AXIOM PROPERTIES LIMITED

(A.C.N 009 063 834)

NOTICE OF ANNUAL GENERAL MEETING
EXPLANATORY STATEMENT
PROXY FORM

Date of Meeting
Wednesday 10 November 2004

Time of Meeting
10.30am

Place of Meeting
First Floor, 168 Stirling Highway Nedlands WA 6009

These documents should be read in their entirety. If shareholders are in doubt as to how they should vote, they should seek advice from a professional advisor.

AXIOM PROPERTIES LIMITED

(A.C.N 009 063 834)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to the members of Axiom Properties Limited ("the Company") that the Annual General Meeting of the Company will be held at the First Floor, 168 Stirling Highway Nedlands WA 6009 on 10 November 2004 at 10.30am.

The notes to this meeting together with the Explanatory Statement and Proxy Form accompanying the Notice are incorporated in and comprise part of this Notice of Annual General Meeting.

AGENDA

ANNUAL ACCOUNTS

1. To receive the accounts of the company together with the Directors' Declaration and Report and Independent Audit Report for the year ended 30 June 2004.

RE- ELECTION OF DIRECTORS

2. To consider and, if thought fit, to pass, with or without amendment, as an ordinary resolution, the following:

"That Mr Russell John Hawkins retires in accordance with the Articles of Association of the Company and being eligible, offers himself for re-election be re- elected".

SALE OF 50% INTEREST IN DUNSBOROUGH LAKES VILLAGE

3. To consider, and if thought fit to pass, the following resolution as a special resolution:

"That, for the purposes of Australian Stock Exchange Listing Rule 10.1and section 208 of the Corporations Act 2001 and all other purposes this meeting approves the sale by the company (through its wholly owned subsidiary Superior Properties Pty Ltd) of its 50% interest in the Dunsborough Lakes Village to Citi Fidelity Nominee Co Pty Ltd, a company that holds in trust the 20% interest of a entity related to Mr Russell Hawkins, a director and beneficial shareholder of the company, for $750,000. As further detailed in the Explanatory Statement accompanying this Notice of Annual General Meeting and on the other terms and conditions set out in the Contract of Sale dated 2 July 2004 between the company's wholly owned subsidiary, Superior Properties Pty Ltd and Citi Fidelity Nominee Co Pty Ltd, a copy of which will be tabled at the meeting."

Voting Exclusion

1) The company will disregard any votes cast on this resolution by all parties to the Contract of Sale or any associate of theirs other than a vote cast by a person as proxy for any member who is entitled to vote, in accordance with directions on the proxy form or by the Chairman of the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.
2) Shareholders are advised to read the Explanatory Statement accompanying this notice for a more comprehensive detailing of the transaction the subject of this resolution.

BY ORDER OF THE BOARD

A J Gardiner
Company Secretary

12 October 2004
Perth, Western Australia

NOTES

1) A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.

2) Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3) The Directors have determined that the record date for determining the identity of those shareholders entitled to attend and vote at the meeting will be 4.00pm (WST) on Tuesday 9 November 2004.

How to Vote

You may vote by attending the meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 10.30am.

Voting By Proxy

To vote by proxy, please complete and sign the proxy form attached with this Notice of Meeting as soon as possible and either:

1) Return the proxy form to Axiom Properties Limited PO Box 677 Nedlands WA 6909 or;
2) Send the proxy form by facsimile to the Company on (+618) 08 9386 9722.

To be effective a completed proxy form must be received by no later than 10.30am(WST) on Monday 8 November 2004.

AXIOM PROPERTIES LIMITED
ACN 009 063 834

PROXY FORM

APPOINTMENT OF PROXY

ANNUAL GENERAL MEETING

I/We ____________________

being a Member of Axiom Properties Limited entitled to attend and vote at the Meeting, hereby

Appoint ____________________

Name of proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Annual General Meeting to be held at 168 Stirling Highway, Nedlands, Western Australia on Wednesday 10 November 2004 at 10.30am (WST) and at any adjournment thereof.

Voting on Business of the General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 2	Re-election of Mr Russell Hawkins	☐	☐	☐
Resolution 3	Sale of 50% interest in Dunsborough Lakes Village	☐	☐	☐

IMPORTANT FOR RESOLUTIONS 2 AND 3

☐ If the Chairman of the meeting is your proxy and you have not directed your proxy how to vote on resolutions 2 and 3, please place a mark in this box. By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of the interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the meeting will not cast your votes on resolutions 2 and 3 and your votes will not be counted in computing the required majority if a poll is called on these items. The Chairman intends to vote undirected proxies in favour of all of the resolutions.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

Signed this ________ day of ________ 2004

By:

Individuals and joint holders	**Companies (affix common seal if appropriate)**
Signature	Director
Signature	Director/Company Secretary
Signature	Sole Director and Sole Company Secretary

AXIOM
PROPERTIES LIMITED

ACN 009 063 834

Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.

2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.

3. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

   - 2 directors of the company;
   - a director and a company secretary of the company; or
   - for a proprietary company that has a sole director who is also the sole company secretary – that director.

   For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.

5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.

A X I O M
PROPERTIES LIMITED

ACN 009 063 834

EXPLANATORY STATEMENT

This Explanatory Statement and all attachments are important documents. They should be read carefully.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company, your stockbroker or other professional advisor.

Resolution 2 – Election of Mr Russell Hawkins as a Director

Mr Russell Hawkins retires as a Director of the Board, in accordance with the annual rotation provisions of the Company's Constitution, and offers himself for re-election. Information on Mr Hawkins is contained in the 2004 Annual Report of the Company.

Resolution 3 – Sale of 50% Interest in Dunsborough Lakes Village

On 2 July 2004 the company entered into a Contract of Sale ("the Contract") to sell its 50% interest in the Dunsborough Lakes Village ("DLV") for $750,000. The purchaser under the Contract is Citi Fidelity Nominee Co Pty Ltd the owner of the other 50% interest in the DLV. Citi Fidelity Nominee Co Pty Ltd acts as bare trustee for Hawkins Holdings Pty Ltd as to 20%, Claraville Pty Ltd as to 20% and JarrahWood Pty Ltd as to 10% of the 50% interest in the DLV. Hawkins Holdings Pty Ltd is a related party of Mr Russell Hawkins a Director of the Company.

