board composed of: the Chairman and Chief Executive of the AX Group, Angelo Xuereb; the Group Finance Director, Michael Warrington and the Group Administration Director, Tonio Farrugia. The Executive Board is responsible for the determination of policy and strategic guidance and management. Each of the principal operating subsidiaries of the AX Group has its own independent management organisations and structures. The General Managers of these companies report to the Executive Board. The Executive Board is responsible for the appointment of all executive officers and other key members of management within AXH and its subsidiaries.

The Senior Management of AXH is as follows:

Angelo Xuereb	Chairman and Chief Executive Officer
Michael Warrington	Group Finance Director
Tonio Farrugia	Group Administration Director
Isabel Spiteri	Group Financial Controller
David Wain LL.D.	Group Legal Advisor

The General Managers of the key operating subsidiaries are:

Richard Xuereb	Group Construction Director
Hans Attard	Construction Manager
Mark Borg A&CE.	Group Architect
Claire Xuereb	General Manager Central Hotels Ltd
Philip Lonfat	Chief Executive Officer Suncrest Hotels p.l.c.
David Jaccarini	General Manager Holiday Resorts Ltd

As at the date of this document, each of Angelo Xuereb, Michael Warrington and Tonio Farrugia 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, Claire Xuereb and Richard Xuereb are the direct descendants of Angelo Xuereb.

No private interests or duties unrelated to the Issuer have been disclosed by the senior managers and subsidiaries' general managers which may or are likely to place any of them in conflict with any interests in, or duties towards, the Issuer.

#### 8.2 *Major Shareholders of the Issuer*

AX Holdings Limited currently holds 1,199,999 of the Issuer's 1,200,000 issued ordinary shares. The AX Group is wholly owned directly or indirectly through AX Holdings Limited by Angelo Xuereb. The remaining one share is held by Verdala Mansions Limited (C-7793). In terms of the Memorandum and Articles of Association of the Issuer, AX Holdings Limited is entitled to appoint one Director for every 20% of the issued share capital of the Issuer, putting it in a position to appoint a majority of the Directors of the Issuer and accordingly have control over the management and operations of the Issuer. The close association with the AX Group is central to the attainment by the Issuer of its investment objectives and the implementation of its strategies.

The Issuer adopts measures in line with the Code of Corporate Governance to ensure that the relationship with AX Holdings Limited is retained at arm's length, including adherence to Rules on Related Party Transactions requiring the sanction of the Audit Committee, in which the majority is constituted by independent Non-Executive Directors, of which one shall also act as chairman.

#### 8.3 *Major Shareholders of the Guarantor*

AX Holdings Limited is wholly owned by Fulcrum Services Limited (C-12271), a private company in which Angelo Xuereb is the ultimate beneficial owner.

## 9. AUDIT COMMITTEE PRACTICES

### 9.1 Audit Committee

The terms of reference of the Audit Committee consist of, *inter alia* of its support to the Board of Directors of the Issuer in its responsibilities in dealing with issues of risk; control and governance; and associated assurance. The Board has set formal terms of establishment and the terms of reference of the Audit Committee that establish 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. The Audit Committee is a sub-committee of the Board and is directly responsible and accountable to the Board. The Board reserves the right to change these terms of reference from time to time.

Briefly, the 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, management, the independent auditors and the internal auditors; and
- (c) preserving the company's assets by understanding the company's risk environment and determining how to deal with those risks.

In addition, the Audit Committee also has the role and function of scrutinising and evaluating any proposed transaction to be entered into by the Company and a related party, to ensure that the execution of any such transaction is at arm's length and on a commercial basis and ultimately in the best interests of the Company.

The Audit Committee is composed of Patrick Galea and Philip Ransley, two of the Non-Executive Directors of the Company, and Michael Warrington, an Executive Director of the Company. The Audit Committee is chaired by Philip Ransley, a Non-Executive Director. The CVs of the said Directors may be found in section 7.1.3 above.

### 9.2 Internal Audit

The role of the internal auditor is to carry out systematic risk-based reviews and appraisals of the operations of the Issuer (as well as of the subsidiaries and associates of the Group) for the purpose of advising management and the Board, through the Audit Committee, on the efficiency and effectiveness of internal management policies, practices and controls. The function is expected to promote the application of best practices within the organisation. The Internal Audit function also comprises advising the Audit Committee on aspects of the regulatory framework which affect the day-to-day operations of the hotels, such as for example data protection.

The Group does not directly employ an internal auditor. It contracts an external audit firm to carry out specific internal audit reports and investigations as directed by the Chairman of the Group or the Group Finance Director, or the Audit Committee of Suncrest Hotels p.l.c. for such matters that relate to that subsidiary.

## 10. COMPLIANCE WITH CORPORATE GOVERNANCE REGIME

The Issuer supports the Code of Principles of Good Corporate Governance (the "Code") originally issued by the Malta Stock Exchange which now forms part of the Listing Rules, and the Directors of the Issuer shall endeavour to comply with the requirements of the Code.

## 11. HISTORICAL FINANCIAL INFORMATION

The historical financial information about the Issuer and Guarantor has been incorporated by reference in the manner laid out in section 2.1 above. There have been no significant changes to the financial or trading position of the Issuer or Guarantor since the end of the financial period to which their respective historical financial information are updated.

## 12. LITIGATION

Two Group subsidiaries, namely Royal Hotels Ltd and Heritage Developments Ltd, have pending legal proceedings (writs 310/05 and 311/05) with Malta Enterprise Corporation over the use of the site of the former Grand Hotel Verdala in Rabat. Malta Enterprise are asking for the rescission of the deeds of sale of the property in question on the basis of the allegation that the companies have failed to fulfill a condition in the deed that the property be used as a hotel complex of not less than a 4 star classification. Defendant companies have contested these claims on the principle that the relevant clause in the deed of sale does not create a servitude or real right in favour of Malta Enterprise. Defendant companies are also contending that the Malta Environment and Planning Authority has to date issued a conditional development permit that does not enable the companies to proceed with the renovation/construction of the hotel complex. The Directors of the Company are of the opinion that even if Malta Enterprise were to be successful in its action, the net effect of the rescission would not have a material effect on the results of the Guarantor.

Subject to the above, there is no litigation of material importance against the Issuer or Guarantor, including actual or pending legal or arbitration proceedings, which the Directors of the Issuer and Guarantor consider could have significant effects on the AX Group's financial position or profitability.



### 13. ADDITIONAL INFORMATION

#### 13.1 Share Capital of the Issuer

Upon registration of the Issuer, the original issued share capital was Lm20,000. Until recently, the Issuer had an authorised and issued share capital of Lm200,000 divided into 200,000 ordinary shares of Lm1 each, fully paid up. As part of an assignment dated 25 October 2006 the Issuer acquired from AXH a receivable of Lm1,219,000 that the latter had against Capua Palace Investments Limited (a Group Company). Pursuant to this transaction, the Capua Palace (Sliema) was acquired by the Issuer and as part of the consideration due to AXH for the said assignment, the Company has, by virtue of a resolution dated 25 October 2006, issued 1,000,000 ordinary shares equivalent to Lm1,000,000 which were allotted to AXH. Consequently, the Company's authorised and issued share capital, divided into 1,200,000 ordinary shares of Lm1 each, fully paid up, is divided as follows: AX Holdings Limited holds 1,199,999 ordinary shares of Lm1 each, and Verdala Mansions Limited holds 1 ordinary share of Lm1.

The authorised share capital of the Issuer may be increased by an ordinary resolution of the shareholders in general meeting. In terms of the Issuer's Memorandum and Articles of Association none of the capital shall be issued in such a way as would effectively alter the control of the Issuer or nature of its business, without the prior approval of the Issuer in general meeting.

It is not expected that shares in the Issuer shall be issued during the next financial year, whether fully or partly paid up, in consideration for cash or otherwise.

The shares of the Issuer are not listed on the Malta Stock Exchange, and no application for such listing has been made to date.

There is no capital of the Issuer which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Issuer is to be put under option.

#### 13.2 Memorandum and Articles of Association of the Issuer

##### (a) Objects

The Memorandum and Articles of Association of the Issuer (C-27586) are registered with the Registry of Companies. The main object of the Issuer is to carry on the business of a finance and investment company and in particular but without prejudice to the generality of the foregoing the financing or re-financing of the funding requirements of the business of AX Holdings Limited or any of its subsidiaries and/or associated companies. Clause 3 of the Memorandum of Association contains the full list of objects of the Company. A copy of the Memorandum and Articles of Association of the Issuer may be inspected during the lifetime of this Registration Document at the registered office of the Issuer and at the Registry of Companies of the Malta Financial Services Authority.

##### (b) Voting Rights

The holders of shares in the Issuer are entitled to vote at meetings of the shareholders of the Company on the basis of one vote for each share held.

##### (c) Appointment of Directors

At present, in terms of the Memorandum and Articles of Association, the Board of Directors of the Issuer shall consist of not more than five Directors who are appointed in accordance with Article 55.1 of the Articles of Association of the Company, as follows:

- 55.1 (a) A shareholder holding not less than 20 per cent of the issued share capital of the Issuer having voting rights or a number of shareholders who between them hold not less than 20 per cent of the issued share capital of the Issuer having voting rights shall be entitled to appoint one Director for every such 20 per cent holding by letter addressed to the Issuer.
- 55.1(b) Any shareholder who does not qualify to appoint Directors in terms of the provisions of paragraph (a) of this sub-article 55.1, and who has not aggregated his holdings with those of other shareholders for the purposes of appointing a Director(s) pursuant thereto, shall be entitled to participate and vote in an election of Directors to take place once in every year at the Annual General Meeting of the Issuer.
- 55.1(c) Shareholders entitled to appoint Directors pursuant to the provisions of sub-article 55.1(a) shall not be entitled to participate in the election of Directors in terms of paragraph (b) of this sub-article.
- 55.1(d) The Chairman shall be appointed by the Directors at their first meeting following the annual general meeting in each year, save for the first chairman who is appointed by the subscribers of this Memorandum and Articles and who shall retain the post of chairman until such time as he resigns or is earlier removed in accordance with the provisions of these articles regulating the removal of Directors.

##### (d) Powers of Directors

The Directors are vested with the management of the Issuer, and their powers of management and administration emanate directly from the Memorandum and Articles of Association and the law. The Directors are empowered to act on behalf of the Company and in this respect have the authority to enter into contracts and to sue and be sued in representation of the Company. In terms of the Memorandum and Articles of Association they may do all such things that are not by the Memorandum and Articles of Association reserved for the shareholders in general meeting.

Directors may not vote on any proposal, issue, arrangement or contract in which they have a personal material interest.

The maximum limit of aggregate emoluments of the Directors is, in terms of the Memorandum and Articles of Association, to be established by the shareholders in general meeting. Within that limit the Directors shall have the power to vote remuneration to themselves or any number of their body. Any increases in the maximum limit of Directors' aggregate emoluments have to be approved by the shareholders in general meeting. The Directors may also vote on pensions, gratuities or allowances on retirement to any Director who has held any other salaried office with the Issuer, or to such Director's widow or dependants. However, any such proposal shall have to be approved by the shareholders in general meeting.

In terms of the Memorandum and Articles of Association, the Board of Directors may exercise all the powers of the Issuer to borrow money and give security thereof, subject to the limit established in the Memorandum and Articles of Association and the over-riding authority of the shareholders in general meeting to change, amend, restrict and or otherwise modify such limit and the Directors' borrowing powers.

There are no provisions in the Issuer's Memorandum and Articles of Association regulating the retirement or non-retirement of Directors over an age limit.

### **13.3 Share Capital of the Guarantor**

Upon registration of the company, the original issued share capital of the Guarantor was Lm2,000, eventually raised to Lm202,000. At the date of publication of this Registration Document, the authorised and issued share capital of the company is Lm202,000, divided into 202,000 ordinary shares of Lm1 each, fully paid up. Fulcrum Services Limited (C-12271) holds 201,999 ordinary shares of Lm1 each and Angelo Xuereb holds 1 ordinary share of Lm1.

The authorised share capital of the Guarantor may be increased by an ordinary resolution of the shareholders in general meeting. Shares can be issued when and under those conditions decided by a resolution of the shareholders in general meeting, but it is not expected that shares in the Guarantor shall be issued during the next financial year, whether fully or partly paid up, in consideration for cash or otherwise.

