

## ASX CODE

AXI

## ISSUED CAPITAL

Ordinary Shares  
413.3 M

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## ASX ANNOUNCEMENT

### UPDATE ON ACTIVITIES

**Adelaide, Australia, Wednesday 19 August 2015: Axiom Properties Limited (ASX:AXI)**

Axiom Properties Ltd is pleased to provide the following update on its recent activities.

#### **CHURCHILL NORTH (50% OWNERSHIP INTEREST)**

The Company's flagship Churchill North Shopping Centre recently celebrated its first anniversary of opening and continues to trade above expectations. During the past year several new retailers have taken occupancy within the Centre which has resulted in the Centre now sitting at an occupancy rate of approximately 90%. Negotiations are underway on the few small vacancies that remain, and the Company is confident the Centre will be fully let in the near future.

#### **ALDI EXTENSION – CHURCHILL NORTH**

The Company has now received the Development Approval for the 2,500 sq.m extension to accommodate the Aldi requirement and additional specialties, and construction commenced on this Stage 2 expansion last week. Pursuant to the Company's announcement to the ASX on 16<sup>th</sup> December 2014, Aldi have committed to occupy 1,600 sq.m on a 10 year lease with trading expected to commence in early 2016. Additionally the Company will construct a further 750 sq.m of specialty tenancies and terms have been agreed for the majority of this space to be occupied when it's completed.

The Centre, when combined with the Aldi extension and the adjoining Costco store, will total approximately 40,000 sq.m. of retail space. The Centre has been a strong contributor to earnings and to balance sheet growth over the last year, and is expected to continue to do so through growth in fixed and CPI based rental reviews as well as continuing compression in shopping centre yields.

#### **CHURCHILL SOUTH (100% OWNERSHIP INTEREST)**

The Company's Churchill South development encompasses a large format retail centre of approximately 6,000 sq.m which is fully let to several national and international retailers: the US based "Savers", a global "thrift" retailer operating in over 330 locations with 20,000 employees in the United States, Canada and Australia; as well as national groups Beacon Lighting, Auto Barn and PetBarn. This development opened at the end of 2014 and continues to trade exceptionally well.

In addition to the large format centre, Axiom is constructing a further 2,000 sq.m of space to be occupied by national playcentre operator “Crocs” and German power tools maker Stihl. Construction is expected to be completed in October this year.

Additionally, the Company has executed a 12 year lease agreement with Hungry Jack’s over a pad site fronting Churchill Rd. Construction for the fast food restaurant commenced mid year, and is expected to be completed and open at the end of August 2015.

Churchill South, in total, provides for approximately 8,000 sq.m of (predominantly) large format retail space and contributes strongly to the Group’s recurring income through rental revenue received, as well as contributing significantly to the Group’s balance sheet through its net equity asset position on the investment.

#### **MT BARKER (50% OWNERSHIP)**

The recently announced Mt Barker residential subdivision project, in which the Company has farmed into a 50% interest alongside the family owners of the land, is progressing. Under the terms of the Joint Venture Agreement, Axiom is the appointed Development Manager with responsibility to deliver the project. It is expected that the JV partners will be lodging the application for Development Approval within the next 3 months for approximately 470 – 500 residential lots with an end value of approximately \$125 million.

Mt Barker is one of South Australia’s fastest growing and most progressive regions, sitting 25 minutes south east from Adelaide’s CBD and located at the base of the Adelaide Hills. The Company expects the project to take approximately 5 years to complete, and is expected to commence adding to earnings in the 2017 financial year.

#### **WORLD PARK:01 ADELAIDE**

The Company’s 1.8 hectare development site on the fringe of the Adelaide CBD at 33 Richmond Rd Keswick continues to generate various levels of interest for differing schemes. The Company is currently finalising designs for a residential apartment project on the site, given the SA Government’s stated objective to increase the level of residents living in and around the Adelaide CBD and fringe areas. The Company’s site sits within the city fringe and is an ideal location for a large scale urban renewal project incorporating a multi-tower, multi-storey apartment scheme.

Additionally the Company continues to identify potential users for the site for the currently approved campus-style boutique office park.

## **NEW INTERNATIONAL STRATEGIC PARTNERSHIP**

As announced to the ASX on 12th June this year, Axiom formed a Strategic Partnership with Oriental University City Holdings (H.K) Limited (OUC).

OUC acquired an initial 14.9% interest in Axiom by buying 61 million shares on-market in June.

Under the Agreement OUC will move to 19.9% by the end of November 2015, subject to an approval by the Foreign Investment Review Board. Such application by OUC has now been lodged and is currently being assessed.

## **NEW OPPORTUNITIES**

Given the buoyant outlook for the Group over the short and long term, the Company's executives continue to review new opportunities where they believe they can deliver long term earnings growth and deliver a superior return on capital employed. The Group is currently conducting due diligence on several such opportunities outside of South Australia and is hoping to conclude successful negotiations in the near future.

### **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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