The DLV is considered to be a non – core asset of the company that is not required for the Company's future corporate strategy. The company's strategy is currently to concentrate on the development of Port Geographe. The DLV investment is the last asset of the company remaining in the Dunsborough Lakes Estate that was sold to W R Carpenter Properties Pty Ltd on 22 September 2002. Given the recent strong rise in land values in the Dunsborough area the Directors consider that it is an opportune time to realise the value of the asset.

The DLV is to be sold to the Company's partners in the venture. These parties are the logical purchasers of the company's interest and have offered what the Directors consider to be a fair market price. They will also be taking over the company's share of the mortgage ($50,000 at 30/9/2004) that currently encumbers the property.

The directors that have no interest in the transaction are Mr Terence Prindiville, Mr Peter Meagher and Mrs Tan Siew Suan. Mr Terence Prindiville, Mr Peter Meagher and Mrs Tan Siew Suan recommend the approval of the transaction to shareholders on the basis of the profit and cash inflows the transaction will generate for the company. Mr Russell Hawkins, who has an interest in the transaction, has not made a recommendation to shareholders on the basis that he has an interest in the transaction. Mr Hawkins's interest in the transaction is that he is a director and shareholder in Hawkins Holdings Pty Ltd, one of the purchasers of the property.

AXIOM
PROPERTIES LIMITED

ACN 009 063 834

EXPLANATORY STATEMENT Continued

ASX Listing Rule 10.1 requires that shareholders approve the sale of a substantial asset to a related party. The Company considers Hawkins Holdings Pty Ltd to be a related party of Mr Russell Hawkins and therefore the company. The Company's investment in DLV is considered to be a substantial asset of the company as defined by Rule 10.2 of the ASX Listing Rules.

ASX Listing Rule 10.10.2 requires that this Notice of Meeting include a report on the transaction from an independent expert. The report must state whether the transaction is fair and reasonable to the company's shareholders who are eligible to vote on the transaction. The Company engaged HLB Mann Judd Corporate (WA) Pty Ltd to prepare the report. The report is attached and forms part of this Explanatory Statement. The report concludes that:

" Based upon the valuation of the consideration and on the above assessment, HLB is of the opinion that the Proposal is fair and reasonable to the non – associated shareholders of Axiom."

The only associated shareholders of the company whose votes are to be disregarded are those of all parties to the Contract of Sale and their associates (refer Voting Exclusion).

The company engaged Valuation Partners (WA) Pty Ltd ("VPWA"), an independent licensed valuer, to assess the market value of the freehold interest of the property for asset management purposes at 17 September 2004. VPWA assessed the value as $1,300,000 (net of GST) at 17 September 2004. The company's share of the asset is 50%, therefore the value of the company's share is considered to be $650,000 (net of GST) at 17 September 2004. VPWA have expressed no opinion on the value of the company's share of the property, only the property in its entirety.

The full VPWA report is attached and forms part of this Notice of Meeting and Explanatory Statement.

The Contract is due to settle within seven days of shareholder approval. Under the Contract of Sale the last day that shareholder approval can be obtained is 30 November 2004. The company anticipates settlement on or around 12 November 2004, subject to shareholder approval and the date of shareholder approval.

After taking into account the mortgage assumed by the purchasers and GST, the profit to the company will be approximately $511,000. The cash inflow will be $711,000. The proceeds will be used to provide working capital to the company.

HLB Mann Judd Corporate (WA) Pty Ltd
ACN 303 070 555
Licensed Investment Adviser

23 September 2004

The Directors
Axiom Properties Limited
Ground Floor, 168 Stirling Highway
NEDLANDS WA 6909

Dear Sirs

You have requested HLB Mann Judd Corporate (WA) Pty Ltd ("HLB") to prepare a report on the proposed sale of the 50% interest in the Dunsborough Lakes Village Project ("DLV") held by Superior Properties Limited, a wholly owned subsidiary of Axiom Properties Limited ("Axiom" or "Company"), in accordance with Australian Stock Exchange Ltd ("ASX") Listing Rule 10.1 ("the Proposal"). For the purposes of this report, references to Axiom will be deemed to include references to Superior Properties Limited.

Details of the Proposal are set out in the Explanatory Statement accompanying the Notice of Meeting proposed to be held on 22 October 2004. We understand that the transaction referred to is subject to the approval of Axiom shareholders and that our report will be included in the Explanatory Statement attached to the Notice of Meeting in order to assist the shareholders in making a decision.

Our report has been divided into the following sections:

1. SUMMARY OF OPINION
2. REPORT REQUIREMENTS
3. OUTLINE OF THE PROPOSAL
4. BASIS OF EVALUATION
5. SOURCES OF INFORMATION
6. VALUATION OF DLV
7. VALUATION OF CONSIDERATION OFFERED
8. ASSESSMENT OF FAIRNESS AND REASONABLENESS
9. STATEMENTS OF DECLARATIONS AND QUALIFICATIONS
10. DECLARATION AND INDEMNITY
11. CONSENTS

15 Rheola Street West Perth 6005. PO Box 263 West Perth 6872 Western Australia. DX 238 Telephone +61 (08) 9481 0977. Fax +61 (08) 9481 3686.
Email: hlb@mjwa.com.au. Website: http//www.mannjudd.com.au

1. SUMMARY OF OPINION

In the opinion of HLB, the Proposal is **fair and reasonable** to the non-associated shareholders of Axiom.

HLB has formed the opinion that the Proposal is fair because the value of the consideration being received by Axiom is greater than the fair value of the asset being disposed of.

ASIC Policy Statement 75, states that an offer is reasonable if it is fair. Notwithstanding this, HLB has also had regard to other relevant considerations in assessing the reasonableness of the Proposal. Further details are set out in Section 8 of this Report.

2. REPORT REQUIREMENTS

Under ASX Listing Rule 10.1, a listed entity is prohibited from selling a substantial asset to a related party or substantial shareholder without the transaction first being approved by the non-associated shareholders. Listing Rule 10.2 defines an asset as being substantial if its value, or the value of the consideration, is 5% or more of the company's equity as set out in the latest accounts submitted to ASX.

A related party for the purposes of ASX Listing Rule 10.1 includes a director. Mr R J Hawkins was a director (and continues to be a director) at the date the Conditional Contact of Sale was signed.

Therefore, since the value of the consideration exceeds 5% of Axiom's equity, Listing Rule 10.1 will apply. Under Listing Rule 10.10.2, a notice prepared in relation to a meeting of shareholders convened for the purposes of Listing Rule 10.1 must be accompanied by an independent expert's report stating whether the transaction is fair and reasonable to the non-associated shareholders.