The Memorandum and Articles of Association of the Guarantor do not permit any invitation to the public to subscribe to shares of the Guarantor.

There is no capital of the Guarantor which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Issuer is to be put under option.

### **13.4 Memorandum and Articles of Association of the Guarantor**

#### **(a) Objects**

The Memorandum and Articles of Association of the Guarantor (C-3595) are registered with the Registry of Companies. The main object of the company is to co-ordinate the business of the AX Group. Clause 3 of the Memorandum of Association contains the full list of objects of the company. A copy of the Memorandum and Articles of Association of the Guarantor may be inspected during the lifetime of this Registration Document at the registered office of the Guarantor and at the Registry of Companies of the Malta Financial Services Authority.

#### **(b) Voting Rights**

The holders of shares in the Guarantor are entitled to vote at meetings of the shareholders of the Guarantor on the basis of one vote for each share held.

#### **(c) Appointment of Directors**

In terms of the Memorandum and Articles of Association, the Board of Directors of the Guarantor shall consist of not more than three Directors, who are appointed by a simple majority of the votes present at a general meeting.

#### **(d) Powers of Directors**

The Board of Directors is vested with the management of the Guarantor, and its powers to bind the company are unlimited. The Directors are empowered to act on behalf of the Guarantor and in this respect have the authority to enter into deeds of whatever nature engaging the company and to sue and be sued in representation of the Guarantor. The Board of Directors may do all such things that are not by the Memorandum and Articles of Association reserved for the shareholders in general meeting.

The maximum limit of aggregate emoluments of the Directors is, in terms of the Memorandum and Articles of Association, to be established by a simple majority of the shareholders in general meeting.



#### 14. MATERIAL CONTRACTS

Since its inception the Issuer has entered into the following material contracts in the ordinary course of its business:

- (a) The Company issued a bond of Lm2.3 million in April 2001 to finance the construction of the Verdala Mansions apartments. The Company paid back Lm1 million to the bondholders in April 2004 and the balance of Lm1.3 million in April 2005.

Save for what is otherwise disclosed in this document the Issuer has not entered into any other material contract which is not in the ordinary course of its business.

The Guarantor has not entered into any material contracts which are not in the ordinary course of its business and which could result in any member of the AX Group being under an obligation or entitlement that is material to: the Issuer's ability to meet its obligations to Bondholders in respect of the Bonds; and/to the Guarantor's ability to guarantee fulfillment by the Issuer of its obligations towards the Bondholders in respect of the Bonds.

#### 15. THIRD PARTY INFORMATION AND STATEMENT BY EXPERT

A summary of the report compiled by Architect Wallace Farrugia (A. & C.E.) of Wallace Farrugia & Associates, of 44, St. Francis Street, Sliema SLM 05 in respect of the valuation of the Capua Palace in Sliema (estimated at Lm2.3 million) is appended to this Registration Document as Annex 1. The full report is available for inspection as set out in section 17 below. This report was produced at the Issuer's request, and is included in this Registration Document with the consent of Architect Farrugia, who authorises the publication of his report in the form and content in which it appears herein.

#### 16. TERMS OF THE GUARANTEE

The Guarantee document, as well as the terms of the joint and several suretyship of the Guarantor in favour of the Bondholders, is appended to the Securities Note as Annex 4 thereof.

#### 17. DOCUMENTS AVAILABLE FOR INSPECTION

For the duration period of this Registration Document the following documents shall be available for inspection at the registered address of the Issuer and Guarantor (AX House, Mosta Road, Lija, Malta):

- (a) Memorandum and Articles of Association of the Issuer and Guarantor;
- (b) The Securities Note and Summary Note forming part of the Prospectus;
- (c) Audited Financial Statements of the Issuer for the years ended 31 October 2003 to 2006.
- (d) Audited Consolidated Financial Statements of the Guarantor for the years ended 31 October 2003 to 2005 and Estimated Consolidated Financial Statements for the year ended 31 October 2006;
- (e) Statement of Adjustments with respect to the Audited Consolidated Financial Statements of the Guarantor for the years ended 31 October 2003-2005;
- (f) Historical Financial Information of the subsidiary undertakings of AX Holdings Limited for the years ended 31 October 2004 and 2005;
- (g) Expert's report prepared at the Issuer's request in respect of the Capua Palace Hotel, Sliema.

These documents except for Historical Financial Information of the subsidiary undertakings of AX Holdings Limited, are also available for inspection in electronic form on the AX Group's website at [www.axholdings.com.mt](http://www.axholdings.com.mt)

# ANNEX 1 - ARCHITECT'S VALUATION REPORT

## Wallace Farrugia & Associates

Architects, Civil Engineers & Structural Consultants.

Wallace Farrugia  
B.Eng.(Hons), AKC(Lond), C.Eng.,  
MStructE, Eur.Ing., A.&C.E.

23rd October 2006

Our ref 106/06

AX Investments Ltd.  
AX House  
Mosta Road  
Lija BZN 09

Dear Sir,

### VALUATION REPORT *Capua Palace, Borg Olivier Street, Sliema, MALTA*

In accordance with your request, we hereby submit our professional opinion of the Value in Use for the above-captioned property. We have inspected the site and facilities and analysed the market conditions for similar properties in Malta. The valuation has been carried out by the undersigned, as an external valuer in terms of, and with due regard given to, the latest edition of the Valuation Standards of the Kamra Tal-Periti (Chamber of Architects & Civil Engineers) of Malta.

For the purpose of this valuation, the undersigned has had access to the plans of the land and overlying buildings and facilities. The undersigned has also carried out a detailed inspection of the premises in October 2006. The valuation calculations were based upon information made available by the Directors, including projections of expected future revenues and costs.


Based upon the available data, together with our analysis and experience in the property, and our employment and compensation are not contingent upon our findings and valuation. We understand that this letter, and our professional opinion with regards to the Fair Value of property, may be used by independent valuers in arriving at a separate opinion of value for the company that owns the above-captioned property. We also understand that the valuation may be used in connection with the proposed Public Bond issue by the company later on this year.

Lm2.3 million  
TWO POINT THREE MILLION MALTESE LIRI

We hereby certify that we have no undisclosed interest in the property, and our employment and compensation are not contingent upon our findings and valuation. We understand that this letter, and our professional opinion with regards to the Fair Value of property, may be used by independent valuers in arriving at a separate opinion with regards to the Fair Value of the property, may be used by independent valuers in arriving at a separate opinion of the value for the company that owns the above-captioned property. We also understand that the valuation may be used in connection with the proposed Public Bond issue by the company later on this year.

This Letter of Value is subject to the comments made throughout and to all assumptions and limiting conditions set forth herein.

Yours sincerely,



Wallace Farrugia A&CE  
Wallace Farrugia & Associates



## Securities Note

In respect of an issue of  
Lm4 Million 6.7% Bond 2014-2016  
(subject to the Over-Allotment Option described herein)  
and

An offering to Eligible Persons of a maximum of Lm1 million 4% Bonds 2013 in  
consideration for the acquisition by the Issuer of 20% of Suncrest Hotels p.l.c. Shares

Issued by

**AX Investments p.l.c.**

And Guaranteed by

**AX Holdings Limited**

This document is a Securities Note issued in accordance with the provisions of Rule 6 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus.

This Securities Note is issued pursuant to the requirements of Rule 6.4.3 of the Listing Rules and contains information about the Bonds being issued and offered for sale to the public in Malta by AX Investments p.l.c. under and with the benefit of a joint and several Guarantee of AX Holdings Limited. Application has been made to the Listing Authority for admission to trading on the Malta Stock Exchange of the Bonds. This Securities Note should be read in conjunction with the most updated Registration Document issued by the Company from time to time that provides details of the Issuer and the Guarantor.

The Bonds shall constitute the general, direct, unconditional, unsecured and unsubordinated obligations of the Company and the Guarantor and will rank *pari passu* without any priority or preference with all other present and future unsecured and unsubordinated obligations of the Company and the Guarantor.

This document is dated 28 November 2006

### **Admission to Listing and Dealing on the Malta Stock Exchange**

For the purposes of the *Prevention of Money Laundering and Funding of Terrorism Regulations 2003* as subsequently amended, all appointed selling agents are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the *Code of Conduct for Members of the Malta Stock Exchange* appended as Appendix IV to Chapter 3 of the Malta Stock Exchange Bye-Laws, irrespective of whether the said appointed selling agents are Malta Stock Exchange Members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act (Cap. 440 of the Laws of Malta) for the purposes and within the terms of the Malta Stock Exchange's Data Protection Policy as published from time to time.

Legal Counsel  
Camilleri Preziosi

Financial Advisors, Auditors &  
Reporting Accountants  
Deloitte & Touche

Sponsoring Stockbroker  
Charts Investment Management  
Service Ltd.



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# IMPORTANT INFORMATION

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION ON AN ISSUE OF BONDS BY AX INVESTMENTS P.L.C. (THE "COMPANY") WITH THE JOINT AND SEVERAL CORPORATE GUARANTEE OF AX HOLDINGS LIMITED (THE "GUARANTOR") TO INTERMEDIARIES WHETHER FOR THEIR OWN ACCOUNT OR FOR THE ACCOUNT OF UNDERLYING CUSTOMERS OR FOR FUTURE DISTRIBUTION AS WELL AS TO THE GENERAL PUBLIC IN MALTA. THE BONDS OFFERED PURSUANT TO THIS SECURITIES NOTE IS FOR A VALUE OF LM4 MILLION, WHICH MAY BE RAISED BY A FURTHER LM 1 MILLION UP TO AN AGGREGATE OF LM5 MILLION IN THE CASE OF OVERSUBSCRIPTION AND THE EXERCISE OF THE OVER-ALLOTMENT OPTION DEFINED BELOW. THE BONDS WILL BE ISSUED AT PAR AND WILL BEAR INTEREST AT THE RATE OF 6.7% PER CENT PER ANNUM. THE BONDS WILL BE REDEEMED AT THE COMPANY'S OPTION ON ANY OF THE INTEREST PAYMENT DATES FALLING IN EACH OF THE YEARS 2014, 2015 OR 2016 AT PAR (THE "SERIES I BOND").

THIS DOCUMENT ALSO CONTAINS INFORMATION ABOUT ANOTHER ISSUE OF BONDS THAT WILL BE MADE BY THE ISSUER WITH THE GUARANTEE OF THE GUARANTOR IN CONSIDERATION FOR THE ACQUISITION BY IT OF THE PUBLIC FLOAT OF SHARES IN A RELATED COMPANY, SUNCREST HOTELS P.L.C. ("THE "SUNCREST SHARES"). THE OFFER WILL BE TO ISSUE UP TO LM1 MILLION BONDS TO BE ISSUED AT A PAR VALUE OF LM100 PER BOND WHICH SHALL BEAR INTEREST AT 4 PER CENT PER ANNUM ON THE FACE VALUE AND REDEEMABLE ON THE INTEREST PAYMENT DATE FALLING IN 2013 AT LM140, THAT IS A PREMIUM OF LM40 TO THEIR PAR VALUE (THE "SERIES II BOND"). THE SERIES II BOND IS NOT OFFERED TO THE PUBLIC GENERALLY BUT SOLELY TO THOSE SHAREHOLDERS OF SUNCREST HOTELS P.L.C. QUALIFYING AS ELIGIBLE PERSONS (AS DEFINED BELOW) PURSUANT TO AN OFFERING CIRCULAR ADDRESSED TO ELIGIBLE PERSONS ON A NON-TRANSFERABLE BASIS, AND WILL BE ISSUED TO THOSE ELIGIBLE PERSONS ELECTING TO ACCEPT TO SELL AND TRANSFER TO THE ISSUER THE SUNCREST SHARES IN CONSIDERATION FOR THE SERIES II BONDS IN ACCORDANCE WITH THE BOND ENTITLEMENT AS BETTER DEFINED AND EXPLAINED IN THE OFFERING CIRCULAR. DETAILS OF THE OFFER ARE ACCORDINGLY CONTAINED IN THE OFFERING CIRCULAR MAKING THAT OFFER. THIS DOCUMENT HOWEVER CONTAINS SUFFICIENT INFORMATION TO ENABLE PROSPECTIVE INVESTORS IN THE SERIES I BONDS TO UNDERSTAND THE ISSUER'S OVERALL FINANCIAL POSITION FOLLOWING THE ISSUE OF THE SERIES II BOND, AND THE OVERALL INDEBTEDNESS OF THE ISSUER. THIS DOCUMENT ALSO CONTAINS INFORMATION ABOUT THE SERIES II BOND AS APPLICATION HAS BEEN MADE FOR THOSE BONDS TO BE ADMITTED TO LISTING ON A RECOGNISED INVESTMENT EXCHANGE, AND WHILST INITIALLY THEY ARE ONLY OFFERED TO ELIGIBLE PERSONS, IT IS EXPECTED THAT THE BONDS WILL BE ADMITTED TO THE OFFICIAL LIST OF THE MALTA STOCK EXCHANGE AND PUBLICLY TRADED THEREAFTER.

