

ASX CODE

AXI

ISSUED CAPITAL

Ordinary Shares
442.2 M

CONTACT

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22 May 2014

ASX ANNOUNCEMENT

COSTCO UPDATE – CHURCHILL CENTRE 22 MAY 2014

Costco advises all conditions are satisfied and now set to proceed on construction of first Adelaide store

Lease commencement to occur 22nd May 2014

Following the announcement to the ASX in March 2013, Axiom is pleased to advise today that U.S retail giant Costco has formally notified the company of its satisfaction of all outstanding conditions relating to the ground lease agreement between the companies at Axiom's flagship Churchill Centre retail project in the Adelaide suburb of Kilburn.

Under the terms of the long term ground lease agreement, Costco will lease the land parcel immediately adjoining Axiom and its Joint Venture Partner's Shopping Centre for an initial term of 50 years commencing today, 22nd May, for an upfront, one-off payment of \$19.75m. Payment is expected to be received by the partners in early June 2014. Part of the proceeds (\$7m) will be used to pay down senior debt on the project, with the balance to be distributed to the JV partners equally. Costco will then look to commence construction of its first Adelaide store, expected to be open and trading in November 2014.

Managing Director, Ben Laurance, said "This is an exciting milestone moment for this entire project. Having the first Costco Warehouse in Adelaide as part of this major Centre is a significant endorsement for this development and the location. This entire precinct will now offer an extremely unique shopping experience to the wider Adelaide marketplace."

Churchill Centre North, incorporating the Shopping Centre, Costco and additional future development land, is a Joint Venture between Axiom and Southern Cross Equity Group, with the 20,000 sq.m Shopping Centre currently under construction and due for completion next week (Wednesday 28th May 2014). Major tenants in the first stage of the shopping centre include Coles, Kmart, Liquorland, Coles Petrol, McDonalds, Priceline Pharmacy, Australia Post, Dick Smith and many various other national and local retailers.

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Stage One of the Project will comprise in excess of 35,000 sq.m of retail, inclusive of the Costco store.

It is expected that Axiom's 50% ownership of the Centre will generate a long term, sustainable, recurring income stream for the Group.

Ends

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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