

AXIOM PROPERTIES LIMITED
ABN 40 009 063 834

NOTICE OF ANNUAL GENERAL MEETING

PROXY FORM

EXPLANATORY MEMORANDUM

AND

INDEPENDENT EXPERT'S REPORT

The Independent Expert has concluded the proposals the subject of Resolutions 3 as fair and reasonable to the non-associated Shareholders of the Company.

Date of Meeting

27 November 2007

Time of Meeting

10 am WDT

Place of Meeting

The Western Australian Club (Inc)
101 St Georges Terrace
PERTH WA 6000

This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

AXIOM PROPERTIES LIMITED
ABN 40 009 063 834
NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN of an Annual General Meeting of Axiom Properties Limited ("**Company**" or "**Axiom**") to be held at the Western Australian Club (Inc) at 101 St Georges Terrace, Perth, Western Australia on Tuesday, 27 November 2007 at 10 am Western Daylight Time, for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

An Explanatory Memorandum containing information in relation to the following Resolutions accompanies this Notice of General Meeting.

Certain terms and abbreviations used in this Notice of Annual General Meeting and the accompanying Explanatory Memorandum have defined meanings which are explained in the accompanying Explanatory Memorandum.

AGENDA

ORDINARY BUSINESS

Financial Report for the Period Ended 30 June 2007

To receive and consider the financial report for the Company and its controlled entities for the year ended 30 June 2007, and the reports of the Directors and auditors thereon.

Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Shareholders adopt the Remuneration Report for the financial year ended 30 June 2007."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Resolution 2 – Re-election of Mr Ian James Laurance AM as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Mr Ian James Laurance AM being a director who retires by rotation pursuant to clause 13.2 of the Constitution of the Company and being eligible, be re-elected as a Director."

SPECIAL BUSINESS

Resolution 3 – Approval of the acquisition of a 50% interest in the Gepps Cross Property Opportunity

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

"That, pursuant to and in accordance with ASX Listing Rule 10.1 and for all other purposes, the Shareholders of the Company:

- (a) agree to the completion of the acquisition of 50% interest in the Gepps Cross Property Opportunity from Pivot Group Pty Ltd ACN 008 459 685 ("Pivot") by Axiom or Axiom's Nominee for an aggregate consideration of:*
 - (i) \$12,692,950 plus GST (if applicable) to the owners of the Gepps Cross Properties, which owners are unrelated to Pivot and the Company but who entered into the Relevant Agreements with Pivot in relation to each of Lot 30 and Lot 110;*
 - (ii) \$12,151,550 plus GST (if applicable) to Pivot for the assignment of a 50% interest in the Relevant Agreements in relation to each of Lot 30 and 110;*
 - (iii) an amount to be reimbursed for 50% of documented third party costs in relation to each of Lot 30 and Lot 110 incurred by Pivot after obtaining development approvals on 18 May 2007, plus GST (if applicable), prior to the date of assignment of a 50% interest in the Relevant Agreements, plus 50% of any rates and taxes paid by Pivot for the period after the date of assignment until 30 June 2008 in relation to each of Lot 30 and Lot 110;*
 - (iv) the assumption of 50% of Pivot's obligations under the Development Agreements relating to each of Lot 30 and Lot 110, or entry into agreements with other parties for the purpose of replacing the Development Agreements; and*
 - (v) the replacement of the Pivot Securities provided by Pivot to the extent of a 50% interest, and to the value of \$299,559; and*
- (b) authorise the directors of the Company to pay \$12,151,550 plus additional amounts to be reimbursed and GST (if applicable) to Pivot in cash, and to pay the sum of \$12,692,950 plus GST (if applicable) to the owners of the Gepps Cross Properties, and to provide the replacement securities to, and enter into as assignment of the Development Agreements with, unrelated third parties,*

on the terms and conditions as more particularly described in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting exclusion statement

The Company will disregard any votes cast on this Resolution 3 by Pivot Group Pty Ltd and any associates of Pivot Group Pty Ltd as the case may be. However, 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.

By Order of the Board of Directors



Mr Aaron Gardiner
Company Secretary

26 October 2007

PROXIES

- Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
- A Shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote at this meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights.
- A proxy may but need not be a Shareholder of the Company.
- The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of an officer of his attorney duly authorised.
- The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and reach the Registered Office of the Company at least 48 hours prior to the meeting. For the convenience of Shareholders a Proxy Form is enclosed.

ENTITLEMENT TO VOTE

For the purposes of section 1074E(2) of the Corporations Act and regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding ordinary shares at 5.00pm WDT on 25 November 2007 will be entitled to attend and vote at the Annual General Meeting.

CORPORATIONS

A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with, or presented to the Company before the meeting.

AXIOM PROPERTIES LIMITED
ABN 40 009 063 834
EXPLANATORY MEMORANDUM

1. INTRODUCTION

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting ("**Notice**") of Axiom Properties Limited ("**Company**" or "**Axiom**")

The directors of the Company ("**Directors**") recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Shareholders will be given an opportunity to ask questions of the Directors and the Auditor in relation to the accounts of the Company and its controlled entities at the Annual General Meeting.

2. OVERVIEW OF RESOLUTIONS

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

Section 298 of the Corporations Act requires that the annual Directors' Report contain a Remuneration Report prepared in accordance with section 300A of the Corporations Act.

The Company's Remuneration Report for the financial year ended 30 June 2007 is set out in the Directors' Report in the 2007 Annual Report to Shareholders.

By way of summary, the Remuneration Report:

- (a) discusses the Company's policy and the process for determining the remuneration of its executive officers and Directors;
- (b) addresses the relationship between the remuneration of the Company's executive officers and the performance of the Company; and
- (c) sets out remuneration details for each Director and each of the executive officers of the Company named in the Remuneration Report for the financial year ended 30 June 2007.

Shareholders are entitled to vote on the question whether the Remuneration Report as contained in the Annual Report for the year ended 30 June 2007 is to be adopted. Section 250R(2) of the Corporations Act requires listed companies to put a resolution to their members that the Remuneration Report be adopted.

Pursuant to section 250R(3), Shareholders should note that the vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

RESOLUTION 2 – RE-ELECTION OF MR IAN JAMES LAURANCE AM AS A DIRECTOR

Clause 13.2 of the Company's Constitution provides that at every annual general meeting one third of the Directors or, if their number is not a multiple of three, then such number as is appropriate to ensure that no Director holds office for more than 3 years, shall retire from office. This requirement does not apply to the Managing Director, alternative Directors and Directors appointed by the Board and required to retire.