THIS DOCUMENT INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH THE LISTING RULES OF THE LISTING AUTHORITY FOR THE PURPOSE OF GIVING INFORMATION WITH REGARD TO THE BONDS. ALL OF THE DIRECTORS OF THE ISSUER AND THE GUARANTOR, WHOSE NAMES APPEAR UNDER THE HEADING DIRECTORS (THE "DIRECTORS"), ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE ISSUER AND THE GUARANTOR (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS PROSPECTUS IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS ACCEPT RESPONSIBILITY ACCORDINGLY.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE COMPANY, THE GUARANTOR OR THEIR RESPECTIVE DIRECTORS, 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 SECURITIES NOTE AND IN THE DOCUMENTS REFERRED TO HEREIN IN CONNECTION, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER, THE GUARANTOR, OR EITHER OF THEIR RESPECTIVE DIRECTORS OR ADVISORS.

**THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.**

THIS SECURITIES NOTE DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR BONDS BY ANY PERSON IN ANY JURISDICTION (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.

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

THE BONDS HAVE NOT BEEN NOR WILL THEY BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT") OR UNDER ANY STATE SECURITIES LAW AND, EXCEPT WITH THE SPECIFIC CONSENT OF THE DIRECTORS, MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA, ITS TERRITORIES

OR POSSESSIONS OR ANY AREA SUBJECT TO ITS JURISDICTION (THE "UNITED STATES") OR TO ANY UNITED STATES PERSON (AS DEFINED IN REGULATIONS OF SUCH ACT, AS AMENDED FROM TIME TO TIME). IN ADDITION THE COMPANY WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "1940 ACT") AND THE INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS OF THE 1940 ACT. BASED ON INTERPRETATIONS OF THE 1940 ACT BY THE STAFF OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION RELATING TO FOREIGN INVESTMENT COMPANIES, IF THE COMPANY HAS MORE THAN 100 BENEFICIAL OWNERS OF ITS SECURITIES WHO ARE UNITED STATES PERSONS, IT MAY BECOME SUBJECT TO THE 1940 ACT. THE DIRECTORS WILL NOT KNOWINGLY PERMIT THE NUMBER OF HOLDERS WHO ARE UNITED STATES PERSONS TO EXCEED 70.

A COPY OF THIS DOCUMENT HAS BEEN LODGED WITH THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES, IN ACCORDANCE WITH THE ACT.

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

**APPLICATION HAS BEEN MADE TO THE LISTING AUTHORITY FOR THE BONDS TO BE CONSIDERED AS ADMISSIBLE TO LISTING ON A RECOGNISED INVESTMENT EXCHANGE. IN ADDITION, APPLICATION HAS ALSO BEEN MADE TO THE COUNCIL OF THE MALTA STOCK EXCHANGE, AS A RECOGNISED INVESTMENT EXCHANGE, FOR THE BONDS TO BE ADMITTED TO THE OFFICIAL LIST UPON ISSUE AND ALLOTMENT. DEALINGS ARE EXPECTED TO COMMENCE ON THE SAID EXCHANGE ON 4 JANUARY 2007.**

THE VALUE OF INVESTMENTS CAN RISE OR FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS ON OFFER PURSUANT TO THIS SECURITIES NOTE WILL BE REPAYABLE IN FULL UPON REDEMPTION. IF YOU NEED ADVICE YOU SHOULD CONSULT A LICENSED STOCKBROKER OR AN INVESTMENT ADVISOR LICENSED UNDER THE INVESTMENT SERVICES ACT, CAP. 370 OF THE LAWS OF MALTA.

THE APPLICATION FORM TO BE SUBMITTED BY INVESTORS. TOGETHER WITH A GUIDE ON HOW TO COMPLETE IT, IS APPENDED TO THIS DOCUMENT. THE PROCEDURE FOR, AND THE TERMS AND CONDITIONS OF, THE ISSUE OF SERIES I BONDS, ARE SET OUT IN ANNEX 1 OF THIS DOCUMENT.

## DEFINITIONS

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

<b>Act</b>	the Companies Act, Cap. 386 of the Laws of Malta;
<b>AX Group or Group</b>	AX Holdings Limited and any company or entity in which AX Holdings Limited has a controlling interest;
<b>Applicant</b>	any person submitting an Application Form to the Issuer for the purpose of acquiring Series I Bonds;
<b>Application/s</b>	Applications by an Applicant for Series I Bonds;
<b>Application Form/s</b>	the Application Form 'A' and/or Application Form 'B' appended to this Securities Note as Annex 3;
<b>Bond Offer Price</b>	the price of Lm100 for each Series I Bond, and the price of Lm100 for each Series II Bond;
<b>Bondholder</b>	a holder of Bonds;
<b>Bonds or Securities</b>	the Series I Bond and the Series II Bond;
<b>Company, Issuer or AXI</b>	AX Investments p.l.c.;
<b>Designated Early Redemption Dates</b>	15 December 2014 and 15 December 2015;
<b>Directors or Board</b>	the directors of the Issuer and the Guarantor, as the case may be, whose names are set out under the heading "Identity of Directors, Advisors and Auditors of the Issuer and Guarantor";
<b>Eligible Persons</b>	those persons who were shareholders registered on the register of members of the Suncrest Hotels p.l.c. on 28 November 2006 and whose address on the register of members was an address in Malta, with the exception of AX Holdings Limited;
<b>Guarantee</b>	the joint and several suretyship of the Guarantor undertaking to effect payment of interest and capital repayments of any amount due by the Issuer to any Bondholder and which remain unpaid by the Issuer after 60 days of the due date for payment thereof. A copy of the Guarantee, together with a description of the nature, scope and terms thereof, are appended to this Securities Note as Annex 4;
<b>Guarantor or AXH</b>	AX Holdings Limited, a company registered under the Laws of Malta, and the parent company of the AX Group;



<b>Interest Payment Date</b>	in the case of the Series I Bond 15 December of each year between and including each of the years 2007 and the year 2016, unless previously redeemed, and in the case of the Series II Bond 15 December of each year between and including each of the years 2007 and the year 2013;
<b>Intermediaries</b>	the banks, financial institutions and other persons referred to in Annex 2 of this Document;
<b>Issue Date</b>	23 December 2006;
<b>Malta Stock Exchange or MSE</b>	the Malta Stock Exchange as defined by the Financial Markets Act (Cap. 345 of the Laws of Malta);
<b>Maltese Liri</b>	the lawful currency from time to time of the Republic of Malta;
<b>Offering Circular</b>	the circular to be addressed to Eligible Persons, and which will contain an offer by the Issuer for the purchase from the Eligible Persons of all of their shares in Suncrest Hotels p.l.c. under the terms and conditions contained in that document;
<b>Original Bond Issue</b>	the Lm4 million 6.7% Bonds redeemable in 2014-2016 as detailed in this Securities Note;
<b>Over-Allotment Option</b>	the option of the Issuer to increase the Original Bond Issue by a maximum of an additional Lm1 million 6.7% Bonds redeemable in 2014-2016 as detailed in this Securities Note in the event of over-subscription of the Original Bond Issue;
<b>Prospectus</b>	this document together with the Registration Document dated 28 November 2006 and the Summary Note dated 28 November 2006;
<b>Redemption Date</b>	in the case of Series I Bonds 15 December 2016 or at the Issuer's option either of the Designated Early Redemption Dates, and in the case of the Series II Bonds 15 December 2013;
<b>Redemption Value</b>	Lm100 per Bond in the case of the Series I Bond and Lm140 in the case of the Series II Bond;
<b>Registrar</b>	Bank of Valletta p.l.c.;
<b>Registration Document</b>	the Registration Document dated 28 November 2006 forming part of the Prospectus;
<b>Securities Note</b>	this document in its entirety;
<b>Series I Bond</b>	Lm4 million (or in the case of exercise of the Over-Allotment Option, up to an aggregate of Lm5 million) in Bonds issued by the Issuer with the joint and several Guarantee of the Guarantor redeemable at the Redemption Value on a Redemption Date or a Designated Early Redemption Date, which shall bear interest from the Issue Date to the Redemption Date at the rate of 6.7 per cent per annum with interest due and payable on an Interest Payment Date;
<b>Series II Bond</b>	up to a maximum of Lm1 million in Bonds to be issued by the Issuer, under the joint and several Guarantee of the Guarantor, to Eligible Persons redeemable at a premium of Lm40 to their face value on a Redemption Date, which shall bear interest from the Issue Date to the Redemption Date at the rate of 4 per cent per annum with interest due payable on an Interest Payment Date;
<b>Summary Note</b>	the Summary Note dated 28 November 2006 forming part of the Prospectus;
<b>Suncrest Bond</b>	Lm2,849,400 8.25% Suncrest Bonds 2005/2007 issued by Suncrest Hotels p.l.c. due for redemption in March 2007.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS RELATED TO THE SERIES I AND SERIES II BOND ISSUES

### Series I Bond

1. Application Forms available	04 December 2006
2. Opening of Subscription Lists	12 December 2006
3. Closing of Subscription Lists	15 December 2006
4. Announcement of Basis of Acceptance	22 December 2006
5. Commencement of Interest on the Bonds	23 December 2006
6. Expected dispatch of Allotment Advice and Refunds of Unallocated Monies	29 December 2006

The Issuer reserves the right to close the Offer of Bonds before 15 December 2006 in the event of over-subscription, in which case, the events set out in steps 4, 5 and 6 above shall be brought forward, although the number of working days between the respective events shall not also be altered.

**PROVIDED, with respect to those Applications for Series I Bonds which are being settled by a transfer from the Applicant to the Issuer of all or part of the 8.25% Suncrest Bond 2005/2007 held by the Applicant at the time of the Offer, events 1,2,3 and 4 above shall not apply. With respect to the foregoing, the closing of Subscription Lists will take place on 11 December 2006, and steps 5 and 6 shall apply as set out above.**

### Series II Bond

1. Closing of Subscription Lists	15 December 2006
2. Commencement of Interest on the Bonds	23 December 2006
3. Expected dispatch of Allotment Advice and Settlement of Cheques	29 December 2006

## 1. IDENTITY OF DIRECTORS, ADVISORS AND AUDITORS OF THE ISSUER AND THE GUARANTOR

The Directors of the Company and of the Guarantor, whose names are set out hereunder, are the persons responsible for the information contained in this Document.

### Directors of the Issuer

Angelo Xuereb	Chairman
Michael Warrington	Executive Director
Philip Ransley	Non-Executive Director
Claire Xuereb	Non-Executive Director
Patrick Galea	Non-Executive Director

The Company Secretary of the Issuer is Tonio Farrugia

### Directors of the Guarantor

Angelo Xuereb	Sole Director
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The Company Secretary of the Guarantor is Tonio Farrugia

ALL OF THE DIRECTORS OF THE ISSUER AND GUARANTOR, WHOSE NAMES APPEAR ABOVE (THE "DIRECTORS"), ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE ISSUER AND GUARANTOR (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS 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.

### Advisors to the Issuer and Guarantor

#### Legal Counsel:

Name:	Camilleri Preziosi
Address:	Level 3, Valletta Buildings, South Street Valletta - VLT 11 - MALTA

#### Sponsoring Stockbroker:

Name:	Charts Investment Management Service Limited
Address:	18a 3rd Floor, Europa Centre Floriana - VLT15 - MALTA

#### Financial Advisors, Auditors and Reporting Accountants:

Name:	Deloitte & Touche
Address:	1, Colonel Savona Street Sliema - SLM07 - MALTA

Deloitte & Touche is a member firm of Deloitte Touche Tohmatsu. The partners of Deloitte & Touche (Malta) are members of the Malta Institute of Accountants.