The Independent Directors have commissioned HLB to prepare an Independent Expert's Report ("the Report").

Listing Rule 10.10.2 requires the Report to provide an opinion by the expert stating whether or not in the opinion of the expert, the proposed transaction is fair and reasonable to the holders of the Company's shares whose votes are not to be disregarded.

3. OUTLINE OF THE PROPOSAL

3.1 The proposal

On 2 July 2004 the Company (via its wholly owned subsidiary, Superior Properties Limited) entered into a Conditional Contract of Sale to sell its 50% interest in DLV for $750,000 to Citi Fidelity Nominee Co Pty Ltd ("Purchaser"). The purchaser is a company which holds in trust for a group of investors the other 50% interest in DLV, including Hawkins Holdings Pty Ltd, a company in which Mr R J Hawkins has a beneficial interest.

3.2 Background to the proposal

The interest in DLV is considered by Axiom to be a non-core asset that is not required for the Company's future corporate strategy. The Company's strategy is currently to concentrate on the development of Port Geographe.

4. BASIS OF EVALUATION

There are no guidelines available to determine what constitutes fair and reasonable for the purposes of Listing Rule 10.10. In determining whether the Proposal is fair and reasonable under Listing Rule 10.10, we have had regard to the views expressed by the Australian Securities and Investments Commission ("ASIC") in Policy Statement 75 which suggests that an opinion as to whether the transaction is fair and reasonable will entail:

- A comparison between the offer consideration and the value of the assets under offer (fairness).
- an investigation into other significant factors to which shareholders might give consideration prior to approving the resolution, after reference to the assessment of fairness above (reasonableness).

The Proposal could be considered "reasonable" if there are valid reasons to approve the transaction, notwithstanding that it may not be regarded as "fair".

An assessment of the fairness and reasonableness of the Proposal is set out in Section 8 of this Report.

5. SOURCES OF INFORMATION

In making our assessment as to whether the Proposal is fair and reasonable to the non-associated shareholders of Axiom, we have reviewed relevant published available information and other unpublished information of the Company which is relevant in the circumstances. In addition, we have held discussions with the Company's directors and management. Information we have received includes, but is not limited to the following.

- The draft Notice of General Meeting and Explanatory Statement in relation to the Proposal.
- The audited financial report of Axiom for the year ended 30 June 2004.
- Conditional Contact of Sale dated 2 July 2004.
- Valuation report prepared by Valuation Partners (WA) Pty Ltd dated 17 September 2004.

6. VALUATION OF DLV

The Company engaged Valuation Partners (WA) Pty Ltd ("Valuation Partners") to conduct an independent valuation of the DLV property (Lot 8 Strata Plan 31717, 10 Resort Drive, Dunsborough).

Valuation Partners has adopted the current market value of the interest as the basis of the valuation. In doing so, Valuation Partners considered:

- Recent sales for comparable development land in the surrounding region;
- The topography and soil types, gained from inspection of the site;
- Town planning advices and
- Environment and Heritage considerations.

Valuation Partners defines current market value as "*the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgably, prudently and without compulsion*".

The current market value of the property as shown in the Valuation Partners report is in the range of $1,243,000 to $1,350,000, with a preferred value of $1,300,000 to reflect the current demand for development sites.

Valuation Partners indicates that it would take approximately 3 to 6 months to sell the property, provided adequate advertising and exposure and a list price of within 10% of the valuation.

It should be noted that the Company's interest in the property is 50%, hence the value of the Company's interest would equate to a range of $621,500 to $675,000, with a preferred value of $650,000.

7. VALUATION OF CONSIDERATION OFFERED

The Contract of Sale provides for cash consideration of $750,000. As the settlement is expected to occur within 12 months from the date of the transaction there is no requirement to determine a net present value based on the timing of future cash flows.

Axiom is also party to a loan facility secured over the property. Axiom's share of this loan facility is currently $50,000 and Axiom would ordinarily be required to pay out this amount on sale of its interest, however we have sighted confirmation from Citi Fidelity Nominee Co Pty Ltd that this loan will be assumed by Citi Fidelity.

Axiom will also be required to pay goods and services tax ("GST") of approximately $39,000 to the Australian Taxation Office at settlement.

The net consideration on sale of Axiom's 50% interest in the property is:

Proceeds from sale	$750,000
Add: Assumption of loan by Citi Fidelity	$50,000
Less: Applicable GST	$(39,000)
Net consideration	$761,000

8. ASSESSMENT AS TO FAIRNESS AND REASONABLENESS

8.1 Assessment of Fairness

As noted in Section 4 of this Report, an offer is considered "fair" if the value of the consideration being offered is equal to, or greater than, the value of the securities that are the subject of the offer. HLB's assessment as to the fairness of the Proposal is set out below:

	HLB valuation of consideration	Value of net assets being disposed
High	$761,000	$675,000
Preferred	$761,000	$650,000
Low	$761,000	$621,500

After consideration of the above, the Proposal is considered to be fair to the non-associated shareholders of Axiom.

8.2 Assessment of Reasonableness

ASIC Policy Statement 75, states that an offer is reasonable if it is fair. Under this criterion, as the offer consideration is greater that the assessed value, the offer is fair and reasonable.

In addition, there are a number of other relevant factors to be considered in assessing the reasonableness of the Proposal. These factors are set out below as advantages and disadvantages:

Advantages

- The sale of the asset, together with the transfer of the mortgage over the property will net the Company a substantial profit;
- The sale will provide a cash inflow to the Company;
- The sale will enable the Company to more readily meet its banking covenants;
- The property is considered by the independent directors to be a small, non-core asset that is not required as part of the Company's future strategy;
- The Company incurs substantial holding costs that would otherwise continue if the interest was not sold; and
- The Company has a 50% interest and is therefore not able to deal directly with the property without the involvement of the other partners.

Disadvantages

- The are no significant disadvantages identifiable.

In addition, we have been advised that the Company has not received any other offers for their 50% interest in the property. In our opinion, on balance, the advantages of approving the Proposal are greater than the disadvantages. Accordingly, in our opinion, the Proposal is reasonable to the non-associated shareholders of Axiom.

8.3 Conclusion

Based on the valuation of the consideration and on the above assessment, HLB is of the opinion that the Proposal is fair and reasonable to the non-associated shareholders of Axiom.

