

ASX CODE

AXI

ISSUED CAPITAL

Ordinary Shares
427.1 M

CONTACT

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12 December 2017

ASX ANNOUNCEMENT

AXIOM SELLS CHURCHILL NORTH SHOPPING CENTRE STAKE

- **Axiom agrees to sale of 50% interest in Churchill North Shopping Centre**
- **Effective sale price of \$42.5m; \$17.5m net of senior debt**
- **Sale conditional on Due Diligence and execution of satisfactory Sales Agreement**

Adelaide, Australia, Tuesday 12 December 2017: Axiom Properties Limited (ASX:AXI) is pleased to announce it has entered into a conditional agreement to sell its 50% interest in its flagship retail centre known as Churchill North Shopping Centre to Adelaide-based Inheritance Capital Asset Management ("ICAM").

Under the terms of the agreement announced today, Axiom has granted ICAM an exclusive dealing period until early next year for ICAM to undertake due diligence and raise the necessary capital from its investor base. The whole transaction is conditional on a satisfactory Sales Agreement being entered into by both parties.

The sale price of \$42.5m will result in Axiom receiving approximately \$17.5m net of senior debt and all transaction costs. Additionally, Axiom has agreed to subscribe for between 15% and 25% of the new units in the purchasing Trust, giving Axiom a cornerstone investment in the Trust's asset going forward. The end result of the transaction once settlement occurs is Axiom will receive net equity proceeds of between (approximately) \$13.125m and \$14.875m, boosting the Company's cash balance to approximately \$25m equating to approximately 5.8c per share in cash. The other effect this transaction will have on the Company's balance sheet post completion of the sale will be to boost total NTA by 29% to 8.2 cents per share.

The terms of today's agreement also allow for Axiom to be entitled to a performance kicker on the balance of the development land which is currently the subject of a development application for an additional 6,500 sq.m of large format retail, naturally extending the main retail centre to the south. Once fully developed, the total centre will incorporate in excess of 40,000 sq.m of retail tenancies including major national and international retailers such as Costco, Coles, Kmart, Aldi, McDonalds, Priceline, Westpac and Commonwealth Banks and Australia Post.

Given the relatively passive nature of the asset, the Company decided it was prudent to sell down what, in effect, is a majority stake in the property, releasing back significant equity the Company held in the property whilst maintaining a minority interest in the passive asset as well as an entitlement to a performance kicker on the future development upside.

"This development has been an incredible opportunity for the Group", Managing Director Ben Laurance said. "To deliver over 40,000 sq.m of such quality retail with an amazing calibre of national and international tenants in the last few years has been truly outstanding". "This whole development has been a testament to the Axiom team, in particular Paul Rouvray, Axiom's General Manager", Mr Laurance said.

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In addition to the 40,000 sq.m of retail developed on the northern site, Axiom has delivered another 20,000 sq.m of large format retail at Churchill South, a 6-hectare site located in close proximity to Churchill North which incorporated major retailers such as Bunnings, Beacon Lighting, Auto Barn, Hungry Jacks and US retailer, Savers. Churchill South was sold in 2 stages, the last stage of which settled in September this year.

ICAM is an independent, South Australian fund manager with an institutional grade investment team bringing a sound investment philosophy, strong investment process, proven strategy and an attractive track record. ICAM specialises in investing and managing real assets such as property and infrastructure for high net worth investors, family offices and institutional funds.

About Axiom Properties Ltd

Axiom Properties Ltd is a property development and investment business focused on developing and delivering quality property solutions. Axiom's principal objective is to create long term value for shareholders through creating a well-respected property development and investment company that consistently delivers above industry returns on capital.

For more information, please contact:

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