## 2. RISK FACTORS

### *Risks relating to the Bonds*

The value of investments can rise or fall and past performance is not necessarily indicative of future performance. If in need of advice, you should consult a licensed stockbroker or an investment advisor licensed under the Investment Services Act, Cap. 370 of the Laws of Malta.

### *Trading and Liquidity*

There is currently no trading record in respect of the Bonds, as there has never been a public market for the Bonds prior to the offering contained in the Prospectus. The Listing Authority has admitted the Bonds to listing on a Recognised Investment Exchange pursuant to the Listing Rules by virtue of a letter dated 28 November 2006, and application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List. There can be no assurance, however, that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. There can be no assurance, also, that an investor will be able to re-sell his/her Bonds at or above the Bond Offer Price.

The liquidity of the market depends on, amongst others, factors beyond the Issuer's control such as the willingness or otherwise of potential buyers and sellers of the Bonds. The effect that the investors' decisions may have on the trading market would consequently affect the trading value of the Bonds. Other factors over which the Issuer has no control include the time remaining for maturity of the Bonds, the outstanding amount of the Bonds, and the level, direction and volatility of market interest rates generally.

### *Implementation of the Euro*

The investor bears the risk of fluctuations in exchange rates until such time as Malta adopts the Euro, although this risk has been mitigated pursuant to Malta's joining the Exchange Rate Mechanism II.

### *Forward-Looking Statements*

This Document contains forward-looking statements that include, among others, statements concerning the Company's or AX Group's strategies and plans relating to the attainment of those objectives, its capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may involve predictions of future circumstances. Investors can generally identify forward-looking statements by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. These forward-looking statements are inherently subject to a number of risks, uncertainties, and assumptions. Important factors that could cause actual results to differ materially from the expectations of the Company's Directors include those risks identified under the heading "Risk Factors", and elsewhere in the Prospectus.

The Company cautions the reader that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ from those expressed or implied by the statements, and no assurance is given that the future results or expectations will be achieved.

## 3. KEY INFORMATION

### 3.1 Interest of Natural and Legal Persons involved in the Offer

The Issuer is a member of the AX Group and acts predominantly as a finance and investment company for the AX Group. Its object is to undertake capital finance for projects to be undertaken by the AX Group. An object ancillary to this primary purpose of the Company is the taking on lease, exchange, or acquisition of movable or immovable property.

The AX Group is wholly owned directly or indirectly through AXH, by Angelo Xuereb.

### 3.2 Reasons for the Offer and Use of Proceeds

#### 3.2.1 The Series I Bond

The Original Bond Issue is intended to raise capital for the following purposes:

#### *General Corporate Funding Purposes of the AX Group*

A loan agreement has been entered into between the Issuer and AXH, whereby the Issuer shall advance the amount of Lm3,142,000 (or Lm4,142,000 in the event of the exercise of the Over-Allotment Option) out of the net proceeds of the Series I Bond Issue to AXH for a period of ten years at a rate of interest of 6.8 per cent per annum. The loan contemplates that interest is paid as and when it falls due over the term of the loan with capital falling due and payable on final maturity in one bullet repayment. The interest receivable by the Company will fund, in part, the servicing of bond interest by the Company whilst the capital repayment of the loan will match the capital repayment of the Bond. AXH shall utilise the proceeds of the loan as follows:

- (a) the amount of Lm2,849,400 for redemption of the Lm2,849,400 8.25% Suncrest Bonds 2005/2007 issued by Suncrest Hotels p.l.c. due for redemption in March 2007. It is the intention of the AX Group, subject to raising the necessary funding under the Series I Bond, to redeem the Suncrest Bond before its stated maturity;

(b) the amount of Lm292,600 will be advanced to AXH for general corporate funding purposes including new projects of the Group.

In the event that the Over-Allotment Option is exercised by the Issuer, the proceeds generated therefrom will be utilised for the financing of new projects to be undertaken by the AX Group, including, *inter alia*, the food and entertainment outlets to be opened in 2007 at the Valletta Waterfront.

In addition to the above, the Company shall pay the amount of Lm858,000 to Capua Palace Investments Limited in settlement of the balance of the price for the purchase of Capua Palace Sliema, as set out below.

#### *Acquisition of the Capua Palace*

By a deed dated 25 October 2006 in the records of Notary Dr. Maria Briffa the Issuer purchased and acquired from Capua Palace Investments Limited the property known as Capua Palace in Sliema. The property was valued at Lm2.3 million (see Architect's report referred to below). The price for the acquisition of Capua Palace is of Lm2,077,000 (the "Price"), which amount is payable by the Issuer to Capua Palace Investments Limited. The Price shall be paid through a number of transactions as follows:

- (i) By virtue of a deed of assignment dated 25 October 2006 the Issuer acquired from AXH a receivable of Lm1,219,000 that the latter has against Capua Palace Investments Limited, and subsequently the Company has issued shares equivalent to Lm1,000,000 and allotted them to AXH.
- (ii) By another agreement dated 25 October 2006, the Issuer and Capua Palace Investments Limited agreed to set-off the Lm1,219,000 debt now owed by Capua Palace Investments Limited to the Company against Lm1,219,000 out of the Price of the Palace;
- (iii) The balance of price of Lm858,000 will be settled in cash following the Series I Bond Issue.

As described above, the Palace was the property of Capua Palace Investments Limited, with whom the Company has entered into the sale and leaseback agreement described above, in terms of which the Company has acquired the full legal title to the Palace, and has leased it back to Capua Palace Investments Limited under a lease agreement that contemplates a *di fermo* lease period of ten years during which the Company will generate an annual rental income stream of Lm140,000, which will be increased by 10% every three years.

The rental income (as increased tri-annually) shall be applied by the Issuer against the interest payable by it on the Series I Bond. The agreement entered into with Capua Palace Investments Limited also contemplates an option on the part of Capua Palace Investments Limited to repurchase the immovable property from the Issuer at a price to be determined by an expert valuer at the time of purchase but which shall in no case be less than Lm2,077,000.

A report produced by Architect Wallace Farrugia (A. & C.E.) of Wallace Farrugia & Associates, of 44, St. Francis Street, Sliema SLM 05, in respect of the aforementioned Capua Palace, is available on the Group's website and at its premises, although a summarised version of the said report may be found in Annex 1 to the Registration Document. This report was produced at the Issuer's request, and is included in the Registration Document with the consent of Arch. Farrugia, who authorises the publication of his report in the form and content in which it appears therein.

#### 3.2.2 The Series II Bond

The Series II Bond Issue, or such number of bonds under the Series II Bond Issue as may be issued by the Issuer, will be utilised to settle the consideration for the elective bid being made by the Issuer simultaneously with the Series I Bond Issue to Eligible Persons to exchange their ordinary shares in Suncrest Hotels p.l.c. with Series II Bonds. The Series II Bond will accordingly be issued to those Eligible Persons deciding to accept to sell and transfer their Suncrest ordinary shares to the Issuer in exchange for Series II Bonds.

There may be cases where some Eligible Persons may either not accept the elective bid being made by the Issuer or accept it for a cash consideration. Accordingly if all Eligible Persons were to accept the elective bid in exchange for Series II Bonds, it is expected that the full amount of Series II Bonds to be issued by the Issuer under the joint and several Guarantee of the Guarantor will be equivalent to Lm1 million in value of Series II Bonds. Where, on the other hand, Eligible Persons reject the elective bid and opt for the cash alternative instead, such payments shall be settled by the Issuer.

#### **4. ESTIMATED EXPENSES OF THE OFFER**

Professional fees, registrar fees and costs related to publicity, advertising, printing, listing, registration, sponsor, selling commission, management and registrar fees and other miscellaneous expenses in connection with this Offer, are estimated not to exceed Lm150,000 and shall be borne by the Issuer.





## 5 INFORMATION CONCERNING THE SECURITIES

### 5.1 Description and type of Securities

The Series I Bonds and the Series II Bonds once issued, shall constitute the unconditional debt obligations of the Company and the Guarantor that bind the Company and the Guarantor to pay to Bondholders interest on each Interest Payment Date and the Redemption Value of the Bond on a Redemption Date. They will be issued at a nominal value of Lm100 per Bond.

The Bonds have been created in terms of the Act. The Bonds will be issued in uncertificated form and following admission of the Bonds to the Official List of the Malta Stock Exchange, the Bonds shall be held in book-entry form by the Central Security Depository of the Malta Stock Exchange. The Bonds shall be denominated in Maltese Liri. Subject to admission to listing of the Bonds to the Official List of the Malta Stock Exchange, the Series I Bonds and the Series II Bonds are expected to be assigned the following ISIN codes respectively - MT 00000 81217 and MT 00000 81225.

### 5.2 Status

The Bonds shall constitute the general, direct, unconditional, unsecured and unsubordinated obligations of the Company and the Guarantor and will rank *pari passu* without any priority or preference with all other present and future unsecured and unsubordinated obligations of the Company and the Guarantor.

### 5.3 Terms and Conditions of Issue

The full terms and conditions of the Issue of the Series I Bonds are contained in Annex 1 attached to this Securities Note and the full terms and conditions of the Series II Bonds are contained in the Offering Circular (see Important Information above).

### 5.4 Interest

- (a) The Series I Bonds shall accrue interest at the rate of 6.7 per cent per annum payable annually on 15 December of each year. Interest shall accrue as from 23 December 2006. The first Interest Payment Date shall be 15 December 2007;
- (b) The Series II Bonds shall accrue interest at the rate of 4 per cent per annum payable annually on 15 December of each year. Interest shall accrue as from 23 December 2006. The first Interest Payment Date shall be 15 December 2007.

### 5.5 Maturity & Redemption

The Series I Bond shall become due for final redemption on 15 December 2016. The Issuer reserves the right to redeem the Bonds or any part of the issue at any time prior to the stated maturity on either of the Interest Payment Dates falling in 2014 and/or 2015. Redemption of the Series I Bonds shall be made at the face value of the Bonds. In addition, the Issuer reserves the right to purchase from the market at any time after issue, Series I Bonds for cancellation.

The Series II Bond shall become due for final redemption on 15 December 2013. Redemption of the Series II Bonds shall be made at a premium of Lm40 to the face value of the Bonds. In addition, the Issuer reserves the right to purchase from the market at any time after issue, Series II Bonds for cancellation.

### 5.6 Public Offer

- (a) The Series I Bonds shall be issued and offered to the general public in Malta as well as to Intermediaries either for their own account or on behalf of investors represented by such Intermediaries. The allocation of Series I Bonds shall however be made with preference to those Applicants indicating their agreement to settle the consideration for the Series I Bonds by surrendering in the Issuer's favour Suncrest Bonds of an equivalent nominal value. The Issuer shall not, unless due notice in writing is given to it, verify the relations existing between an Intermediary and its client and shall only and at all times recognise as a Bondholder the person registered as such in the register of bonds held for this purpose.
- (b) The Series II Bonds shall be offered exclusively to Eligible Persons. Following their issue to the Eligible Persons and the admission to listing, the Series II Bonds shall be freely transferable and tradable on the Malta Stock Exchange.

### 5.7 Authorisations

The Issue of the Bonds was authorised by the Issuer's Board of Directors by resolution dated 20 November 2006. The Listing Authority approved in writing on 28 November 2006 the Bonds as admissible to listing on a Recognised Investment Exchange pursuant to the Listing Rules.

### 5.8 Exercise of the Over-Allotment Option

The Issuer reserves the right to issue further Series I Bonds to meet Applications for over-subscription up to and not exceeding the aggregate amount of Lm5 million, which is Lm1 million in excess of the Original Bond Issue.



## 6. OTHER DETAILS OF THE BOND ISSUES

- (a) The Company will be entering into conditional subscription agreements with Intermediaries. In terms of these agreements the Intermediaries will be bound to subscribe and purchase, and the Company will be bound to allot to such Intermediaries, on 11 December 2006, an aggregate not exceeding Lm2 million of the Bonds in issue. Subscriptions under these arrangements will be subject to the same Terms and Conditions of the Series I Bond contained in the Prospectus.