9. STATEMENTS OF DECLARATIONS AND QUALIFICATIONS

HLB, which is a wholly owned entity of HLB Mann Judd Chartered Accountants, holds an Australian Financial Services License under the Corporations Act 2001 and its authorised representatives are qualified to provide this Report. The authorised representative of HLB responsible for this Report has not provided financial advice to Axiom, other than as disclosed below.

Prior to accepting this engagement, HLB considered its independence with respect to Axiom with reference to ASIC Practice Note 42. In HLB's opinion, it is independent of both Axiom and the Purchaser.

This Report has been prepared specifically for the non-associated shareholders of Axiom. It is not intended that this Report be used for any other purpose other than to accompany the notice of meeting to be sent to the Axiom shareholders. In particular, it is not intended that this Report should be used for any purpose other than as an expression of the opinion as to whether or not the Proposal is fair and reasonable to the non-associated shareholders of Axiom. HLB disclaims any assumption of responsibility for any reliance on this Report to any person other than those for whom it was intended, or for any purpose other than that for which it was prepared.

The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading. In the preparation of this Report, HLB has relied on and considered information believed, after due inquiry, to be reliable and accurate. HLB has no reason to believe that any information supplied to it was false or that any material information has been withheld.

HLB has evaluated the information provided to it by Axiom and other parties, through inquiry, analysis and review, and nothing has come to its attention to indicate the information provided was materiality misstated or would not provide a reasonable basis for the Report. HLB has not, nor does it imply that it has audited or in any way verified any of the information provided to it.

In accordance with the Corporations Act 2001, HLB provides the following information and disclosures:

- HLB will be paid its usual professional fees (at an amount estimated to be $2,500) based on time involvement at normal professional rates, for the preparation of this Report.

- Apart from the aforementioned fee, neither HLB, nor any of its associates will receive any other benefits, either directly or indirectly, for or in connection with the preparation of this Report.
- HLB, nor any of their directors or associates have any interest in Axiom.
- Neither HLB nor HLB Mann Judd has had any relationship with Axiom or an associate of Axiom in the last five years, except that HLB Mann Judd currently acts as auditors and tax agents of Axiom and its controlled entities.

10. DECLARATION AND INDEMNITY

The terms of HLB's appointment include a provision that Axiom will indemnify HLB, its associates, its employees, officers and agents against any claim, liability, loss or expense, cost or damage and liabilities arising out of reliance on any information or documentation provided by Axiom which is false or misleading or incomplete.

11. CONSENTS

HLB consents to the issuing of this Report in the form and context in which it is included in the Explanatory Statement accompanying the Notice of Meeting of Axiom. HLB has not authorised or caused the issue of all or any part of the Notice of Meeting or Explanatory Statement. Neither the whole nor any part of this Report nor any reference thereto may be included in any document without the prior written consent of HLB.

Yours faithfully
HLB MANN JUDD CORPORATE (WA) PTY LTD
Licensed Investment Adviser (Licence number 250903)

L Di GIALLONARDO
Director and Proper Authority Holder

VALUATION PARTNERS (WA) PTY LTD

Licensed Valuers & Property Consultants

VALUATION REPORT

FOR

AXIOM PROPERTIES LIMITED

LOT 8 STRATA PLAN 31717, 10 RESORT DRIVE DUNSBOROUGH WA 6281

Reference: V2967/04 **Date: 17 September 2004**

~ WE KNOW THE VALUE OF THE SOUTH WEST ~

P.O.Box 696
Dunsborough WA 6281
Phone (08) 9756 8555
Fax (08) 9756 8910

VALUATION PARTNERS (WA) PTY LTD ACN 092 349 516 as trustees for the Valuation Partners Unit Trust
Members of the Australian Property Institute

P.O.Box 2030
Bunbury WA 6231
Phone (08) 9721 9566
Fax (08) 9721 9577

VALUATION PARTNERS (WA) PTY LTD

Licensed Valuers & Property Consultants

EXECUTIVE SUMMARY

Subject Property	:	**LOT 8 STRATA PLAN 31717, 10 RESORT DRIVE, DUNSBOROUGH WA 6281**
Valuation Prepared For	:	Axiom Properties Limited
Valuation Prepared By	:	Valuation Partners (WA) Pty Ltd
Certificate of Title	:	Volume 2081 Folio 989
Encumbrances	:	1. Interests notified on the Strata Plan and any amendments to Lots or common property notified thereon by virtue of the provisions of the Strata Titles Act No. 33 of 1985 as amended. 2. Mortgage G56066 to Home Building Society Limited. Registered 14 December 1995.
Registered Owners	:	Superior Properties Limited and Citi Fidelity Nominee Co Pty Ltd as tenants in common in equal shares by Application G262164 Registered 22 August 1996.
Property Description "As Is"	:	The subject property comprises a slightly irregular shaped significant size strata titled landholding, forming the undeveloped portion of a residential unit development located in Dunsborough. The property reportedly offers potential for development with some 27 strata titled residential dwellings.
Property Description "Proposed Improvements"	:	Not applicable
Land Area	:	6,611 square metres.
Zoning	:	"Residential R30" – Shire of Busselton District Town Planning Scheme No. 20.

P.O.Box 696
Dunsborough WA 6281
Phone (08) 9756 8555
Fax (08) 9756 8910

VALUATION PARTNERS (WA) PTY LTD ACN 092 349 516 as trustees for the Valuation Partners Unit Trust
Members of the Australian Property Institute

P.O.Box 2030
Bunbury WA 6231
Phone (08) 9721 9566
Fax (08) 9721 9577

VALUATION PARTNERS (WA) PTY LTD

Licensed Valuers & Property Consultants

Last Sale	:	No recent sales recorded
Valuation "As Is"	:	$1,300,000 (ONE MILLION THREE HUNDRED THOUSAND DOLLARS) NET OF GST
Valuation "As If Complete"	:	Not applicable
Interest Valued	:	Freehold
Date of Valuation	:	17 September 2004
Inspecting Valuer	:	**MICHAEL COPELAND AAPI** *Certified Practising Valuer* Licensed Valuer No. 556.
Disclaimer	:	*All data provided in this summary is wholly reliant on and must be read in conjunction with the information provided in the attached report. It is a synopsis only designed to provide a brief overview and must not be acted on in isolation.*

P.O Box 696
Dunsborough WA 6281
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VALUATION PARTNERS (WA) PTY LTD ACN 092 349 516 as trustees for the Valuation Partners Unit Trust
Members of the Australian Property Institute

P.O.Box 2030
Bunbury WA 6231
Phone (08) 9721 9566
Fax (08) 9721 9577

VALUATION PARTNERS (WA) PTY LTD

Licensed Valuers & Property Consultants

CERTIFICATE OF VALUATION

LOT 8 STRATA PLAN 31717, 10 RESORT DRIVE, DUNSBOROUGH WA 6281

Acting under instructions from Mr Aaron Gardiner, Company Secretary Axiom Properties Limited to assess the market value of the freehold interest of the above property for asset management purposes, Valuation Partners (WA) Pty Ltd (Licensed Valuers) have undertaken a valuation and do hereby certify that Michael Copeland, Associate of the Australian Property Institute, Licensed Valuer No. 556, has personally inspected the property, more particularly described herein, on 17 September 2004 and has prepared this valuation report. This Certificate of Valuation forms part of, and should not be used or read independently of the attached report.