Mr Laurance spent 14 years as a Minister of the Western Australian Parliament and is a former State Minister for Housing, Tourism, Land and Regional Development. He was appointed by the Western Australian Government as the inaugural Chairman of the Midland Redevelopment Authority (2000 – 2004) and was previously Chairman of the Western Australian Sports Centre Trust for 10 years (1993 – 2003). Mr Laurance is currently Chairman of Australia's North West Tourism and Chairman of the Ningaoloo Research Centre Inc. In a voluntary capacity he serves as Chairman of the Anglicare WA Winter Appeal and is a Director of the Tourism Council WA. In 2006 Mr Laurance was made a Member of the Order of Australia (AM) for services to the Tourism Industry in Western Australia, to the community as a member of the Western Australian Parliament, and to sporting, environmental and charitable organisations.

Mr Ian James Laurance AM therefore retires from office in accordance with this requirement and, being eligible, offers himself for re-election as a Director.

RESOLUTION 3 – APPROVAL OF ACQUISITION OF A 50% INTEREST IN THE GEPPS CROSS PROPERTY OPPORTUNITY

Overview

Resolution 3 seeks Shareholder approval pursuant to Listing Rule 10.1 for the acquisition of a 50% interest in the Gepps Cross Property Opportunity by Axiom or Axiom's Nominee by way of an assignment of Pivot's right, title, interest and estate in the Relevant Agreements for a total of \$12,151,550 plus GST (if applicable) and amounts to be reimbursed comprising:

- (a) \$12,151,550 plus GST (if applicable) as consideration for the assignment of 50% of Pivot's right, title, interest and estate in the Relevant Agreements in relation to each of Lot 30 and Lot 110;
- (b) reimbursement for 50% of the costs incurred by Pivot in relation to each of Lot 30 and Lot 110 for rates and taxes in the 2007/2008 financial year from the date of assignment of the Relevant Agreements until 30 June 2008; and
- (c) reimbursement for 50% of the costs incurred by Pivot in relation to the development of each of Lot 30 and Lot 110, including road construction and forward works incurred by Pivot under the Development Agreements from 18 May 2007 (being the date of development approval) until the date of assignment of the Relevant Agreements.

Since Pivot obtained development approval for the Gepps Cross Properties it has commenced work on the development of the Gepps Cross Properties. This has involved the engaging of various consultants and the letting of road construction and forward works contracts. These commitments were entered into in order to ensure the Gepps Cross Properties will be developed within the timeframes required by the prospective tenants. The amount to be paid to Pivot by way of reimbursement will be determined only after verification of these third party costs.

The payment of the consideration will be satisfied by Axiom or Axiom's Nominee in cash. In addition, Axiom or Axiom's Nominee will:

- (a) assume 50% of Pivot's obligations under the Development Agreements in relation to each of Lot 30 and Lot 110, or enter into agreements to replace the Development Agreements, which obligations are estimated to be in the order of \$8,000,0000;
- (b) pay to the owners of Lot 30 and Lot 110, who are unrelated to Pivot, the sum of \$12,692,950 plus GST (if applicable) for the purchase of Lot 30 and Lot 110 in accordance with the provisions of the Relevant Agreements;
- (c) pay its share of the stamp duty and Land Title Office transfer fees payable on the conveyance, which share is estimated to be \$1,623,104; and
- (d) provide its share of performance securities, valued at \$299,559, which are required to replace the Pivot Securities which have been provided by Pivot as security for the performance of certain obligations in relation to the construction of certain storm water works, sewer works and infrastructure, a condition of the development approval for the division of Lot 101.

It is proposed that the remaining 50% of the Gepps Cross Properties will be acquired by subsidiaries of each of Harvey Norman Holdings Limited and Charter Hall Limited, pursuant to which the subsidiary of Harvey Norman Holdings Limited will take an assignment of a 50% interest in the Relevant Agreements in relation to Lot 30 and the subsidiary of Charter Hall Limited will take an assignment of a 50% interest in the Relevant Agreements in relation to Lot 110.

Harvey Norman Holdings Limited has also agreed to take a long term lease over 12,000m² on commercial terms for a Harvey Norman store following completion of the development of Lot 30.

Axiom will be the project manager and is entitled to a fee of 2% of total project costs and the sole and exclusive leasing coordinator of the Gepps Cross Properties.

The Company has entered into a letter agreement with each of Harvey Norman Holdings Limited and Charter Hall Limited to reflect the above arrangements. Further documentation will be entered into to fully document the terms of the assignment of interests referred to above with subsidiaries of each of Harvey Norman Holdings Limited and Charter Hall Limited, and to document development joint ventures in order to regulate the terms under which the Gepps Cross Properties are to be developed. Development costs in relation to the Gepps Cross Properties are to be shared by each joint venture in proportion to the gross lettable area that each of Lot 30

and Lot 110 bears in relation to the aggregate gross lettable area of Lot 30 and Lot 110.

If either subsidiary of Harvey Norman Holdings Limited or Charter Hall Limited do not complete the acquisition of a 50% interest in the Relevant Agreements in relation to Lot 30 or the Relevant Agreements in relation to Lot 110, or if the owners of Lot 30 or Lot 110 do not consent to the assignment to those Relevant Agreements to those parties, then Pivot will retain that interest and will complete the acquisition of a 50% interest in Lot 30 or Lot 110, as applicable.

An Independent Expert's Report prepared by PKF Corporate Advisory Services (WA) Pty Ltd (a copy of which is attached as Annexure A to this Explanatory Memorandum) comments on whether the transactions, the subject of Resolution 3 is fair and reasonable to the non-associated Shareholders of the Company.

Shareholders should note that PKF Corporate Advisory Services (WA) Pty Ltd has concluded that the proposal the subject of Resolution 3 is fair and reasonable to the non-associated Shareholders of the Company.

History

As Shareholders are aware on 11 April 2006 Pivot acquired a controlling interest in the Company with the approval of Shareholders. At the time of the acquisition Pivot advised Shareholders that it intended to make available to the Company Property Opportunities that Pivot identified and de-risked. Subsequent to this, the Company entered into a Strategic Alliance Agreement with Pivot on 29 September 2006 whereby Pivot agreed for a period of three years to provide the Company with a first right to acquire each development project within the Pivot project pipeline. The offer of each Property Opportunity under the Strategic Alliance Agreement was to be made by Pivot as and when that Property Opportunity had received all regulatory approvals and was ready for development.