Any Bonds not placed with Intermediaries, as well as the remaining Lm2 million in Bonds and the Lm1 million in Bonds which may be issued upon exercise by the Issuer of the Over-allotment Option, shall be offered to the general public for subscription under the same terms and conditions, subject to the preferential allocation of Series I Bonds to Applicants indicating their agreement to settle the consideration for the Series I Bonds by surrendering in the Issuer's favour Suncrest Bonds of an equivalent nominal value, as detailed below. The terms and conditions under which the Bonds shall be issued are contained as an annex to this document (*See Annex 1*).

All holders of Suncrest Bonds wishing to subscribe for Series I Bonds, may, at their option, settle the consideration for such Bonds by transferring their Suncrest Bonds at nominal value to the Issuer. Such transfer shall be without prejudice to the rights of the holders of Suncrest Bonds to receive interest on the Suncrest Bonds up to and including 22 December 2006, subject to the date of this step in the Expected Timetable of Principal Events Related to the Bond Issues (see above) being brought forward in the event that the Offer of Bonds is over-subscribed and the Issuer exercises its discretion to close the said Offer before 15 December 2006.

The Issuer intends to allocate Series I Bonds to those Applicants indicating their agreement to settle the consideration for the Series I Bonds by surrendering in the Issuer's favour Suncrest Bonds of an equivalent nominal value, *with preference over all other Applicants*.

- (b) The Series II Bond is available only to Eligible Persons. The Series II Bonds shall be issued under the same terms and conditions as the Series I Bonds and once issued and allocated to Eligible Persons and following their listing, they shall be freely transferable.

## 7. ADMISSION TO TRADING

The Bonds are expected to be admitted to the Official List of the Malta Stock Exchange with effect from 3 January 2007 and trading is expected to commence on the 4 January 2007.

## 8. ADDITIONAL INFORMATION

### 8.1 Taxation

#### *Tax on Interest*

Unless the Issuer is otherwise advised by a Bondholder resident in Malta who is not a fund of a collective investment scheme, interest shall be paid by the Issuer to such Bondholder net of a deduction for tax at source at the rate of 15 per cent pursuant to section 33 of the Income Tax Act (Cap. 123 of the Laws of Malta). This withholding tax is considered as a final tax and Bondholders who are physical persons need not declare the interest so received on his/her income tax return.

In the case of a valid election by a Bondholder resident in Malta to receive the interest due without the deduction of withholding tax, then interest will be paid gross by the Issuer and such Bondholder will be under an obligation to declare interest so received on his/her income tax return and be subject to tax thereon at the standard rate applicable to that Bondholder.

Any such election by a Bondholder at the time of Application may be changed by the Bondholder by giving written notice to the Issuer or the MSE.

Non-resident Bondholders are not taxable in Malta on the interest received and will receive interest gross.

#### *Tax on Capital Gains*

Capital gains arising on disposal of the Bonds are not chargeable to Maltese income tax.

#### *Duty on Documents and Transfers*

No duty on documents and transfers is payable in respect of any transfer of the Bonds, if and for as long as the Securities are listed on the MSE.

***Tax Treatment on the Premium payable on Redemption***

The interest and premium receivable, respectively, on the Bonds and on their redemption, constitute “investment income” as defined in the “investment income provisions” contained in the Income Tax Act (Cap. 123 of the Laws of Malta).

As a general rule, persons who, for tax purposes, are deemed to be resident in Malta are subject to tax on such investment income. Unless otherwise instructed in writing, the Issuer will withhold tax from the payment of interest and premium on redemption at the rate prescribed under article 33(1) of the Income Tax Act. The current withholding rate is 15%.

A recipient who receives the interest or premium net of withholding tax has no further liability to tax on such income. A recipient who opts to receive the interest or premium on redemption without any tax withholding is normally required to disclose the income in the annual income tax return and is taxable on such income at the applicable rates of tax according to such recipient’s status for tax purposes.

A non-resident person is not subject to tax on investment income arising in Malta unless the said non-resident person is engaged in a trade or business in Malta through a permanent establishment situated herein and the debt claim in respect of which the interest or the premium arises is effectively connected with such permanent establishment.

**The information above does not constitute legal or tax advice, and is based on tax law and practice applicable at the date of this Prospectus. Investors are reminded that tax law and practice may change from time to time.**

**INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE COMPANY. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.**

# ANNEX I

## PART I - TERMS AND CONDITIONS OF THE SERIES I BOND

The rights attaching to the Series I Bonds (the "Bond/s") are those set out in the terms and conditions of issue laid out in this Annex I.

### 1. GENERAL

- (a) Each Bond forms part of a duly authorised issue of registered bonds of a nominal value of Lm100 each, issued by the Company at the Bond Offer Price of Lm100 per Bond, up to an aggregate principal amount of Lm4 million (except as otherwise provided under clause 9 "Further Issues" below) which shall bear interest at the rate of 6.7 per cent per annum.
- (b) Unless previously purchased and cancelled, the Bonds shall be redeemable at the nominal value on 15 December 2016 or at the option of the Company on 15 December 2014 and/or 15 December 2015.
- (c) In the event of over-subscription, the Issuer may accept to issue further Bonds to meet Applications up to but not exceeding the aggregate principal amount of Lm5 million.

### 2. FORM, DENOMINATION AND TITLE

The Bonds will be issued in fully registered form, without coupons, in denominations of any integral multiple of Lm100, provided that on original subscription by Intermediaries the Bonds will be issued for a minimum of Lm500. The Bonds, and transfer thereof, shall be registered as provided under Clause 8 ("Registration, Replacement, Transfer and Exchange") below. A person in whose name a Bond shall be registered shall (to the fullest extent permitted by law) be treated at all times and for all purposes as the absolute owner of such Bond regardless of any notice of ownership or trust.

### 3. INTEREST

- (a) The Bonds shall bear interest at the rate of 6.7 per cent per annum on the nominal value of the Bond, payable annually in arrears, on 15 December of each year, the first payment becoming due on 15 December 2007 (each such day, an "Interest Payment Date"). Each Bond will cease to bear interest from and including its due date of redemption, unless the Bond is earlier redeemed on a Designated Early Redemption Date, or unless upon due presentation, payment of the principal in respect of the Bond is improperly withheld or refused, or unless the Company defaults, in which event interest shall continue to accrue at the rate specified above or at the rate of two per cent (2%) per annum above the Central Bank of Malta minimum discount rate, whichever is the greater; and
- (b) When interest is required to be calculated in respect of a period of less than a full year, it shall be calculated on the basis of a three hundred and sixty (360) day year consisting of twelve (12) months of thirty (30) days each, and, in the case of an incomplete month, the number of days elapsed.

### 4. STATUS AND NEGATIVE PLEDGE

- (a) The Bonds constitute general, direct, unconditional, unsecured and unsubordinated obligations of the Company and the Guarantor and will rank *pari passu*, without any priority or preference, with all other present and future unsecured and unsubordinated obligations of the Company and the Guarantor.
- (b) The Company and the Guarantor, in relation to their respective assets, undertake for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to create or permit to subsist any Security Interest (as defined below), other than a Permitted Security Interest (as defined below), upon the whole or any part of its present or future assets or revenues to secure any Financial Indebtedness (as defined below) of the Company or Guarantor, unless at the same time or prior thereto the Company's indebtedness under the Bonds, shares in and is secured equally and rateably therewith, and the instrument creating such Security Interest so provides.

For the purposes of this Clause and of Clause 7 ("Events of Default") below:

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

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



**“Permitted Security Interest”** means (A) any Security Interest arising by operation of law; (B) any Security Interest securing temporary bank loans or overdrafts in the ordinary course of business; (C) any other Security Interest (in addition to (A) and (B) above) securing Financial Indebtedness of the Company or the Guarantor, in an aggregate outstanding amount not exceeding 80 per cent (80%) of the difference between the value of the unencumbered assets of the Company and the Guarantor and the aggregate principal amount of Bonds outstanding at the time.

Provided that the aggregate Security Interests referred to in (B) and (C) above do not result in the unencumbered assets of the Company and Guarantor being less than one hundred and six point seven per cent (106.7%) of the aggregate principal amount of the Bonds still outstanding;

“Unencumbered assets” means assets which are not subject to a Security Interest.

## 5. PAYMENTS

- (a) Payment of the principal amount of a Bond will be made in the currency in which that Bond is designated to the person in whose name such Bond is registered, with interest accrued to the date fixed for redemption, against surrender of such Bond at the registered office of the Company or at such other place in Malta as may be notified by the Company, such payment shall be made by way of a cheque drawn on a bank in Malta.
- (b) Payment of interest on a Bond shall be made in any such currency designated as having legal tender in Malta at the time when such payment of interest falls due. Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business 15 days prior to the Interest Payment Date by mailing a cheque drawn on a bank in Malta to the Bondholder at such Bondholder’s registered address within seven days of the Interest Payment Date. The Company shall not be responsible for any loss or delay in transmission. The payment of the cheque, if purporting to be duly endorsed, shall be a good discharge to the Company.
- (c) All payments are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable fiscal or other laws and regulations. In particular, but without limitation, all payments by the Company in respect of the Bonds shall be made net of any amount which the Company is compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed or levied by or on behalf of the Government of Malta or authority thereof or therein having power to tax.
- (d) No commissions or expenses shall be charged to the Bondholders in respect of such payments.

## 6. REDEMPTION AND PURCHASE

- (a) Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 15 December 2016. The Issuer reserves the right to redeem all or any part of the Bond Issue on 15 December 2014 and/or 15 December 2015. The Issuer shall give at least sixty days notice in writing to all Bondholders of its intention to effect such earlier redemption stating the number of Bonds that it will redeem on that Designated Early Redemption Date and the manner in which it shall select the Bonds for such early redemption.
- (b) The Company may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.
- (c) All Bonds so redeemed or purchased will be cancelled forthwith and may not be re-issued or resold.

## 7. EVENTS OF DEFAULT

The Bonds shall become immediately due and repayable at their principal amount together with accrued interest if any of the following events (“Events of Default”) shall occur:-

- (i) the Company shall fail to pay any interest on any Bond when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Company by any Bondholder; or
- (ii) the Company shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the terms and conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Company by any Bondholder; or
- (iii) an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Company; or
- (iv) the Company stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or
- (v) the Company is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- (vi) there shall have been entered against the Company a final judgment by a court of competent jurisdiction from which no appeal may be or is taken for the payment of money in excess of five hundred thousand Maltese Liri (Lm500,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or

- (vii) any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined above) of the Company in excess of five hundred thousand Maltese Liri (Lm500,000) or its equivalent at any time.

## **8. REGISTRATION, REPLACEMENT, TRANSFER AND EXCHANGE**

- (a) A register of the Bonds will be kept by the Company at the Central Securities Depository ("CSD") of the Malta Stock Exchange, wherein there will be entered the names and addresses of the Bondholders and particulars of the Bonds held by them respectively. A copy of such register will at all reasonable times during business hours be open to inspection at the registered office of the Company.
- (b) Bonds shall be issued in uncertificated form and shall be maintained in book-entry form at the CSD. The Bonds shall accordingly be evidenced by a book-entry in the register of Bondholders held by the CSD. The CSD will issue on an annual basis, or at such other intervals as the Malta Stock Exchange Bye-Laws shall from time to time determine, a statement of holdings to Bondholders evidencing their entitlement to Bonds held in the register kept by the CSD.
- (c) A Bond may be transferred only in whole in accordance with the rules and procedures applicable from time to time at the Malta Stock Exchange.
- (d) Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Company or the Malta Stock Exchange, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by executing to that person a transfer of the Bond.
- (e) All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.
- (f) The cost and expenses of effecting any exchange or registration of transfer or transmission except for the expenses of delivery by other than regular mail (if any) and except, if the Company shall so require, for the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Bondholder.
- (g) The Company will not register the transfer or transmission of Bonds for a period of fifteen (15) days preceding the due date for any payment of interest on the Bonds.

## **9. FURTHER ISSUES**

The Company is at liberty, from time to time, without the consent of the Bondholders, to create and issue further bonds, notes or debentures ranking pari passu in all respects with the Bonds (or in all respects save for the first payment of interest thereon). The Company shall not issue any other debt instrument for a period of six months following the date of this Securities Note.