We certify that it is our considered opinion that the market value of the property, as at 17 September 2004, is the sum of:

$1,300,000
(ONE MILLION THREE HUNDRED THOUSAND DOLLARS)
NET OF GST

Countersigned by:

MICHAEL COPELAND AAPI
Certified Practising Valuer
Licensed Valuer No. 556.

WARREN A TAYLOR AAPI
Certified Practising Valuer
Licensed Valuer No. 663

The counter signatory who has read and signed this report verifies that the report is genuine and has been endorsed by Valuation Partners (WA) Pty Ltd. The opinion of value expressed has been arrived at by the prime signatory alone.

Dated: 17 September 2004

P.O.Box 696
Dunsborough WA 6281
Phone (08) 9756 8555
Fax (08) 9756 8910

VALUATION PARTNERS (WA) PTY LTD ACN 092 349 516 as trustees for the Valuation Partners Unit Trust
Members of the Australian Property Institute

P.O.Box 2030
Bunbury WA 6231
Phone (08) 9721 9566
Fax (08) 9721 9577

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ANNEXURES

VALUATION PARTNERS (WA) PTY LTD

Licensed Valuers & Property Consultants

Ref: V2967/04

17 September 2004

Mr Aaron Gardiner
Company Secretary
Axiom Properties
P O Box 677
NEDLANDS WA 6909

Dear Sir

VALUATION – LOT 8 STRATA PLAN 31717, 10 RESORT DRIVE, DUNSBOROUGH WA 6281

1.0 INSTRUCTIONS and TERMS OF REFERENCE

Following your instructions dated 1 September 2004, we confirm having inspected the abovementioned property for the purpose of assessing the current market value for asset management purposes. Market value is defined as:

> ***The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgably, prudently and without compulsion.***

This report has been completed in accordance with standard requirements of the Australian Property Institute.

2.0 RELEVANT DATE

The property was inspected on 17 September 2004.

~ WE KNOW THE VALUE OF THE SOUTH WEST ~

P.O.Box 696
Dunsborough WA 6281
Phone (08) 9756 8555
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3.0 PROPERTY SYNOPSIS

The subject property forms part of a strata titled residential development known as "Dunsborough Lakes Village", situated fronting the primary feeder road of Resort Drive within the Dunsborough Lakes locality. The property comprises an irregular shaped configuration constituting the remainder of developable land within Strata Plan 31717 and encompassing a total area of 6,611 square metres. The existing development on the Strata Plan currently comprises 7 improved strata landholdings which incorporate double storey townhouse units of traditional design and configuration. The ancillary improvements associated with the development include a tennis court, function room, swimming pool and cabana, all of which have been completed and are fully operational, being situated on an area of common property.

In accordance with information provided, the subject property has the potential to be developed with a further 27 residential units that may be occupied on a permanent basis. We note that the development was previously classified with an "Over 55" zoning, however has recently been rezoned with a standard "Residential R30" classification. The site is reportedly fully serviced or has access for connection, with water and sewer headworks extending throughout the subject land and thereby facilitating future development.

The appropriate method of valuation for properties of this nature is by direct comparison to recent sales of comparable unit development sites from within the surrounding region. Sales of comparable development sites have been rare during recent times and as such, analysis on this basis is considered somewhat subjective. As a supporting valuation approach, we have also undertaken a hypothetical development analysis, which involves the assessment of a gross realisation from the creation of the proposed residential Strata lots, from which is deducted selling, construction and holding costs in conjunction with a profit and risk component.

Full property details and a description of our valuation rationale is contained within the body of this report.

4.0 LEGAL DESCRIPTION

The subject property is legally described as an estate in fee simple being Lot 8 on Strata Plan 31717, together with a share in any common property as set out on the said Strata Plan and being the whole of the land described in Certificate of Title Volume 2081 Folio 989.

4.1 Easements, Encumbrances and Other Rights Noted on Title

1. Interests notified on the Strata Plan and any amendments to Lots or common property notified thereon by virtue of the provisions of the Strata Titles Act No. 33 of 1985 as amended.
2. Mortgage G056066 to Home Building Society Ltd. Registered 14 December 1995.

4.2 Registered Proprietor

The subject title is currently registered in the names of Superior Properties Ltd and Citi Fidelity Nominee Co Pty Ltd as tenants in common in equal shares by Application G262164 registered 22 August 1996.

Date of Search – 20 September 2004

A copy of the subject Certificate of Title and Strata Plan are appended to this report for your information and consideration in Annexure 1 & 2 respectively.

5.0 LOCATION

The subject property is situated a short distance south from the Dunsborough town site, within the Cape Naturaliste region, a distance of approximately 255 kilometres south from the Perth Central Business District. More specifically, the property forms the remaining englobo land on Strata Plan 31717, comprising the "Dunsborough Lakes Village" development. The development as a whole, fronts the western side of Resort Drive, directly opposite its intersection with The Enclave, a short distance south east from the primary traffic route of Dunsborough Lakes Drive. The property commands additional frontage to the Dunsborough Lakes Golf Course along the rear, western boundary. Secondary frontage is provided to the rear of the land from Sandalford Court in the south west. The subject land extends along the majority of the Resort Drive frontage, with additional pockets situated to the southern boundary, western boundary and central to the southern moiety of the property as a whole.

The surrounding Dunsborough Lakes Estate comprises a significant residential development constructed around the Dunsborough Lakes Resort Golf Course. Development within the Estate generally comprises single residential landholdings improved with basic project style dwellings of brick and timber frame construction. A number of low density unit development sites are incorporated within the estate, however the subject property reportedly comprises one the largest properties of this nature. The Enclave, situated directly opposite, comprises an exclusive sector of the Dunsborough Lakes development and as such, incorporates a number of large executive style dwellings and includes a tennis court for the exclusive use of the residents. Considerable expansion of the Dunsborough Lakes estate is planned for the future, incorporating a significant number of residential holdings.