Pivot and Axiom also entered into a Strategic Alliance Agreement with Charter Hall Limited on 5 October 2006 under which Axiom agreed that in exercising its first right of refusal it would only take up an interest of up to 50% or 100% and Pivot agreed to provide Charter Hall Limited with a second right to acquire development projects within the Pivot project pipeline in the event that Axiom did not take up its rights in relation to the project.

Since obtaining control of the Company, Pivot has introduced various Property Opportunities to the Company. The Company has been offered the opportunity to participate in the development of the Century City office tower at 100 St George's Terrace, Perth, which opportunity the Company has taken up.

The Century City office tower Property Opportunity was made available to the Company for the staged investment of \$5,000,000 into the project. The Company anticipates that on completion of the development at 100 St George's Terrace, Perth it will make a significant premium on its investment. A second Property Opportunity that Pivot facilitated the Company having the right to participate in was the

acquisition of a 50% interest in the headquarters of Fairfax Media Limited in Spencer Street, Melbourne. The Company and its joint venture participant, Industry Superannuation Property Trust acquired the property for \$66.1 million.

In the case of both of the above opportunities that Pivot made available to the Company, Pivot did not receive any consideration for the introductions.

Under the Strategic Alliance Agreement, Pivot is obliged to source and acquire land and/or buildings with development potential, and attend to the initial development process, including the obtaining of planning and rezoning approvals such that construction can commence.

Where Pivot makes available a Property Opportunity which the Company decides to acquire then Pivot is entitled to receive consideration either in the form of cash and/or shares in the Company at the greater of cost or valuation of the Property Opportunity.

In accordance with the Strategic Alliance Agreement, Pivot Group presented the Property Opportunities at Butler, Western Australia and Caboolture, Queensland and Shareholders approved the acquisition by Axiom of those Property Opportunities at the general meeting held on 4 April 2007. Axiom completed the acquisition of the land at Caboolture, Queensland on 24 August 2007, which property has subsequently been onsold, and will complete the acquisition of the land at Butler, Western Australia upon the satisfaction of certain conditions to the completion of that acquisition.

Gepps Cross Property Opportunity

Pivot has now presented another Property Opportunity to Axiom, being the opportunity to acquire a 50% interest in 16.563 hectares of vacant land, with development approval for an integrated bulky goods retail complex with a total gross leasable area of 55,814 m² at Gepps Cross South Australia, comprising Lot 30 and Lot 110. The development is subject to building rules consent which is outstanding at the date of this Notice.

Under the Gepps Cross Property Opportunity, Axiom or Axiom's Nominee is to take an assignment of 50% of Pivot's right, title, estate and interest in the Relevant Agreements in relation to Lot 30 and the Relevant Agreements in relation to Lot 110, as tenant in common in equal shares with each of a wholly owned subsidiary of Harvey Norman Holdings Limited in relation to Lot 30 and a wholly owned subsidiary of Charter Hall Limited in relation to Lot 110. Axiom Properties Funds Management, a subsidiary of Harvey Norman Holdings Limited and a subsidiary of Charter Hall Limited are to assume Pivot's obligations under the Relevant Agreements to the extent of their interest in the Relevant Agreements in relation to Lot 30 and Lot 110. If either of these companies should fail to settle then Pivot will retain an interest in the Gepps Cross Property Opportunity to the extent of the interests not being assigned.

In the Strategic Alliance Agreement dated 5 October 2006 between Pivot, Axiom and Charter Hall Limited, the involvement of each of Harvey Norman Holdings Limited and Charter Hall Limited in the Gepps Cross Properties was expressly contemplated.

Subject to the settlement of Axiom or Axiom's Nominee's acquisition of 50% of the Gepps Cross Property Opportunity and the acquisition of the remaining 50% in the Gepps Cross Properties by subsidiaries of Harvey Norman Holdings Limited and Charter Hall Limited, Axiom or Axiom's Nominee will enter into development joint ventures with each of the other two companies in order to regulate the terms under which the Gepps Cross Properties are to be developed.

The Gepps Cross Property Opportunity will increase Axiom's development portfolio providing further diversification for the Company. Axiom intends to acquire the Gepps Cross Property Opportunity and develop it into a large bulky goods retail property. Axiom may also consider introducing third party investors to its interest in the Gepps Cross Property Opportunity through initiatives such as the creation of a property investment fund.

While the Company is under no obligation to take on a 50% interest in the Gepps Cross Property Opportunity proposed by Pivot, the independent Directors Mr Michael Blakiston and Mr Ian Laurance have decided to put to Shareholders the opportunity for Axiom or Axiom's Nominee to acquire the Property Opportunity.

Completion

Settlement of the purchase of Lot 30 under the Relevant Agreements for Lot 30 must occur on 30 November 2007. The acquisition of Lot 110 is conditional on the division of Lot 101 into three lots including Lot 110. If the land subdivision process is completed before 30 November 2007, Axiom or Axiom's Nominee will settle the purchase of Lot 110 on 30 November 2007 or such other date agreed by the registered proprietor of Lot 110. If the land division process is not completed by 31 March 2009, the option to acquire Lot 110 under the Relevant Agreements will expire. The Directors are confident that the land division process will be completed prior to 31 March 2009.

The assignment of the Relevant Agreements in relation to Lot 30 to Axiom or Axiom's Nominee and a subsidiary of Harvey Norman Holdings Limited and the assignment of the Relevant Agreements in relation to Lot 110 to Axiom or Axiom's Nominee and a subsidiary of Charter Hall Limited is conditional upon:

- (a) Axiom obtaining all necessary shareholder approvals to the assignment of the Relevant Agreements by no later than 30 November 2007;
- (b) Pivot obtaining the consent of the owners of Lot 30 and Lot 110 to the assignment of interest in the Relevant Agreements to each of the subsidiaries of Harvey Norman Holdings Limited and Charter Hall Limited by no later than 30 November 2007 pursuant to the Relevant Agreements;
- (c) Axiom completing due diligence in relation to Lot 30 and Lot 110 and being satisfied with the results of the due diligence, in its absolute discretion, by 27 November 2007;
- (d) Pivot obtaining full releases and discharges of all mortgages, charges and encumbrances granted by Pivot over the Relevant Agreements or Lot 30. and

Pivot withdrawing all caveats lodged by it in relation to Lot 30 and Lot 110; and

- (e) Pivot, Axiom and Charter Hall Limited varying or terminating the Charter Hall strategic alliance by no later than 27 November 2007 in order to accommodate Axiom's business strategy going forward.