## **10. MEETINGS OF BONDHOLDERS**

- (a) The terms and conditions contained herein shall only be amended with the approval of a majority of Bondholders at a meeting called for that purpose in accordance with the terms hereunder, subject to paragraph 10(h) below.
- (b) In the event that the Issuer wishes to amend any of the terms and conditions of Issue of the Bond it shall call a meeting of Bondholders by giving such Bondholders not less than fourteen (14) days notice, in writing setting out in the notice the time, place and date set for the meeting and the matters to be discussed thereat.
- (c) A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose a quorum shall be considered present if there are Bondholders present, in person or by proxy, that account for at least fifty per cent in nominal value of the Bonds then outstanding.
- (d) Once a quorum is declared present by the Chairman of the meeting (who shall be the person who in accordance with the memorandum and articles of association of the Company would chair a general meeting of shareholders), the meeting may then proceed to business and the Directors or their representatives shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that the terms of Issue of the Bonds ought to be amended as proposed by the Issuer. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present.
- (e) The voting process shall be managed by the Company Secretary under the supervision and scrutiny of the Auditors of the Company.
- (f) Subject to paragraph 10(h) below, the proposal placed before a meeting of Bondholders shall be considered approved if at least 75 per cent (75%) in nominal value of the Bondholders present at the meeting shall have voted in favour of the proposal.
- (g) Save for the above, the rules generally applicable to the Company during general meetings of shareholders shall apply.
- (h) The Guarantor has the power to veto any proposed changes to the rights and terms of the Bonds issued with the benefit of the Guarantee.



#### **11. BONDS HELD JOINTLY**

In respect of a Bond held jointly by several persons, the joint holders shall nominate one of their number as their representative and his/her name will be entered in the register with such designation. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond so held. In the absence of such nomination and until such nomination is made, the person first named on the register in respect of such Bond shall, for all intents and purposes, be deemed to be the registered holder of the Bond so held.

#### **12. BONDS HELD SUBJECT TO USUFRUCT**

In respect of a Bond held subject to usufruct, the name of the bare owner and usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed vis-a-vis the Company to be the holder of the Bond so held and shall have the right to receive interest on the Bond but shall not, during the continuance of the Bond, have the right to dispose of the Bond so held without the consent of the bare owner.

#### **13. GOVERNING LAW AND JURISDICTION**

- (a) The Bonds are governed by and shall be construed in accordance with Maltese law.
- (b) Any suit, action or proceeding against the Company with respect to a Bond shall exclusively be brought against it in the Maltese Courts.

#### **14. NOTICES**

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

#### **15. LISTING**

The Bonds, upon issue and subscription, shall be admitted to the Official List of the Malta Stock Exchange. Accordingly all the terms and conditions herein contained shall be read in conjunction with the Bye-Laws of the Malta Stock Exchange applicable from time to time.

## PART II - TERMS AND CONDITIONS OF APPLICATION OF THE SERIES I BOND

1. The contract created by the acceptance by the Issuer of an Application submitted by the Applicant shall be subject to the terms and conditions set out herein.
2. The consideration payable by an Applicant for an amount of the Series I Bonds on Offer may be settled either:
  - (a) in cash (the "Cash Consideration"); and/or
  - (b) by the transfer of all or part of the Suncrest Bonds held by such Applicant at the time of the Offer (the "Suncrest Bond Transfer").
3. The Applicant shall:
  - (a) fill in and submit Application Form 'A' if the selected method of payment for the Series I Bonds being applied for is by Cash Consideration; or
  - (b) fill in and submit Application Form 'B' if the selected method of payment for the Series I Bonds being applied for is by Suncrest Bond Transfer; or
  - (c) where both methods of payment are selected, and thus payment for the Series I Bonds being applied for is being made partly by Cash Consideration and partly by a Suncrest Bond Transfer, fill in and submit two separate Application Forms (one Application Form 'A' and one Application Form 'B' respectively).
4. By submitting a signed Application Form 'B' indicating that the Suncrest Bond Transfer is being selected, an Applicant is thereby confirming that:
  - (a) all or part (as the case may be) of the Suncrest Bonds held by the Applicant at the time of the Offer are being transferred to the Issuer; and
  - (b) the Application Form 'B' constitutes the Applicant's irrevocable mandate to the Issuer to:
    - (i) cause the transfer of the said Suncrest Bonds in the Issuer's name against the issue of Series I Bonds; and
    - (ii) engage, at the Issuer's cost, the services of such Authorised Intermediaries listed in the Prospectus as may be necessary to fully and effectively vest title in said Suncrest Bonds in the Issuer and fully and effectively vest title in the appropriate number of Series I Bonds in the Applicant.
5. Subject to all other Terms and Conditions of Application set out in the Prospectus, the Issuer reserves the right to reject in whole or in part, or to scale down, any Application, including multiple or suspected multiple Applications<sup>1</sup>, and to present any cheques and or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Company is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted.

In the case of joint Applications, reference to the Applicant in these Terms and Conditions of Application is a reference to each Applicant, and liability therefor is joint and several. Furthermore, as joint Applicants, each Applicant warrants that he/she has only submitted one Application Form in his/her name as provided in section 6 below.

The Issuer reserves the right to issue further Series I Bonds to meet Applications for subscription up to and not exceeding the aggregate amount of Lm5 million, which is Lm1 million in excess of the Original Bond Issue.

Where an Applicant opts for payment by Cash Consideration, in the event that such Applicant has not been allocated any Bonds or has been allocated a smaller number of Bonds than the number applied for in an Application Form 'A', and there remains unapplied part or all of the Cash Consideration, then the Applicant shall receive a refund of the price of the Bonds applied for but not allocated, by cheque in the same currency of the proceeds accompanying the Application, sent by mail at the Applicant's own risk, to the address specified in the Application Form, within five working days from the date of final allocation. No interest shall be due on refunds and any risk of loss or gain that may emerge on exchange of refunds from the currency of denomination of the Bonds applied for into the base currency of the Applicant shall be at the charge or for the benefit of the Applicant.

6. Any person, whether natural or legal, shall be eligible to submit an Application, and any one person, whether directly or indirectly, should not submit more than one Application Form for Series I Bonds, save as provided in section 3(c) above of these Terms and Conditions of Application. In the case of corporate Applicants or Applicants having separate legal personality, the Application Form must be signed by a person authorised to sign and bind such Applicant. It shall not be incumbent on the Issuer or Registrar to verify whether the person or persons purporting to bind such an Applicant is or are in fact so authorised.

Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. Any Series I Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest payable to the parents/legal guardian signing the Application Form until such time as the minor attains the age of 18 years, after which all interests shall be payable directly to the registered Bondholder, provided that the Company has been duly notified in writing of the fact that the minor has attained the age of eighteen years.

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<sup>1</sup> - For the avoidance of doubt, in the event that an Applicant submits both an Application Form 'A' and an Application Form 'B' where payment for the Series I Bonds being applied for is made partly by Cash Consideration and partly by Suncrest Bond Transfer, this shall not be deemed to constitute "multiple or suspected multiple Applications" in terms of section 5 of these Terms and Conditions of Application.





7. All Applications for the subscription of Series I Bonds must be submitted on an Application Form 'A' and/or Application Form 'B' within the time limits established herein. The minimum subscription of Series I Bonds through Application Form 'A' is Lm500, whereas the minimum subscription of Series I Bonds through Application Form 'B' is Lm100 in value<sup>2</sup>. Applications in excess of the said minimum thresholds must be in multiples of Lm100.

The completed Application Forms are to be lodged with any of the Authorised Intermediaries mentioned in this Prospectus. Unless other arrangements are concluded with the Registrar or the Issuer, all Application Forms must be accompanied by:

- (a) in the case of payment by Cash Consideration, the full price of the Series I Bonds applied for in the currency of designation of the Series I Bonds applied for. Payment may be made either in cash or by cheque payable to "The Registrar – AX Bond Issue". In the event that a cheque accompanying an Application Form 'A' is not honoured on its first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application Form 'A'; and/or
  - (b) in the case of payment by Suncrest Bond Transfer, the signed confirmation set out in section 4 above, which is reproduced in part H of Application Form 'B'.
8. By completing and delivering an Application Form you (as the Applicant(s)):
- (a) *irrevocably* offer to purchase the number of Series I Bonds specified in your Application Form (or any smaller number for which the Application is accepted) at the Bond Offer Price (in the case of the Cash Consideration) and/or for the number of Suncrest Bonds set out in your Application Form 'B' (in the case of Suncrest Bond Transfer), subject to the Prospectus, these Terms and Conditions of Application, the Memorandum and Articles of Association of the Issuer, and, in the event of payment by Suncrest Bond Transfer, the Memorandum and Articles of Association of Suncrest Hotels p.l.c.;
  - (b) authorise the Registrar and the Directors of the Company to include your name or in the case of joint Applications the first named applicant, in the register of Debentures of the Company in respect of the Bonds allocated to you;
  - (c) warrant that your remittance will be honoured on first presentation and agree that if such remittance is not so honoured, you will not be entitled to receive a registration advice or to be registered in the register of Debentures or to enjoy or receive any rights in respect of such Series I Bonds, unless and until you make payment in cleared funds (in the case of payment by Cash Consideration) and/or by acceptance of transfer to the Issuer of Suncrest Bonds (in the case of payment by Suncrest Bond Transfer) for such Series I Bonds, and such consideration is accepted by the Company (which acceptance shall be made in its absolute discretion and may be on the basis that you indemnify it against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation and/or acceptance of transfer to the Issuer of Suncrest Bonds, as the case may be) and that, at any time prior to unconditional acceptance by the Issuer of such late delivery of consideration in respect of such Series I Bonds, the Issuer may (without prejudice to other rights) treat the agreement to allocate such Series I Bonds as void and may allocate such Series I Bonds to some other person. In such case, where Cash Consideration was opted for as the method of payment for the Series I Bonds in question, you will not be entitled to any refund or payment in respect of such Series I Bonds (other than return of such late payment);
  - (d) agree that the registration advice and other documents and any Cash Consideration returnable to you may be retained pending clearance of your remittance and any verification of identity as required by the Prevention of Money Laundering Act 1994 (and regulations made thereunder) and that such Cash Consideration will not bear interest;
  - (e) agree that all Applications, acceptances of Applications and contracts resulting therefrom will be governed by and construed in accordance with Maltese law and that you submit to the jurisdiction of the Maltese Courts and agree that nothing shall limit the right of the Issuer to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of Applications and contracts in any other manner permitted by law in any court of competent jurisdiction;
  - (f) warrant that, if you sign the Application Form on behalf of another party or on behalf of a corporation or corporate entity or association of persons, you have due authority to do so and such person, corporation, corporate entity, or association of persons will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions of Application and undertake to submit your power of attorney or a copy thereof duly certified by a lawyer or notary public if so required by the Registrar;
  - (g) agree that all documents in connection with the Issue of the Series I Bonds and any returned monies including refund of all unapplied Cash Consideration will be sent at your risk and may be sent by post at your address (or, in the case of joint applications, the address of the first-named Applicant) as set out in the Application Form 'A', in the currency of designation of the Bond;
  - (h) agree that, having had the opportunity to read the Prospectus you have and shall be deemed to have had, notice of all information and representations concerning the Issuer, the Guarantor and the Issue of the Bonds contained therein;
  - (i) confirm that in making such Application you are not relying on any information or representation in relation to the Issuer, Guarantor or the issue of the Series I Bonds other than those contained in the Prospectus and you accordingly agree that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
  - (j) confirm that you have reviewed and you will comply with the restriction contained in section 7 above and the warning in this section 8;

2 - Where both an Application Form 'A' and an Application Form 'B' are submitted pursuant to section 3(c) of these Terms and Conditions of Application, the minimum subscription value of Lm500 shall apply to the Application Form 'A' and the minimum subscription value of Lm100 shall apply to the Application Form 'B' being submitted.