The surrounding Cape Naturaliste region is a popular tourist destination, enhanced by spectacular coastal scenery, safe swimming beaches, quality surfing locations and a cool temperate climate. The tourism industry is also buoyed by the high profile Margaret River viticulture industry which is now regarded throughout the world for the quality of wines that it produces. The completion of the Busselton Airport and the sinking of the HMAS Swan off the shores of Eagle Bay have also increased the profile of the region as a popular tourist destination.

The town site of Dunsborough is founded on the shores of Geographe Bay and incorporates a total permanent population in excess of 3,000 people. The town site is considered one of Australia's fastest growing regions and as such, significant residential, special residential and special rural subdivision has been undertaken in the region during recent years. The town site provides basic retail and primary schooling facilities, however a full complement of community infrastructure is available within the Busselton town site, approximately 25 kilometres to the east.

A copy of the location plan is contained within Annexure 3.

6.0 LAND DESCRIPTION

In accordance with Strata Plan 31717, the subject property comprises an irregular shaped landholding, predominantly defined by the proposed development of the Dunsborough Lakes Village complex. In its current form, the property comprises three detached land parcels extending along the Resort Drive road frontage, southern property boundary and majority of the western perimeter. A small pocket of land is also situated centrally to the southern moiety of the site. In accordance with the Strata Plan, the land encompasses a total site area of 6,611 square metres.

A copy of Strata Plan 31717 has been appended to this report to provide confirmation of the individual boundary dimensions and lot configuration.

We confirm that the subject landholding has been identified to search measurements.

7.0 TOPOGRAPHY AND SOIL TYPES

The subject landholding is predominantly level throughout the majority of its area, in conformity with both road frontages. The Dunsborough Lakes Estate has been developed on reclaimed wetlands and as such, significant fill has been imported to the subject property to facilitate construction of the existing and proposed development. It is assumed for the purpose of this assessment that the imported fill is of a satisfactory standard to facilitate construction of a development of this nature and that adequate compaction has been achieved. It appears that the site is predominantly free from flood risk, however we note that some adjoining properties may be subject to water inundation during heavy rainfall periods.

It should be noted, that Valuation Partners (WA) Pty Ltd are not experts in the assessment of the viability of properties for residential unit development utility and as such, we recommend that the potential of the subject land on this basis be assessed by a suitability qualified expert in the field. Should it subsequently transpire that any of the assumptions detailed above are inaccurate or incorrect, we reserve the right to review this assessment and our value levels cannot be relied on for their accuracy.

8.0 TOWN PLANNING

Discussions with a Planning Officer at the Shire of Busselton confirm that the subject property is currently zoned "Residential R30" under the Shire of Busselton District Planning Scheme No. 20. Under the requirements of this zoning classification, the existing and proposed strata title development conforms as a permitted use. We are advised that the approval for development of the subject land with 27 units remains current.

We are advised that the development was initially approved on the premise of its utility as a retirement (over 55) complex and the initial 7 units were constructed on the basis of this zoning. Limited market interest was reflected in the development on this basis and subsequently, application was made for a rezoning of the property under standard residential conditions. In light of this fact, the created dwellings may now be occupied on a permanent residential basis with no restrictions on occupants or occupancy. We are advised that the site has been approved for a total of 34 residential dwellings, inclusive of the 7 dwellings created. In this regard, the subject landholding would have potential for construction of a further 27 residential dwelling units in total. These approval levels form the basis for our value assessment. Should approval for a 27 unit development not be forthcoming we reserve the right to review this valuation and our assessment may not be relied upon.

9.0 SERVICES AND ACCESS

We have confirmed that services available or connected to the property include electricity, telephone, scheme water and deep sewer. Furthermore, we are aware that sewer, water and drainage headworks have been extended throughout the subject land to facilitate construction of the remaining units. These works were reportedly undertaken at the time of construction of the initial dwellings and are considered to significantly enhance the value of the subject land.

The property may be readily accessed from the Dunsborough town centre via Seymour Boulevard, Dunsborough Lakes Drive and Resort Drive. Additional access may be provided from Sandalford Court in the south west. Resort Drive, Sandalford Court and roads throughout the Dunsborough Lakes locality comprise fully formed bitumen sealed surfaces with concrete kerbing and associated stormwater drainage installed.

10.0 ENVIRONMENTAL AND HERITAGE CONSIDERATIONS

Soil Contamination/Pollutants

We are unaware of a list or register of contaminated sites in the Busselton Shire region. A visual site inspection has not revealed any obvious pollution or contamination. Nevertheless, we are not experts in the detection or quantification of environmental problems and accordingly, have not carried out a detailed environmental investigation. Therefore, this valuation is made on the assumption that there are no actual or potential contamination issues affecting the value or marketability of the property as a whole. Verification that the property is free from contamination and has not been affected by pollutants of any kind should be obtained from a suitability qualified environmental professional. Should subsequent investigations show that the site is contaminated, we reserve the right to review this assessment and our value levels cannot be relied on for their accuracy.

Asbestos Products

We note that the subject property represents vacant land and therefore, there does not appear to be any asbestos products upon the land which could contribute to health risks.

Flora and Fauna

This valuation is made subject to there being no Flora or Fauna on the site which may diminish the future development potential.

Aboriginal Sites

The subject property does not appear to be affected by any factors influencing Aboriginal heritage value. If it subsequently transpires from an archaeological survey that the property is affected in this manner we reserve the right to review this valuation.

Heritage Listing

Properties of significant heritage importance may be listed on Municipal, State or Federal Heritage Registers and registrations of the nature may significantly impact the market value and or marketability of a property. Enquiries made with the relevant authorities have indicated that the subject property is not affected by any current heritage implications that may adversely impact the property.

11.0 IMPROVEMENTS

The subject property forms a 6,611 square metre allotment part of a strata titled residential development known as the Dunsborough Lakes Village. As previously stated, approval was reportedly initially granted for development of the site with some 34 "Over 55" dwelling units and to date, 7 two level townhouses have been erected. These initial units are understood to have been constructed to a standard and design consistent with the original approvals and significant infrastructure and common area improvements were incorporated as part of the first stage.