If the owners of Lot 30 or Lot 110 do not consent to the assignment of interest in the Relevant Agreements in relation to Lot 30 and Lot 110 to the subsidiaries of Harvey Norman Holdings Limited and Charter Hall Limited, respectively, then Pivot will retain that interest and will complete the acquisition of a 50% interest in Lot 30 or Lot 110, as applicable.

Consideration

The consideration payable to Pivot for the assignment of the Relevant Agreements is as follows:

	Total Consideration	Axiom's Share
Lot 30	\$9,165,600	\$4,582,800
Lot 110	\$15,137,500	\$7,568,750
Total	\$24,303,100	\$12,151,550

Notes:

- (1) These amounts are exclusive of GST.
- (2) The consideration payable for Lot 30 is calculated by reference to the area of land, being 66,380m² multiplied \$120/m² plus reimbursement of an amount of \$1,200,000 by way of reimbursement of an option fee paid by Pivot under the Relevant Agreements.
- (3) The consideration payable for Lot 110 is calculated by reference to the area of land, being 99,250m² multiplied \$150/m² plus reimbursement of an amount of \$250,000 by way of reimbursement of an option fee paid by Pivot under the Relevant Agreements.

The consideration payable to the owners under the Contract for Sale and Purchase of Land is as follows:

	Total Consideration	Axiom's Share
Lot 30	\$10,748,400	\$5,374,200
Lot 110	\$14,637,500	\$7,318,750
Total	\$25,385,900	\$12,692,950

Notes:

- (1) These amounts are exclusive of GST.
- (2) The consideration payable for Lot 30 is calculated by reference to the area of land, being 66,380m² multiplied by \$180/m² less the amount of \$1,200,000, being the option fee under the Relevant Agreements which is to be treated as a deposit and deducted from the purchase price for Lot 30.
- (3) The consideration payable for Lot 110 is calculated by reference to the area of land, being 99,250m² multiplied by \$150/m², less the amount of \$250,000, being the option fee under the Relevant Agreements which is to be treated as a deposit and deducted from the purchase price for Lot 110.

The independent Directors of Axiom commissioned Savills (SA) Pty Limited ("Savills") to complete an independent valuation in relation to Lot 30 and Lot 110 on an "as is and with development approval basis" and an "as if complete basis". Savills valuation on an "as is and with development approval basis" is \$50,000,000 for Lot 30 and Lot 110 or \$300/m², and \$150,000,000 on an "as if complete" basis.

The consideration payable to Pivot represents the difference between \$300/m², and the amount payable to the owners for each of Lot 30 and Lot 110, being \$180/m² and \$150/m², respectively.

In addition, Pivot must be reimbursed by Axiom:

- (a) 50% of the costs incurred by Pivot for rates and taxes in the 2007/2008 financial year in relation to each of Lot 30 and Lot 110 for the period from the date of assignment of the Relevant Agreements to 30 June 2008; and
- (b) 50% of the costs incurred by Pivot in relation to the development of each of Lot 30 and Lot 110, including road construction and forward works incurred by Pivot under the Development Agreements for the period from 18 May 2007 till the date of assignment of the Relevant Agreements.

Financing of consideration

Axiom intends in the short term to fund the acquisition of 50% interest in the Gepps Cross Property Opportunity with debt. Axiom is currently sourcing that but if there is any delay in obtaining a debt facility then Pivot has agreed that it will fund up to \$24,303,100 plus Axiom's share of the Pivot reimbursements, plus GST if applicable, by effectively lending that amount to Axiom. If Axiom's Nominee completes the acquisition of a 50% interest in the Gepps Cross Property Opportunity, Axiom will advance funds raised under the debt facility to Axiom's Nominee to complete the acquisition.

The balance of Axiom or Axiom's Nominee's share of the acquisition costs and transaction costs will be funded from Axiom's existing cash resources and other short term debt which Axiom will secure prior to settlement.

Where Pivot provides a debt facility to Axiom it shall be entitled to charge a commercial rate of interest.

If Axiom fails to pay monies due to Pivot under the debt facility by 28 February 2008, Axiom must procure the transfer to Pivot of Axiom or Axiom's Nominee's interest in the Gepps Cross Properties in consideration for the repayment of the debt. In addition, Axiom must pay to Pivot interest then due on the facility, stamp duty on the transfer of 50% interest in the Gepps Cross Properties to Pivot, and all associated legal costs and disbursements incurred by Pivot on the transfer. In this event, Pivot must reimburse Axiom for all costs (excluding legal fees) incurred in relation to the development of the Gepps Cross Properties prior to the date of the transfer to Pivot and Pivot must assume the interest of Axiom or Axiom's Nominee in all contracts that have been entered into in relation to the Gepps Cross Properties. Further, Pivot must reimburse

Axiom for 50% of any rates and taxes paid in relation to the period after the date of the transfer to Pivot to 30 June 2008.

Listing Rule 10.1

Resolution 3 seeks Shareholder approval for completion of the acquisition of 50% interest in the Gepps Cross Property Opportunity by Axiom or Axiom's Nominee for an aggregate consideration of:

- (a) \$12,692,950 plus GST (if applicable) to the owners of the Gepps Cross Properties, which owners are unrelated to Pivot and the Company but who entered into the Relevant Agreements with Pivot in relation to Lot 30 and the Relevant Agreements in relation to Lot 110;
- (b) \$12,151,550 plus GST (if applicable) to Pivot in consideration for the assignment of a 50% interest in the Relevant Agreements in relation to each of Lot 30 and Lot 110;
- (c) an amount to be reimbursed for 50% of documented third party costs incurred by Pivot in relation to each of Lot 30 and Lot 110 after obtaining development approvals on 18 May 2007, plus GST (if applicable) prior to the date of assignment of a 50% interest in the Relevant Agreements, plus 50% of any rates and taxes paid by Pivot for the period after the date of assignment until 30 June 2008;
- (d) the assumption of 50% of Pivot's obligations under the Development Agreements relating to each of Lot 30 and Lot 110, or entry into agreements with other parties for the purpose of replacing the Development Agreements; and
- (e) the replacement of the Pivot Securities provided by Pivot to the value of \$299,559.