- (k) warrant that you are not under the age of 18 years or if you are lodging an Application in the name and for the benefit of a minor, warrant that you are the parents or legal guardian/s of the minor;
  - (l) agree that such Application Form is addressed to the Issuer and that in respect of those Series I Bonds for which your Application has been accepted, you shall receive a registration advice confirming such acceptance;
  - (m) confirm that in the case of a joint Application the first named Applicant shall be deemed the holder of the Series I Bonds;
  - (n) agree to provide the Registrar and/or Issuer as the case may be, with any information which it may request in connection with your Application(s);
  - (o) agree that Charts Investment Management Service Limited will not, in their capacity of Sponsoring Stockbrokers, treat you as their customer by virtue of your making an Application for Series I Bonds or by virtue of your Application to subscribe for Series I Bonds being accepted and that Charts Investment Management Service Limited will owe you no duties or responsibilities concerning the price of the Series I Bonds or their suitability for you;
  - (p) warrant that, in connection with your Application, you have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your Application in any territory and that you have not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the Series I Bond Issue or your Application;
  - (q) warrant that if you are a non-resident, any funds forming the Cash Consideration accompanying your Application Form 'A' emanate from a foreign source or foreign currency account held in Malta and that all applicable exchange control permits and authorisations have been duly and fully complied with;
  - (r) represent that you are not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act") and that you are not accepting the invitation comprised in the Offer from within the United States of America, its territories or its possessions, any State of the United States of America or the District of Columbia (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person, unless you indicate otherwise on the Application Form in accordance with the instructions of the Application Form.
9. The Series I Bonds have not been and will not be registered under the Securities Act and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
  10. No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to him nor should he in any event use such Application Form, unless in the relevant territory such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issues, transfer or other taxes required to be paid in such territory.
  11. As already indicated by the Issuer elsewhere in this Securities Note, holders of Suncrest Bonds applying for Series I Bonds indicating their agreement to settle the consideration for the Series I Bonds by surrendering in the Issuer's favour Suncrest Bonds of an equivalent nominal value, shall have Series I Bonds allocated in their favour with preference over other Applicants opting for payment by Cash Consideration.
  12. Where an Applicant submits both an Application Form 'A' and an Application Form 'B', thereby indicating that the Applicant intends settling the consideration payable for Series I Bonds partly by Cash Consideration and partly by Suncrest Bond Transfer, such Applicant shall have preference over all other Applicants opting for payment by Cash Consideration in the allocation of Series I Bonds solely with respect to that number of Series I Bonds for which payment is being made by means of a Suncrest Bond Transfer, and with respect to the Series I Bonds for the payment of which Cash Consideration is being proposed, no such preference shall arise.
  13. Upon closing of the Subscription Lists, the Issuer shall announce, in at least one newspaper, the basis of acceptance of applications and allocation policy to be adopted, on or around 22 December 2006 in connection with the Series I Bonds which have not as yet been allocated to Applicants.
  14. Save where the context requires otherwise, terms defined in the Prospectus bear the same meaning when used in these Terms and Conditions of Application, in the Application Form and in any other document issued pursuant to the Prospectus.
  15. (a) The Subscription lists for Series I Bonds with respect to which an Application Form 'A' has been submitted, will open at 8.30 hours on 12 December 2006 and will close as soon thereafter as may be determined by the Issuer, as the case may be, but not later than 12.00 hours on 15 December 2006.
  - (b) The Subscription lists for Series I Bonds with respect to which an Application Form 'B' has been submitted, will close not later than 12.00 hours on 11 December 2006.



## ANNEX 2 - LIST OF AUTHORISED INTERMEDIARIES

### MEMBERS OF THE MALTA STOCK EXCHANGE

Atlas Investment Services Ltd Abate Rigord Street, Ta'Xbiex MSD12	Tel: 21 322590	Fax: 21 322584
Bank of Valletta p.l.c. BOV Centre, Cannon Road, St. Venera HMR07	Tel: 21 312020	Fax: 22 753348
Calamatta Cuschieri & Co. Ltd Valletta Bldgs, Fifth Floor, South Street, Valletta VLT11	Tel: 25 688688	Fax: 25 688256
Charts Investment Management Service Ltd 18a Third Floor, Europa Centre, Floriana VLT15	Tel: 21 224106	Fax: 21 241101
Curmi & Partners Ltd Finance House, Princess Elizabeth Street, Ta'Xbiex MSD11	Tel: 21 347331	Fax: 21 347333
GlobalCapital Financial Management Ltd 120, The Strand, Gzira GZR03	Tel: 21 310088	Fax: 23 282207
Hogg Capital Investments Ltd Regent House, Level 3 Suite 33, Bisazza Street, Sliema SLM15	Tel: 21 322872	Fax: 21 342760
HSBC Stockbrokers (Malta) Ltd 233, Republic Street, Valletta VLT08	Tel: 25 972241	Fax: 25 972494
Rizzo, Farrugia & Co (Stockbrokers) Ltd Airways House, Third Floor, High Street, Sliema SLM15	Tel: 21 314038	Fax: 21 324486

### INVESTMENT SERVICES PROVIDERS

APS Bank Ltd APS House, 24 St. Anne Square, Floriana VLT16	Tel: 25 593173	Fax: 25 593167
HSBC Bank Malta p.l.c. 233, Republic Street, Valletta VLT08	Tel: 25 972209	Fax: 25 972475
Jesmond Mizzi Financial Services Ltd 67 Flat 3, South Street, Valletta	Tel: 21 224410	Fax: 21 223810
Michael Grech Financial Investment Services Ltd No. 1 Mican Court, J.F. Kennedy Square, Victoria Gozo VCT111	Tel: 21 554492	Fax: 21 559199
MZ Investment Services Ltd 11, St. Rita Street, Rabat RBT11	Tel: 21 453739	Fax: 21 453407

# ANNEX 3 - SPECIMEN APPLICATION FORMS



**AX INVESTMENTS p.l.c.**  
ISSUE OF 6.7% Bonds 2014 - 2016

**APPLICATION FORM 'A'**

Application Number

Please read the notes overleaf before completing this Application Form. **Mark 'x' if applicable.**

<b>APPLICANT</b> (see notes 2 to 6)			
<b>A</b>	<input type="checkbox"/> Non-Resident	<input type="checkbox"/> CIS-Prescribed Fund	<input type="checkbox"/> Minor (under 18)
	<input type="checkbox"/> Body Corporate / Body of Persons		
<b>B</b>	Title (Mr/Mrs/Ms/....)	Full Name & Surname / Registered Name	
	Address		
			Postcode
	M.S.E. A/C No. (If applicable)	I.D. Card/ Passport/ Co. Reg. No.	Tel. No.
			Mob. No.
<b>ADDITIONAL (JOINT) APPLICANTS</b> (see note 2) (Please use additional Application Forms if space is not sufficient)			
<b>C</b>	Title (Mr/Mrs/Ms/....)	Full Name & Surname	I.D.Card/Passport No.
	Title (Mr/Mrs/Ms/....)	Full Name & Surname	I.D. Card/Passport No.
<b>MINOR PARENTS/LEGAL GUARDIAN/S</b> (see note 5) (To be completed ONLY if the Applicant is a minor)			
<b>D</b>	Title (Mr/Mrs/Ms/....)	Full Name & Surname	I.D.Card/Passport No.
<b>I</b>	Title (Mr/Mrs/Ms/....)	Full Name & Surname	I.D. Card/Passport No.
<b>II</b>	Title (Mr/Mrs/Ms/....)	Full Name & Surname	I.D. Card/Passport No.
<b>E</b>	<b>I/WE APPLY TO PURCHASE AND ACQUIRE</b> (see notes 7 & 8):		
	Amount in Figures Lm	Amount in Words	
	<p><b>AX Investments p.l.c. 6.7% Bonds 2014-2016 (minimum Lm500 and in multiples of Lm100 thereafter) or any smaller number of Bonds for which this Application may be accepted at the Bond Offer Price as defined in the Prospectus dated 28 November 2006 payable in full upon application under the Terms and Conditions as defined in the said Prospectus.</b></p>		
<b>WITHHOLDING TAX ON INTEREST</b> (see note 9) (to be completed ONLY if the Applicant is a Resident)			
<b>F</b>	<input type="checkbox"/> I/We elect to have Final Withholding Tax, currently 15%, deducted from my/our interest.		
	<input type="checkbox"/> I/We elect to receive interest GROSS i.e. without deduction of Withholding Tax.		
<b>INTEREST MANDATE</b> (see note 9) (to be completed ONLY if the Applicant wishes to have interest paid directly to a bank account)			
<b>G</b>	Bank	Branch	Account Number
<b>H</b>	<p>I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus dated 28 November 2006. Furthermore, I/we confirm that this is the only Application Form I/we am/are submitting on my/our behalf or on behalf of the company or other entity I/we represent.</p>		
	SIGNATURE/S OF APPLICANT/S (Both parents or legal guardian are/is to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application)		DATE
	Authorised Intermediary's Stamp	Authorised Intermediary's Code	



# AX INVESTMENTS p.l.c.

ISSUE OF 6.7% BONDS 2014 - 2016

## NOTES ON HOW TO COMPLETE THIS APPLICATION FORM AND OTHER INFORMATION

The following notes are to be read in conjunction with the Prospectus dated 28 November 2006

1. The Application Form is to be completed in BLOCK CHARACTERS.
2. Applicants are to insert full personal details in Panel B. In the case of an application by more than one person (including husband and wife) full details of all individuals - including I.D. Card Numbers - must be given in Panels B and C **but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bond. Interest, redemption proceeds and any refund cheques will be issued in the name of such Bondholder.**
3. In the case of a body corporate, the name of the entity, exactly as registered, and the registration number are to be inserted in Panel B. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
4. Applicants who are non-resident in Malta for tax purposes, must indicate their passport no. in Panel B and the relative box in Panel A must also be marked appropriately. Applications must be accompanied by the corresponding amount in Malta Liri of the Bonds applied for.
5. In the case of an Applicant who is a minor, the word 'minor' must be indicated in Panel B next to the Applicant's name and the relative box in Panel A must also be marked. A Public Registry birth certificate must be attached to the Application Form. (The birth certificate is not required if the minor already holds securities which are listed on the Malta Stock Exchange (MSE)). The Application Form must be signed by both parents or by the legal guardian/s. (Interest, redemption proceeds and any refund cheques will be made payable to the parent/legal guardian named in Panel DI until such time as the Company is notified that the minor named in Panel B has attained the age of 18). The address to be inserted in Panel B is to be that of the parents/legal guardian.
6. Applicants who hold securities on the Malta Stock Exchange are to indicate their MSE account number. If details shown on this Application Form differ from the existing account details at the MSE, a new MSE account may be opened for this Application.
7. Applications must be for a minimum of Lm500 and thereafter in multiples of Lm100.
8. Payment in Malta Liri may be made by cheque drawn on a Maltese Bank or by a banker's draft drawn on a first class foreign bank payable to "The Registrar - AX Investments p.l.c. Bond Issue". In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Company and the Registrar reserve the right to invalidate the relative Application.
9. The Applicant may elect to have Final Withholding Tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross, i.e. without deduction of Final Withholding Tax but he/she will be obliged to declare interest so received on his /her return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a Prescribed Fund (having indicated their status in the appropriate box in Panel A) will have Final Withholding Tax, currently 10%, deducted from interest payments. Applicants may choose to receive their interest directly in a bank account held locally in Malta Liri and such choice is to be indicated in Panel G.
10. Completed Application Forms are to be sent by post or delivered to the offices of the Issuer or of any of the Authorised Intermediaries listed in the Prospectus, during normal office hours. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not received by the closing of the subscription lists.
11. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of the Bond as contained in the Prospectus dated 28 November 2006.
12. The terms used in this Application Form have the same meaning as that assigned to them in the Prospectus.
13. **Subscription lists will open at 8.30am on 12 December 2006 and will close at 12.00pm on 15 December 2006. The Issuer reserves the right, however, to close the Bond Issue before the 15 December 2006 in the event of over-subscription. Any Applications received by the Registrar after the subscription lists close will be rejected.**
14. By completing and delivering an Application Form you (as the Applicant(s)):
  - a. acknowledge that the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection Act, 2001;
  - b. acknowledge that the Issuer may process such personal data for all purposes necessary for and related to the issue of the Bonds applied for; and
  - c. acknowledge that you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and sent to the Issuer at the address indicated at the bottom of the Application Form. The requests must further be signed by yourself, as the Applicant to whom the personal data relates.

**The value of investments can rise or fall and past performance is not necessarily indicative of future performance. The nominal value of the Bonds on offer will be repayable in full upon redemption. An investor should consult an independent investment advisor, licensed under the Investment Services Act (Cap.370 of the Laws of Malta), for advice.**



# AX INVESTMENTS p.l.c.

ISSUE OF 6.7% Bonds 2014 - 2016

## APPLICATION FORM 'B'

Application Number

Please read the notes overleaf before completing this Application Form.