The 7 existing dwellings which do not form part of our valuation are situated to the northern moiety of the development, incorporating two level townhouse style improvements, reportedly providing compact 3 bedroom, 2 bathroom accommodation. The dwellings comprise modern design and construction materials, having been erected on reinforced concrete footings and floor slabs with face brick elevations and a traditional pitched roof frame with concrete tile cladding. The units range in area from some 132 square metres to 136 square metres of primary living space plus additional car parking and porch areas. The dwellings display a fair level of external maintenance and presentation commensurate with age, having been erected in 1996.

The development is accessible via paved internal roadways and quality brick pier fencing with wrought iron insert panels has been installed to the primary road and golf course frontage. A below ground swimming pool and associated paving is situated centrally to the development and a fully fenced tennis court facility is located adjacent. Situated to the western side of the tennis court facility is a small cabana of construction that complements the existing development. These facilities have been constructed for the exclusive use of the occupants. Quality garden landscaping has been installed throughout the developed areas and to the road frontage.

We have been provided with building plans from Eames and Associates, Architects for the proposed development of the Dunsborough Lakes Village site as a whole. We have been previously advised by the instructing party that the unit design provided will not be utilised, however what is to be developed will reportedly be similar in nature. We are informed that the subject land is to be developed with a combination of single and two level dwelling units to be constructed of a design and utilising materials consistent with the existing development in order to maintain uniformity.

This assessment assumes that the subject landholding is to be developed to its maximum potential of 27 units, with the dwellings to be created of a design and construction standard consistent with those dwellings previously erected. Should this not be the case we reserve the right to review this valuation and our assessment may not be relied upon.

12.0 LEASE DETAILS

This valuation assumes that the property is unencumbered by any current lease agreements and that the property can be sold with vacant possession.

13.0 GENERAL COMMENTS

The subject property comprises a vacant residential unit development site of 6,611 square metres that forms part of a significant residential unit development, situated in a central position within the Dunsborough Lakes residential estate. The development as a whole, commands extensive frontage to Resort Drive along its eastern perimeter, with secondary frontage to Sandalford Court in the south west. The north western corner of the development commands absolute frontage to the Dunsborough Lakes Golf Course, providing a pleasant aspect over the third tee and associated fairway. The land is predominantly level throughout its area, comprising sandy, imported soils that appear adequately drained.

The Dunsborough Lakes Village development was initially approved on the basis of its construction as a retirement village, with occupancy restricted to persons over the age of 55. Under the initial approvals, 7 two level townhouse units were constructed in conjunction with quality ancillary improvements that include a below ground swimming pool, tennis court and cabana. The subject of this assessment forms the balance of developable land under the subject Strata Plan 31717.

In accordance with information provided, approvals have been granted for construction of a total of 34 dwelling units on the land, inclusive of the 7 dwellings previously erected. In light of the above, the subject property, comprising the balance of the land, has the potential for development with a total of 27 dwelling units. In addition to the above, we are advised that the property has been rezoned during recent times to an underlying classification of "Residential R30". In light of the above, the property reportedly has no limitations or restrictions with regard to occupancy and is suitable for permanent residential occupation.

The existing dwellings have been erected to the northern sector of the development, comprising two level townhouse units of traditional design and construction. The units each incorporate 3 bedroom, 2 bathroom accommodation and comprise contemporary brick and tile construction. The dwellings display a fair level of external presentation commensurate with age and include undercover car parking facilities, private courtyards and verandah areas. The provision of ancillary improvements to the site as detailed above are considered to enhance marketability.

In addition to the above, we note that considerable headworks infrastructure was reportedly incorporated to the subject land at the time of construction. We are informed that sewer, water and drainage headworks have been extended throughout the subject land to facilitate development of the proposed 27 units. Some physical evidence of the service extensions was apparent from our inspection of the land. The extension of services to the subject land is considered to significantly enhance marketability of the property as a development site in conjunction with reducing development costs associated with future stages.

We have been provided with a site plan prepared by Eades and Associates, Architects who were commissioned to prepare design and construction details for the initial development of the subject complex. These drawings provide a site plan and details for construction of the total 34 units at the property, inclusive of all ancillary improvements. We have been advised by the instructing party that these plans are not to be adopted, however development will be of a nature consistent with the original site plan.

It should be noted that this assessment assumes that the subject land will be developed to its maximum potential of 27 units and that the units to be constructed will incorporate a design and construction consistent with the existing improvements.

It is our opinion that if offered to the market as a single englobo holding, good demand would be forthcoming in the current market for the subject property. Factors impacting on demand include the current low interest rates, increased investment demand, and more specifically, the strong enquiry for property within the Dunsborough Lakes precinct at present.

In summary, the subject property comprises a substantial strata titled landholding of 6,611 square metres that offers potential for development with some 27 dwelling units. The property forms part of an established residential complex incorporating quality ancillary improvements that should enhance marketability. The site is fully serviced, levelled and filled and should readily facilitate residential construction.

14.0 VALUATION APPROACH

In assessing the current market value of the subject landholding, the appropriate method of valuation is by direct comparison to recent sales of comparable unit development sites from throughout the South West district. Sales of directly comparable properties have been rare during recent times and as such, broad comparison has been drawn from developable englobo landholdings, offering varying development potential, a diverse range of locational variances and over a broad timeframe. In drawing comparison, we have given consideration to such relevant factors as size of the landholding, zoning constraints, development potential, readiness for development, provision of services, access, locational variances and market conditions prevailing at the time of sale. Sales evidence has been analysed on both a rate per square metre and rate per potential unit basis for comparison purposes.

A summary of sales evidence considered relevant to this assessment is provided hereunder for your reference.

SALES EVIDENCE

1. **Property** : **147 Naturaliste Terrace, Dunsborough**

   Sale Price/Date : $495,000 – June 2001

   Comments : This is a 3,538 square metre site which has dual street frontage and is better located than the subject property. This site is zoned "R30" and has the potential to be improved with 10 units. The site is improved with an approximately 270 square metre residence plus pool and shed. We estimate the added value of these improvements to be some $150,000 and therefore, the underlying land value reveals a rate of $34,500 per site. Overall, a superior location. Dated sale.