Listing Rule 10.1 prohibits a listed company, and its subsidiaries, from acquiring a *substantial asset* from, or disposing of a *substantial asset* to, a *substantial shareholder* (ie. a shareholder who is entitled to at least 10% of the voting securities of the company) or a *related party* of the listed entity, without first obtaining shareholder approval.

Pivot and its associates currently hold approximately 28.33% of the voting securities of the Company, and accordingly Pivot will be considered a *substantial shareholder* for the purposes of Listing Rule 10.1. Further, Pivot is a *related party* of Axiom because Pivot is controlled by Mr Peter Laurance A.O., the father of a director of Axiom, Mr Ben Laurance.

An asset is substantial if its value or the value of the consideration for it is 5% or more of the sum of the equity interests of the Company. The provision of the consideration to Pivot referred to above for 50% of the Gepps Cross Property Opportunity constitutes a *substantial asset* of the Company.

It follows that Shareholder approval in accordance with Listing Rule 10.1 will be required before Axiom or Axiom's Nominee can complete the acquisition of 50% of the Gepps Cross Property Opportunity and provide the consideration referred to above to Pivot.

The Independent Expert's Report prepared by PKF Corporate Advisory Services (WA) Pty Ltd has been prepared in accordance with the requirements of Listing Rule 10.10 and is attached as Annexure A to this Explanatory Memorandum. The Independent Expert has concluded that the proposal the subject of Resolution 3 is on balance fair and reasonable to non-associated Shareholders.

Related Party Transactions

Shareholder approval is not being sought under Chapter 2E of the Corporations Act and more specifically section 208 of the Corporations Act as the independent Directors consider the acquisition of a 50% interest in the Gepps Cross Property Opportunity has been negotiated on arms length terms. The independent Directors have relied upon the transactions which Pivot has entered into with subsidiaries of each of Harvey Norman Holdings Limited and Charter Hall Limited for that purpose.

Directors' recommendation

All Directors were available to consider Resolution 3.

Mr Ian Laurance and Mr Michael Blakiston are considered independent for the purposes of Resolution 3, as they do not have any personal interest in the outcome of Resolution 3.

Mr Michael Blakiston and Mr Ian Laurance are of the opinion that the proposed transaction is in the best interests of the Company and its Shareholders as:

- (i) the proposed transactions are consistent with what Pivot advised Shareholders prior to Shareholders voting on whether or not to support Pivot's proposal for the recapitalisation of the Company;
- (ii) the price for a 50% interest in the Gepps Cross Property Opportunity, is based upon an independent valuation of the land on an "as is and with development approval basis" and is comparable to two other deals Pivot has entered into with respect to the other 50% of the Gepps Cross Properties. The Company will enjoy the benefits of an increase in valuation upon the construction and leasing of the premises which are to be constructed;
- (iii) on the completion of construction on Lot 30 and 110, the premises are anticipated to be leased on long term leases and at market rents, and such rents are subject to regular reviews; and
- (iv) the Gepps Cross Property Opportunity is expected to be profitable.

Accordingly the independent Directors recommend Shareholders vote in favour of Resolution 3.

Mr Ben Laurance and Mr Umberto Gianotti declined to make a recommendation to Shareholders in respect of Resolution 3 as:

- (i) in the case of Mr Ben Laurance, he has a material personal interest, via his directorship in Pivot and the fact that he is the son of Mr Peter Laurance who controls Q-West Pty Ltd as trustee for the Pivot Group Trust which, in turn, owns the majority of shares in Pivot; and
- (ii) in the case of Mr Umberto Gianotti, he is a key consultant to Pivot.

No votes can be cast on Resolution 3 by Pivot Group or any of its associates.

GLOSSARY

In this Explanatory Memorandum, the following terms have the following meanings unless the context otherwise requires:

Annexure	An Annexure to this Explanatory Memorandum.
ASIC	Australian Securities & Investments Commission.
ASX	ASX Limited (formerly the Australian Stock Exchange Limited and now operating under the name, Australian Securities Exchange).
ASX Listing Rules	The listing rules of the ASX.
Axiom or Company	Axiom Properties Limited ABN 40 009 063 834
Axiom's Nominee	Axiom Properties Funds Management Pty Ltd ACN 124 799 837 as trustee for the Axiom Property Trust No. 1 or such other controlled entity or trust of Axiom as the Directors nominate.
Board	The board of directors of the Company.
Charter Hall Limited	Charter Hall Limited ACN 113 531 150.
Charter Hall Strategic Alliance Agreement	The Strategic Alliance Agreement dated 5 October 2006 between Pivot, Axiom and Charter Hall Limited.
Corporations Act	Corporations Act 2001 (Cth).
Development Agreements	Each of the following agreements: (a) Road Construction Agreement dated 17 May 2007 between Sadri, Pivot and Bianco Properties Pty Ltd in relation to the construction of a two lane road within a portion of Lot 110; (b) A Forward Works Contract between Pivot and ADCIV Pty Ltd ACN 109 128 378 in relation to preliminary site works on Lot 30 and Lot 110 to be entered into prior to the date of the Meeting, which works have commenced at the date of this Notice; (c) Bonding Agreement dated on or about 19 October 2007 between Pivot and the City of Port Adelaide Enfield in relation to the construction of certain storm works and infrastructure, a condition of the development approval for the division of Lot 101 into lots 109, 110 and 111,

and pursuant to which Pivot has provided a bank guarantee for \$454,175 in favour of the City of Port Adelaide Enfield;

- (d) all other development agreements in relation to Lot 30 and Lot 110 entered into by Pivot after the date of this Notice and before the date of the Meeting; and
- (e) all pending development applications, intellectual property, records, documents and things necessary to enable the development of each of Lot 30 and Lot 110 to continue to be carried on as a going concern.