APPLICANT		
<b>A</b>	As a Suncrest Bondholder, the Company has agreed to a Preferred Allocation of Bonds of:	Lm
<b>B</b>		
M.S.E. A/C No.	I.D. Card/ Passport/ Co. Reg. No.	Tel. No.
C ADDITIONAL (JOINT) APPLICANTS		
<b>D</b>	MINOR PARENTS/LEGAL GUARDIAN/S	
<b>E</b>	I/WE APPLY TO SURRENDER AND TRANSFER IN FAVOUR OF AX INVESTMENTS P.L.C. THE FOLLOWING SUNCREST BONDS:	
Amount in Figures Lm	Amount in Words	
in exchange for the same nominal amount in AX Investments p.l.c. 6.7% Bonds 2014-2016 (minimum Lm100 and in multiples of Lm100 thereafter) or any smaller number of Bonds for which this Application may be accepted at the Bond Offer Price as defined in the Prospectus dated 28 November 2006 under the Terms and Conditions as defined in the said Prospectus. (see notes 3 & 4)		
F WITHHOLDING TAX ON INTEREST (see note 5) (to be completed ONLY if the Applicant is a Resident)		
<input type="checkbox"/> I/We elect to have Final Withholding Tax, currently 15%, deducted from my/our interest.		
<input type="checkbox"/> I/We elect to receive interest GROSS i.e. without deduction of Withholding Tax.		
G INTEREST MANDATE (see note 5) (to be completed ONLY if the Applicant wishes to have interest paid directly to a bank account)		
Bank	Branch	Account Number
<b>H</b>	By submitting this Application Form 'B' I/We hereby confirm that: a. all or part (as the case may be) of the Suncrest Bonds which I/We hold at the time of the Offer are being transferred to the Issuer; and b. this Application Form 'B' constitutes my/our irrevocable mandate to the Issuer to: (i) cause the transfer of the said Suncrest Bonds into the Issuer's name against the issue of AX Investments p.l.c. Bonds; and (ii) engage, at the Issuer's cost, the services of such Authorised Intermediaries listed in the Prospectus as may be necessary to fully and effectively vest title in said Suncrest Bonds in the Issuer and fully and effectively vest title in the appropriate number of AX Investments p.l.c. Bonds in my/our favour.  I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus dated 28 November 2006. Furthermore, I/we confirm that to the extent that payment for the AX Investments p.l.c. 6.7% Bonds 2014-2016 is being made by me/us by means of a Suncrest Bond Transfer (as defined in the Terms and Conditions of Application of the AX Investments p.l.c. Bonds found in the Prospectus dated 28 November 2006). This is the only Application Form I/we am/are submitting on my/our behalf or on behalf of the company or other entity I/we represent.	
SIGNATURE/S OF APPLICANT/S (Both parents or legal guardian are/is to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application)		DATE

Authorised Intermediary's Stamp
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Authorised Intermediary's Code
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## NOTES ON HOW TO COMPLETE THIS APPLICATION FORM AND OTHER INFORMATION

The following notes are to be read in conjunction with the Prospectus dated 28 November 2006

1. The Application Form is to be completed in BLOCK CHARACTERS.
2. In the case of an Applicant who is a minor, the Application Form must be signed by both parents or by the legal guardian/s. (Interest and redemption proceeds cheques will be made payable to the parent/legal guardian/s named in Panel D until such time as the Company is notified that the minor named in Panel B has attained the age of 18).
3. Applications must be for a minimum of Lm100 and thereafter in multiples of Lm100.
4. This Application Form 'B' is to be submitted in the case where the method of payment selected by the Applicant for the AX Investments p.l.c. Bonds being applied for is a transfer by the Applicant to the Issuer of all or part of the 8.25% Suncrest Bonds 2005/2007 issued by Suncrest Hotels p.l.c. (the "Suncrest Bonds") held by the Applicant at the time of the Offer. By submitting this signed Application Form 'B', the Applicant is thereby confirming that:
  - a. all or part (as the case may be) of the Suncrest Bonds held by the Applicant at the time of the Offer are being transferred to the Issuer; and
  - b. this Application Form 'B' constitutes the Applicant's irrevocable mandate to the Issuer to:
    - (i) cause the transfer of the said Suncrest Bonds into the Issuer's name against the issue of AX Investments p.l.c. Bonds; and
    - (ii) engage, at the Issuer's cost, the services of such Authorised Intermediaries listed in the Prospectus as may be necessary to fully and effectively vest title in said Suncrest Bonds in the Issuer and fully and effectively vest title in the appropriate number of AX Investments p.l.c. Bonds in the Applicant.
5. The Applicant may elect to have Final Withholding Tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross, i.e. without deduction of Final Withholding Tax but he/she will be obliged to declare interest so received on his/her return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a Prescribed Fund will have Final Withholding Tax, currently 10%, deducted from interest payments. Applicants may choose to receive their interest directly in a bank account held locally in Malta Liri and such choice is to be indicated in Panel G.
6. **Completed Application Forms are to be sent by post or delivered to the offices of the Issuer or of any of the Authorised Intermediaries listed in the Prospectus, during normal office hours, up to 12.00pm on 11 December 2006.**
7. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of the Bond as contained in the Prospectus dated 28 November 2006.
8. The terms used in this Application Form have the same meaning as that assigned to them in the Prospectus.
9. By completing and delivering an Application Form you (as the Applicant(s)):
  - a. acknowledge that the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection Act, 2001;
  - b. acknowledge that the Issuer may process such personal data for all purposes necessary for and related to the issue of the Bonds applied for; and
  - c. acknowledge that you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and sent to the Issuer at the address indicated at the bottom of the Application Form. The requests must further be signed by yourself, as the Applicant to whom the personal data relates.

**The value of investments can rise or fall and past performance is not necessarily indicative of future performance. The nominal value of the Bonds on offer will be repayable in full upon redemption. An investor should consult an independent investment advisor, licensed under the Investment Services Act (Cap.370 of the Laws of Malta), for advice.**

## ANNEX 4 - THE GUARANTEE



To All Bondholders:

Reference is made to the issue of the Lm4 million (or in the case of exercise of the Over-Allotment Option, up to an aggregate of Lm5 million) 6.7% Bonds 2014-2016 (the "Series I Bond") and the Lm1 million 4% Bonds 2013 (the "Series II Bond"), by AX Investments p.l.c. (the "Issuer") pursuant to and subject to the terms and conditions contained in the Securities Note and Offering Circular dated 28 November 2006 (the "Bonds").

Now therefore, by virtue hereof, we, AX Holdings Limited, hereby stand surety jointly and severally with the Issuer and irrevocably and unconditionally guarantee the due and punctual performance of all the obligations undertaken by the Issuer under the Bonds and, without prejudice to the generality of the foregoing, undertake to pay all amounts of principal and interest which have become due and payable by the Issuer to Bondholders under the Bonds, within 60 days from the date such amount falls due and remains unpaid by the Issuer.

We understand that the aggregate principal amount of Bonds issued by the Issuer may be increased up to a maximum aggregate amount of Lm6 million in the event that the Issuer exercises its Over-Allotment Option, in which event this guarantee shall extend to such increased amount.

All terms used in this guarantee shall, unless the context otherwise requires, have the same meaning assigned to them in the Prospectus.

This guarantee shall be governed by the laws of Malta.

Signed and executed on this the 28<sup>th</sup> day of November 2006, after approval of the Board of Directors at its meeting of the same date.



Angelo Xuereb

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Company Reg. No.: C3595  
VAT Reg. No.: 1046-7916



## NATURE, SCOPE AND TERMS OF THE GUARANTEE

### 1. NATURE OF THE GUARANTEE

The offering of Bonds that will be made by the Issuer pursuant to a Securities Note to be published by the Issuer will be made with the benefit of the joint and several corporate Guarantee of the Guarantor, the full terms of which are set out in clause 4 of this Part B below.

### 2. SCOPE OF THE GUARANTEE

The Guarantee is unconditional and shall cover all payments that may be due to Bondholders of any series of Bonds issued by the Issuer pursuant to the Securities Note or the Offering Circular. The Guarantee binds the Guarantor to pay to Bondholders any amount of interest or capital under the Bonds that may have become due and payable by the Issuer to Bondholders under the Bonds, within 60 days from the date such amount falls due and remains unpaid by the Issuer.

The Guarantor has the power to veto any changes to the rights and terms of the Bonds which are issued with the benefit of its Guarantee.

### 3. INFORMATION ABOUT THE GUARANTOR

Any information about the Guarantor which may be required pursuant to the Listing Rules and the Regulation may be found in the Registration Document.

### 4. TERMS OF THE GUARANTEE

#### 4.1 Guarantee

For the purposes of the Guarantee, the Guarantor irrevocably and unconditionally guarantees to each Bondholder that if for any reason the Issuer fails to pay any sum payable by it to such Bondholder pursuant to the terms of the Bonds detailed in the Securities Note or Offering Circular (as the case may be) as and when the same shall become due under any of the foregoing, the Guarantor will pay to such Holder the amount payable by the Issuer to such Bondholder within 60 days from the date such amount falls due and remains unpaid by the Issuer.

Such payment shall be made in the currency in force in Malta at the time the payment falls due.

This Guarantee shall apply to all Bonds issued on or after 28 November 2006 in accordance with the terms of the Securities Note or Offering Circular, as the case may be.

#### 4.2 Guarantor as Joint and Several Surety

The Guarantor will be liable under this Guarantee as joint and several surety with the Issuer.

#### 4.3 Guarantor's Obligations Continuing

The Guarantor's obligations under this Guarantee are and will remain in full force and effect by way of continuing security until no sum remains payable to any Bondholder pursuant to the issue of the Bonds.

#### 4.4 Repayment to the Issuer

If any payment received by a Bondholder is, on subsequent liquidation or insolvency of the Issuer, avoided under any laws relating to liquidation or insolvency, such payment will not be considered as having discharged or diminished the liability of the Guarantor, and this Guarantee will continue to apply as if such payment had at all times remained owing by the Issuer.

#### 4.5 Indemnity

As a separate and alternative stipulation, the Guarantor unconditionally and irrevocably agrees that any sum expressed to be payable by the Issuer pursuant to the terms of the Bonds but which is for any reason (whether or not now known or becoming known to the Issuer, the Guarantor or any Bondholder) not recoverable from the Guarantor, will nevertheless be recoverable from it as if it were the sole principal debtor and will be paid by it to the Bondholder within 60 days from the date such amount falls due and remains unpaid by the Issuer. This indemnity constitutes a separate and independent obligation from the other obligations in this Guarantee, gives rise to a separate and independent obligation from the other obligations in this Guarantee and gives rise to a separate and independent cause of action.

#### 4.6 Status of Guarantee

The obligation of the Guarantor under this Guarantee constitutes a direct, unsecured and general obligation of the Guarantor and ranks equally with all its other existing and future unsecured obligations, except for any debts for the time being preferred by law.



#### **4.7 Power to execute**

The Guarantor hereby warrants and represents with each Bondholder that it has all corporate power, and has taken all necessary corporate or other steps, to enable it to execute, deliver and perform this Guarantee, and that this Guarantee constitutes a legal, valid and binding obligation of the Guarantor in accordance with the terms laid out in this section 4.

#### **4.8 Deposit and Production of the Guarantee**

The instrument creating this Guarantee shall be deposited with and held by the Issuer at its registered address for the benefit of the Bondholders until all obligations of the Guarantor have been discharged in full, and until such time, the Guarantor acknowledges the right of every Bondholder to obtain a copy of the instrument creating the Guarantee.

#### **4.9 Subrogation**

Until all amounts which may be payable under the terms of the Bonds have been irrevocably paid in full, the Guarantor shall not by virtue of this Guarantee be subrogated to any rights of any Bondholder or claim in competition with the Bondholders against the Issuer.

#### **4.10 Governing Law and Jurisdiction**

This Guarantee is governed by and shall be construed in accordance with Maltese Law, and any disputes which may arise out of in connection with this Guarantee are to be settled by the Courts of Malta, whose decision on the dispute shall be conclusive and binding.