2. **Property** : **17 Moondah Close, Dunsborough**

   Sale Price/Date : $360,000 – August 2003

   Comments : This property comprises a slightly irregular shaped site that has an area of 3,501 square metre that adjoins parkland reserve. The site is situated to the south west of the Dunsborough central business district and is suitable for 10 group residential units. The sale price reflects a rate of $36,000 per potential unit site or $103 per square metre of land area

3. **Property** : **Lot 208 Leschenaultia Drive, Margaret River**

   Sale Price/Date : $450,000 – April 2004

   Comments : The property comprises a vacant, corner flat/level site located in the Brookfield Estate and having an area of 2,850 square metres, being zoned R30 and therefore being an 8 unit site. The sale price indicates a land component of $56,250 per unit or a rate of $158 per square metre of land area.

4. **Property** : **6 Town View Terrace, Margaret River**

   Sale Price/Date : $530,000 – currently under offer – subject to confirmation - May 2004.

   Comments : The property has an area of 1,250 square metres and is situated on the low side of Town View Terrace within the Margaret River town site and backing on to a bituminised laneway which adjoins the main retail precinct of Margaret River, zoned R40. The property was reportedly already strata titled into two lots. Improvements comprise a renovated weatherboard and iron 3 bedroom, 1 bathroom dwelling in good condition overall however the property apparently was sold to a local developer for future re-development. The land area reflects a rate of $424 per square metre of land area overall or $106,000 per unit land component.

5. **Property** : **10 Station Road, Margaret River**

   Sale Price/Date : $550,000 – December 2003

   Comments : The property is a flat and level regular shaped site within the Margaret River town site and only 300 metres from the main retail precinct. Land area of 2,135 square metres zoned R40 and sale indicates $68,750 per unit land component.

6. **Property** : **Lot 104 Peel Terrace, Busselton**

   Sale Price/Date : $550,000 – July 2002

   Comments : This property comprises a 1.9298 hectare landholding, approximately half of which can be developed into up to 28 lots, with the balance comprising wetlands. The property has been filled in ready for development. We are advised by the selling agent that the most likely yield is 22 lots. The property occupies a busy road location and is zoned "Residential R30". The sale price reflects a rate of $285,000 per hectare or approximately $19,642 per potential lot or $25,000 per lot based on the likely subdivisional scenario.

7. **Property** : **22/24 Thomas Street, Busselton**

   Sale Price/Date : $735,000 – September 2003

   Comments : This property comprises two regular shaped lots that have a site area of 3,845 square metres (combined) that are to be developed for 12 units in a development known as St Thomas Estate. The sale price reflects a rate of $61,250 per site or $191 per square metre.

In assessing value, we have had regard for the significant development potential associated with the subject land, the readiness for immediate development, quality ancillary improvements provided as part of the initial stage of development and provision of services throughout the land. Having regard for the above, it is our opinion that the subject property commands a market value in the order of $45,000 to $50,000 per potential unit site.

Based on the total development potential of 27 units, a market value in the order of $1,215,000 to $1,350,000 is reflected. When applied to the total site area of 6,611 square metres, a rate of $184 per square metre to $204 per square metre is indicated. This level is considered high in comparison to the sales evidence, however is considered to reflect the fact that the total site area is net of common area improvements and includes the utility of these improvements for the end occupiers of the subject land.

As a supporting valuation approach, we have also undertaken a hypothetical development analysis based on the proposed construction of 27 units on the subject land. It should be noted that this assessment is considered highly subjective, due to the lack of formal building plans and development costs associated with construction of the proposed units. The gross realisation assessed is based on analysis of previous sales within the subject development, in conjunction with sales of other residential units from within the Dunsborough town site. We have adopted an average end land value for the residential units of $100,000 indicating a static gross realisation value of $2,700,000. From the gross realisation associated with each stage, we have deducted costs associated with selling and advertising, a profit and risk component (25%), development costs of $20,000 per unit, interest and holding costs and expenses associated with acquisition of the land. For the purposes of this assessment we have utilised an advised GST valuation of $640,000 for the subject property.

On this basis, a current market value of $1,235,000 (rounded) is reflected.

A full summary of our valuation calculations is appended to this report for your information and consideration in Annexure 4.

14.1 Valuation Summary

Our analysis indicates a value range of $1,243,000 to $1,350,000 for the subject property. We have adopted a value towards the middle of the market range of $1,300,000 to reflect the strong demand for development sites at present.

Having considered the current market conditions and the average selling period for properties in the locality, a selling period of 3 to 6 months could be expected. This selling period assumes adequate advertising and exposure over the marketing period at a list price within 10% of valuation.

15.0 ASSUMPTIONS, CONDITIONS AND LIMITATIONS

The value level assessed in this report is relevant as at the specific date of valuation and to circumstances prevailing at that time. We express no opinion as to the ability of the property to perform over time and consequently offer no opinion as to the value of the property at any future date. Due to possible fluctuation in market forces and circumstances in relation to the subject property we recommend consultation with the valuer prior to any reliance upon this report subsequent to the specified valuation date.

We have assumed that the instructions and subsequent information supplied comprise a full and frank disclosure of all material information pertaining to the valuation of the subject property. It is assumed that the information provided is true and correct and it must be noted that this information has been relied upon in our valuation assessment. Should it subsequently transpire that any of the information supplied is incorrect or untrue, we reserve the right to review this assessment and our value levels cannot be relied on for their accuracy.

We express no opinion as to the sale price that may be achieved for the subject property under forced sale conditions or by a mortgagee/receiver in possession.

This valuation assumes continuation of sound management practice and as such, continued profitability of the operations currently being undertaken on the subject land.

Some information within this report has been obtained verbally from representatives of the respective authorities or other relevant experts in their fields. We are unable to confirm the validity of all such information and as such, this valuation has been prepared on the assumption that such information is true and correct.

16.0 CONCLUSION

Having inspected the subject property and considered all factors relating to it, we are of the opinion that the current market value of Lot 8 Strata Plan 31717, 10 Resort Drive, Dunsborough WA 6281 is **$1,300,000 (ONE MILLION THREE HUNDRED THOUSAND DOLLARS) NET OF GST.** This valuation is subject to the terms and conditions contained in the body of the report and the availability of an encumbrance free fee simple Certificate of Title as at 17 September 2004.

This valuation has been prepared on specific instruction from Axiom Properties Limited for the purposes of asset management. The report is not to be relied upon by any other person or for any other purpose. We accept no liability to third parties nor do we contemplate that this report will be relied upon by third parties. We invite other parties who may come into possession of this report to seek our written consent to them relying on this report. We reserve our right to withhold consent or to review the contents of this report in the event that our consent is sought.

Valuation Partners (WA) Pty Ltd hereby certify that we do not have any direct, indirect or financial interests in the properties herein.