Director	A director of the Company.
Gepps Cross Property Opportunity	The opportunity to take a transfer of the Relevant Agreements and pursuant to those Relevant Agreements to acquire the Gepps Cross Properties. A reference to a 50% interest in the Gepps Cross Property Opportunity is a reference to an interest as tenant in common in equal shares in relation to each of the Relevant Agreements and each of the Gepps Cross Properties.
Gepps Cross Properties	16.563 hectares of vacant land, with development approval for an integrated bulky goods retail complex with a total gross leasable area of 55,814 m ² at Gepps Cross South Australia, comprising Lot 30 and Lot 110. The development is subject to building rules consent which is outstanding at the date of this Notice.
Harvey Norman Holdings Limited	Harvey Norman Holdings Limited ACN 003 237 545.
Independent Expert	PKF Corporate Advisory Services (WA) Pty Ltd.
Independent Expert's Report	The report prepared by the Independent Expert dated 25 October 2007 and attached as Annexure A.
Lot 30 Proprietors	Illhan Sadri ATF The Highland Family Trust, Ramil Sadri ATF The River Family Trust and Nailya Tashkent ATF The Primerose Family Trust.
Meeting	The Annual General Meeting the subject of the Notice.
Notice	The Notice of Annual General Meeting which accompanies this Explanatory Memorandum.
Lot 30	The whole of the land comprised in Certificate of Title Volume 5386 Folio 822, known as Lot 30 Main North Road Gepps Cross.

Lot 101	The whole of the land comprised in Certificate of Title Volume 5968 Folio 762 and known as Lot 101 Main North Road Gepps Cross, which land is the subject of a land division application to divide the land into three allotments known as lots 109, 110 and 111.
Lot 110	A portion of the land comprised in Lot 101, which portion is to comprise Lot 110 upon the completion of the division of Lot 101 into three allotments known as lots 109, 110 and 111.
Pivot	Pivot Group Pty Ltd ACN 008 459 685.
Pivot Securities	The following securities in relation to Lot 110: (a) a bank guarantee for \$454,175 in favour of the City of Port Adelaide Enfield; (b) a bank cheque for \$100,671 in favour of SA Water Corporation; and (c) a bank guarantee for \$44,271 in favour of SA Water Corporation.
Property Opportunity	A project development opportunity which Pivot or a related body corporate holds a legal or equitable right or interest, and which has received development approval.
Relevant Agreements in relation to Lot 30	Each of the following agreements: (a) Put and Call Option Deed dated 10 October 2006 between the Lot 30 Proprietors and Pivot, as varied by Deed of Variation dated 27 July 2007, and including a draft Contract for Sale and Purchase of Land between Lot 30 Proprietors and Pivot to be entered into pursuant to the Put and Call Option Deed; and (b) the Development Agreements relating to Lot 30.
Relevant Agreements in relation to Lot 110	Each of the following agreements: (a) Call Option Agreement dated 10 October 2006 between Roostam Sadri ("Sadri") and Pivot, as varied by Deeds of Variation dated 17 May 2007 and 27 July 2007, and including a Contract for Sale and Purchase of Land between Sadri and Pivot to be entered into pursuant to the Option Deed;

- (b) the Development Agreements relating to Lot 110; and
- (c) Agreement in relation to Sadri's Obligations pursuant to the Road Construction Agreement dated 27 July 2007 between Sadri and Pivot.

Resolution

A resolution proposed pursuant to the Notice.

Share

A fully paid ordinary share in the capital of the Company

Shareholder

A shareholder of the Company.

Strategic Alliance Agreement

The Strategic Alliance Agreement dated 29 September 2006 between the Company and Pivot, as amended by Deed of Variation dated 5 October 2006.

ANNEXURE A

INDEPENDENT EXPERT'S REPORT

25 October 2007

The Independent Directors
Axiom Properties Limited
Level 45, Bankwest Tower
108 St Georges Terrace
Perth WA 6000

Dear Sirs

INDEPENDENT EXPERT'S REPORT

1 INTRODUCTION AND SUMMARY OF OPINION

- 1.1 You have requested that PKF Corporate Advisory Services (WA) Pty Ltd ("**PKFCA**") prepare an Independent Expert's Report ("**IER**" or "**Report**") to assist non-associated shareholders of Axiom Properties Limited ("**Axiom**" or "**the Company**") in approving the acquisition of a 50% interest in Lot 30 on Main North Road, Gepps Cross, South Australia 5094 ("**Lot 30**") and the acquisition of a 50% interest in Lot 110 on Main North Road, Gepps Cross, South Australia 5094 ("**Lot 110**") (and collectively referred to as "**Gepps Cross**") from Pivot Group Pty Ltd ("**Pivot**") for cash consideration ("**the Transaction**" and detailed further in section 2 of this Report).
- 1.2 Axiom may appoint such other controlled entity or trust of Axiom as the directors nominate to undertake the Transaction.
- 1.3 Pivot is a substantial shareholder of Axiom and a related party through a family relationship of directors in Pivot and Axiom.
- 1.4 Axiom is required under Chapter 10 of the Australian Securities Exchange ("**ASX**") Listing Rules to obtain shareholders' approval for the Transaction.
- 1.5 Listing Rule 10.1 of the ASX Listing Rules prohibits a listed company from acquiring a substantial asset from, or disposing of a substantial asset to, a substantial shareholder (that is a shareholder who is entitled to at least 10% of the voting securities of the company) or a related party, without first obtaining shareholders' approval.
- 1.6 Details of an IER required under this Listing Rule are described further in this Report.
- 1.7 We understand that the Report will be distributed to the shareholders of Axiom, together with the Notice of General Meeting ("**NOM**") and Explanatory Memorandum ("**EM**") setting out the details of the Transaction in order to assist non-associated shareholders in voting at the annual general meeting of Axiom scheduled for on or around 27 November 2007.

Summary of Opinion

- 1.8 In our opinion, the Transaction is **fair and reasonable** to the non-associated shareholders of Axiom.

PKF is a national association of independent chartered accounting and consulting firms, each trading as PKF. PKF Australia Ltd is also a member of PKF International, an association of legally independent chartered accounting and consulting firms.

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PKF Corporate Advisory Services (WA) Pty Ltd | Australian Financial Services Licence 240566 | ABN 68 009 423 152

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- 1.9 We have assessed that the total consideration payable by Axiom to Pivot and the respective vendors of Gepps Cross is equal to the fair market value of Axiom's 50% interest in Gepps Cross, based on an independent property valuation provided by Savills (WA) Pty Ltd ("**Savills**"), and the consideration payable by Axiom to Pivot as the Assignment Consideration for Lot 30 and the Assignment Consideration for Lot 110 is equal to the difference between the fair market values of Lot 30 and Lot 110, and the purchase prices under the respective contracts for the sale and purchase of the lots. The details of which are provided in Section 7 of this Report.
- 1.10 The value consideration only constitutes one element of our assessment of the fairness and reasonableness of the Transaction. After assessing the other considerations relating to the Transaction, we are of the opinion that there are reasonable grounds for Axiom's non-associated shareholders to approve the Transaction as the positives of the Transaction outweigh the negatives of the Transaction.
- 1.11 Therefore, we consider the Transaction on the whole to be fair and reasonable to Axiom's non-associated shareholders.
- 1.12 The rationale for our opinion is explained in more detail in this Report.

