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ASX Limited

Axiom Snares 17%, Makes Bid For Eumundi

Axiom Properties Limited, the WA-based property developer controlled by Peter Laurance's Pivot Group, has paid \$4.3 million for 17% of Eumundi Group Limited and has now announced a one-for-one share bid for the balance of the company.

Eumundi is a Brisbane-based property investor and developer with Queensland commercial and retail assets, which has a market capitalisation of \$22 million.

Based on Axiom's closing share price yesterday of 34 cents, the one-for-one share offer would give Eumundi shareholders a 30% premium to its closing share price yesterday of 26 cents. The offer is dependent upon acquiring 50.1% of Eumundi's issued capital and the other conditions set out in Annexure A.

Axiom bought its initial stake from pub baron Tom Hedley for 30 cents per share.

The Finance Director of Hedley Group, Steven Donnelly, said: "We have held a significant investment in Eumundi for 18 months."

"We would have preferred to take Axiom shares for our Eumundi shares, but we are strongly focused on growing our portfolio of pubs at present," Mr Donnelly said.

The Managing Director of Axiom, Ben Laurance, said there was a strong synergy between the two companies, and he and his fellow directors were confident that Axiom could unlock value from Eumundi's assets by more active management.

"We have undertaken a review of Eumundi's assets and activities, and it would appear the share market believes they have not fully realized their value in a strong property market," Mr Laurance said.

"Axiom has offices and is currently developing property in Perth, Adelaide and Melbourne, and we believe Eumundi shareholders would benefit from being part of a larger group with a national focus," Mr Laurance said.

"My father's company, Pivot Group, has had a long association with Queensland, having bought Sea World in 1984, and then expanded and managed it successfully for 10 years, during which time it became a founding partner of Warner Bros. Movie World," Mr Laurance said.

"Whilst Axiom only has a small commercial development currently in Queensland, we are very confident about the future of that State, and if our bid is successful we intend to keep the Eumundi office, and all of its staff to maximise the value of its assets, especially those that have development potential," Mr Laurance said.

Pivot Group assumed control of Axiom in April last year after shareholders voted overwhelmingly in favour of Pivot's offer in preference to a competing offer from Macquarie Bank, which is a joint venture partner with Axiom in a canal subdivision near Busselton in W.A.'s booming South-west.

Nearly a third of the 621 lots in the Port Geographe project have now been sold for more than \$100 million.

Following the takeover, Axiom was the best performing property stock on the ASX for the 2005/6 financial year.

Mr Laurance said: "For 35 years, Pivot Group has been one of the most successful commercial property developers in Australia, and it has a strategic alliance agreement to offer every one of its projects to Axiom at valuation."

"This gives Axiom shareholders access to commercial projects in all States, and enables it to leverage its equity for better returns," Mr Laurance said.

"Already through this relationship, Axiom has two joint ventures with the \$4 billion Industry Superannuation Property Trust (ISPT) in the \$200 million Century City office project currently under construction at 100 St George's Terrace, Perth, and 50% ownership of "The Age" newspaper site in Spencer Street, Melbourne," Mr Laurance said.

"We think Eumundi shareholders will appreciate the opportunity to enhance the value of their assets, and be part of Axiom's business plan for growth," Mr Laurance said.

Mr Laurance said that all Axiom's current equity requirements are being funded from internal resources.

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For further information, ring Ben Laurance 0408 955 281.

Annexure A

Conditions to the Bid

This schedule sets out the proposed takeover bid conditions of Axiom Properties Limited ("**Axiom**") for Eumundi Group Limited ("**Eumundi**").

1. Conditions to the Bid

The offer by Axiom for all the ordinary shares on issue in Eumundi is intended to subject to the conditions substantially as set out below.

(a) **Minimum Acceptance**

During, or at the end of, the period for which the bid remains open ("**Offer Period**"), Axiom and its associates together have relevant interests in at least 50.1% of all the Eumundi ordinary shares.

(b) **No regulatory action**

Between the date of the announcement of the offer ("**Announcement Date**") and the end of the Offer Period (each inclusive):

- (i) there is not in effect any preliminary or final decision, order or decree issued by any Government Agency; and
- (ii) no action or investigation is announced, commenced or threatened by any Government Agency; and
- (iii) no application is made to any Government Agency (other than by Axiom or any of its associates),

in consequence of or in connection with the offer (other than an application to, or a decision or order of, the Australian Securities and Investments Commission ("**ASIC**") or the Takeovers Panel in exercise of the powers and discretions conferred by the *Corporations Act* 2001 (Cth) ("**Corporations Act**") which restrains, prohibits or impedes or otherwise materially adversely impacts upon, the making of the offer and the completion of any transaction contemplated by the Bidders Statement or which requires the divestiture by Axiom of any shares or material assets of Eumundi or any subsidiary.

(c) **No material adverse change**

Before the end of the Offer Period, no event, change or condition occurs, is announced or becomes known to Axiom (whether or not it becomes public) where the event, change or condition has had, or could reasonably be expected to have, either individually or in aggregate with all such events, changes or conditions, a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of Eumundi and its subsidiaries, taken as a whole, except to the extent that such events, changes and conditions have been publicly announced by Eumundi or otherwise disclosed in public filings by Eumundi prior to the Announcement Date.

(d) **No prescribed occurrences**

No prescribed occurrences (being the occurrences listed in Section 652C of the Corporations Act (Cth)) occur in relation to Eumundi or its subsidiaries during the period from the Announcement Date to the end of the Offer Period (each inclusive).

(e) **No change of control rights**

No person having any rights, being entitled to have any rights, alleging an entitlement, or expressing or announcing any intention, as a result of any change of control event in respect of Eumundi (including Axiom acquiring shares in Eumundi) or any of its subsidiaries or assets to:

- (i) terminate or alter any contracts between any person and Eumundi or its subsidiaries; or
- (ii) require the termination, modification or disposal (or offer to dispose) of any interest in any asset, corporate body, joint venture or other asset; or
- (iii) accelerate or adversely modify the performance of any obligations of Eumundi or any of its subsidiaries under any agreements, contracts or other legal arrangements.

(f) **No legal proceedings**

From the Announcement Date to the end of the Offer Period, no litigation or arbitration proceedings is commenced, instituted or threatened against Eumundi or any of its subsidiaries, which are material in the context of Eumundi operations as a whole.

(g) **No dividends or distributions**

Eumundi does not recommend, declare, pay or make or announce an intention or propose to recommend, declare, pay or make any dividend, bonus or other distribution.

(h) **No acquisition's or disposals**

During the period commencing on the Announcement Date and ending at the end of the Offer Period, neither Eumundi nor any of its subsidiaries, other than in the ordinary course of business:

- (i) acquire or agreeing to acquire a substantial business, asset or undertaking, or is subjected to a substantial new liability; or
- (ii) dispose of, or agree to dispose of, a substantial business, asset or undertaking; or
- (iii) announce the occurrence of any of the things referred to in paragraphs (i) and (ii) above or its intention to do or cause any of the things referred to in paragraphs (i) and (ii) above.