Purpose of the Report

- 1.13 This Report has been prepared solely for the purpose of assisting the non-associated shareholders of Axiom in considering whether to approve the Transaction proposed by the Independent Directors of Axiom. This Report has not been prepared, to provide information to parties considering the purchase or sale of any equity or other security in Axiom. Accordingly we do not assume any responsibility or liability for any losses suffered as a result of the use of this Report contrary to the provisions of this paragraph.
- 1.14 This Report will accompany the NOM and EM, which will be distributed to shareholders of Axiom to assist non-associated shareholders in voting at the annual general meeting of Axiom which is scheduled for on or around 27 November 2007.

Our Approach and Basis of Assessment

- 1.15 The IER is required pursuant to the requirements of Chapter 10 of the ASX Listing Rules.
- 1.16 Listing Rule 10.1 prohibits a listed company from acquiring a substantial asset from, or disposing of a substantial asset to, a substantial shareholder (that is a shareholder who is entitled to at least 10% of the voting securities of the company) or a related party, without first obtaining shareholders' approval.
- 1.17 An asset is substantial if its value or the value of the consideration for it is 5% or more of the sum of the equity interests of the Company as at the date to which the last audited accounts were prepared.
- 1.18 Pivot and its associated entity are considered a substantial shareholder for the purpose of Listing Rule 10.1 as Pivot and its associates hold 28.33% of the voting shares in Axiom. Further, Pivot is also a related party of Axiom, as Pivot is controlled by Mr Peter Laurance, the father of a director of Axiom, Mr Ben Laurance.
- 1.19 The cash consideration for the proposed transaction constitutes a substantial asset of the Company, as defined in Listing Rule 10.2, and will therefore be a disposal of a substantial asset to a related party/substantial shareholder for the purposes of Listing Rule 10.1.
- 1.20 The ASX Listing Rules do not define the term "fair and reasonable". However, we note that the Transaction, and its approval by non-associated shareholders, is similar to an acquisition required to be approved by non-associated shareholders pursuant to section 611 of the Corporations Act 2001 ("**Corporations Act**"). It is common practice for an independent expert to approach a report pursuant to Listing Rule 10.1 in a similar manner to a report required under section 611 of the Corporations Act.

- 1.21 Although the expression “fair and reasonable” is also not defined under the Corporations Act, guidance is provided by Australian Securities and Investment Commission (“ASIC”) Regulatory Guides (“RG”) which establish certain guidelines in respect of independent expert’s reports required under the Corporations Act.
- 1.22 In particular, RG 74 “Acquisitions agreed to by shareholders”, RG 42 “Independence of expert’s reports” and RG 12 “Valuation reports and other Forecasts” have been considered.
- 1.23 RG 74 relates to acquisitions agreed to by shareholders and requires an analysis of whether the proposal is fair and reasonable when considered in the context of the interests of the non-associated shareholders.
- 1.24 In the context of Section 611 of the Corporations Act, what is fair and reasonable is judged in all the circumstances of the proposal. This includes considering factors other than value. Comparing the value of the shares to be acquired under the proposal and the value of the consideration to be paid is only one element of this assessment.
- 1.25 For the purpose of our opinion, the term “fair market value” is defined as the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser and a knowledgeable, willing, but not anxious vendor, acting at arm’s length.
- 1.26 In this circumstance, we have treated the concepts of fairness and reasonableness as a single opinion, that is, the Transaction either is or is not fair and reasonable. Accordingly, in evaluating the fairness and reasonableness of the Transaction, we have compared the offer consideration and the value of assets under offer as only one element of our assessment. We have also considered other significant factors that are relevant to the decision by the non-associated shareholders of Axiom.

Reliance on Information

- 1.27 This Report is based upon financial and other information provided by Axiom. PKFCA has considered and relied upon this information. PKFCA believes the information provided to be reliable, complete and not misleading, and has no reason to believe that any material facts have been withheld. The information provided was evaluated through analysis, inquiry and review for the purpose of forming an opinion as to whether the Transaction is fair and reasonable.
- 1.28 PKFCA does not warrant that its inquiries have identified or verified all of the matters which an audit, extensive examination or full scope “due diligence” investigation might disclose. In any event, an opinion as to whether a Transaction is fair and reasonable is in the nature of an overall opinion rather than an audit or detailed investigation. Preparation of this Report does not imply that PKFCA has audited or in any way verified the financial accounts or other records of Axiom.
- 1.29 It is understood that the accounting information provided to PKFCA was prepared in accordance with generally accepted accounting principles and except where noted, prepared in a manner consistent with the method of accounting used by Axiom in previous accounting periods, including the adoption of IFRS.
- 1.30 An important part of the information base used in forming an opinion of the kind expressed in this Report is the opinion, judgement and representations of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of external verification or validation.
- 1.31 PKFCA accepts no responsibility for any claim arising out of misstatements or omissions in any material supplied by Axiom, its directors or employees, on which PKFCA has relied for the purposes of this Report.

Reliance on Independent Property Valuations

- 1.32 We have engaged Savills to provide an independent property valuation of Gepps Cross to assist us in the preparation of our IER.
- 1.33 A summary report on the independent property valuation is attached at Appendix 1 to our Report and should be read in conjunction with our Report. We are satisfied that:
- the independent property valuer that we have engaged has appropriate qualifications, industry experience and competence to conduct its assessments;
 - the independent property valuer that we have engaged is independent to Axiom and to Pivot;
 - the methodologies used in its valuation are consistent with generally accepted industry practice; and
 - the independent property valuation report contains sufficient information to support the conclusions made.
- 1.34 The complete independent property valuation report of Gepps Cross can be inspected at the offices of PKFCA on Level 7, BGC Centre, 28 The Esplanade, Perth WA 6000.

Current Market Conditions

- 1.35 Our opinion is based on economic, market and other conditions prevailing at the date of this Report. Such conditions can change significantly over relatively short periods of time.

Individual Circumstances

- 1.36 PKFCA has not considered the effects of the Transaction on the particular circumstances of individual Axiom shareholders. Some individual shareholders may place a different emphasis on various aspects of the Transaction from that adopted in our Report. Accordingly, individuals may reach different conclusions on whether or not the Transaction is in their particular best interests. Non-associated shareholders should consider the opinion of PKFCA in the context of their own circumstances and preferences.
- 1.37 This Report has been prepared and included in the EM to provide shareholders with general information only and does not take into account the objectives, financial situation, tax position or other needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances, having regard to their objectives, financial situation or needs. Shareholders who are in doubt should consult their own professional adviser.
- 1.38 PKFCA holds an Australian Financial Services Licence. As a holder of an Australian Financial Services Licence we are required to provide a Financial Services Guide in situations where we may be taken as providing financial product advice to retail clients. A copy of the PKFCA Financial Services Guide is set out in Appendix 2 of this Report.

2 DETAILS OF THE TRANSACTION

- 2.1 We understand that Axiom and its respective joint venture parties are proposing to acquire Gepps Cross through the following arrangements (referred to as the Transaction):
- (i) deeds of assignment of agreements (including other agreements relevant to Lot 30 and Lot 110) previously entered into between Pivot and the respective vendors/parties in relation to Gepps Cross. In this respect, Axiom and its respective joint venture parties will

pay the respective vendors the agreed purchase prices set out in the respective contracts for the sale and purchase of land previously entered into by Pivot;

- (ii) an assignment of two put and call deeds (including variation deeds) and other associated agreements with Pivot in respect of Lot 30 and Lot 110. In this respect, Axiom and its respective joint venture parties will pay Pivot the difference between the fair market value of Gepps Cross and the purchase price paid to the vendors of Lot 30 and Lot 110;
- (iii) an assumption of Pivot's obligations under the development agreements relating to Lot 30 and Lot 110, or entry into agreements with other parties for the purpose of replacing the aforementioned development agreements; and
- (iv) in all of the above, Axiom's interest, and hence obligations, would be 50%.

2.2 In respect of acquiring a 50% interest in the Gepps Cross land and development agreements:

- (i) Axiom will pay to the vendors of Gepps Cross an aggregate cash consideration of \$12,692,950 plus GST (if applicable);
- (ii) Axiom will pay to Pivot an aggregate cash consideration of \$12,151,550 plus GST (if applicable);
- (iii) Axiom will reimburse 50% of third party costs incurred by Pivot for a stipulated time period as set out in the NOM; and
- (iv) Axiom will replace bank guarantees and cheques provided by Pivot to various parties as a form of security in relation to Lot 110 to the value of \$299,559.

2.3 Gepps Cross, which has a combined area of approximately 165,000 square metres, is a proposed bulky goods / homemaker centre site located 10km north of the Adelaide central business district. Harvey Norman has committed via a letter agreement, to lease 12,000 square metres of space to anchor the development once completed.

Lot 30

2.4 Pivot entered into a contract for the sale and purchase of land with the vendor, Illhan Sadri ("I Sadri") for Lot 30, through a call and put option deed dated 10 October 2006 (varied by a deed of variation dated 27 July 2007). The contract for the sale and purchase of land gave Pivot the option to purchase the land and I Sadri the option to sell the land at a price of \$11,948,400 (\$180 per square metre) plus GST (if applicable). The settlement price is \$10,748,400 plus GST (if applicable) after deducting an option fee of \$1,200,000 paid by Pivot upon the signing of the put and call option deed with I Sadri.

2.5 On 30 July 2007, I Sadri exercised its put option against Pivot.

2.6 Under the proposed assignment of the call and put option deed between Pivot, Axiom and a subsidiary of Harvey Norman Holdings Limited ("**Harvey Norman**"), Axiom and Harvey Norman are required to pay to Pivot, the difference between the fair market value of Lot 30 and the balance purchase price of \$10,748,400 plus GST (if applicable) under the contract for the sale and purchase of Lot 30 between Pivot and I Sadri. This amount represents the consideration payable to Pivot for the assignment of the contract for the sale and purchase of Lot 30 (referred to as "**Assignment Consideration for Lot 30**"). The Assignment Consideration for Lot 30 is \$9,165,600 plus GST (if applicable), representing the difference of \$120 per square metre between the fair market value of \$300 per square metre and the contracted purchase price of \$180 per square metre plus the option fee of \$1,200,000.

2.7 In the above, Axiom's 50% interest will represent \$5,374,200 plus GST (if applicable) payable to I Sadri and \$4,582,800 plus GST (if applicable) payable to Pivot.

Lot 110

2.8 Pivot entered into a contract for the sale and purchase of land with the vendor, Roostam Sadri ("**R Sadri**") for Lot 110, through a call and put option deed dated 10 October 2006 (varied by deeds of variation dated 17 May 2007 and 27 July 2007). The contract for the sale and

purchase of land gave Pivot the option to purchase the land and R Sadri the option to sell the land at a price of \$14,887,500 (\$150 per square metre) plus GST (if applicable). The settlement price is \$14,637,500 plus GST (if applicable) after deducting an option fee of \$250,000 paid by Pivot upon the signing of the put and call option deed with R Sadri.

- 2.9 As at the date of this Report, we understand that both the call and put options have not be exercised by either parties.
- 2.10 Under the assignment of the call and put option deed between Pivot, Axiom and a subsidiary of Charter Hall Limited ("**Charter Hall**"), Axiom and Charter Hall are required to pay to Pivot, the difference between the fair market value of the land and the balance purchase price of \$14,637,500 plus GST (if applicable) under the contract for the sale and purchase of Lot 110 between Pivot and R Sadri. This amount represents the consideration payable to Pivot for the assignment of the contract for the sale and purchase of Lot 110 (referred to as "**Assignment Consideration for Lot 110**"). The Assignment Consideration for Lot 110 is \$15,137,500 plus GST (if applicable), representing the difference of \$150 per square metre between the fair market value of \$300 per square metre and the contracted purchase price of \$150 per square metre plus the option fee of \$250,000.
- 2.11 In the above, Axiom's 50% interest will represent \$7,318,750 plus GST (if applicable) payable to R Sadri and \$7,568,750 plus GST (if applicable) payable to Pivot.

Funding

- 2.12 Funding of the proposed acquisition will be in the form of external debt or a loan from Pivot. In the event that Axiom cannot source external debt, Pivot will provide Axiom with a short-term, interest bearing, unsecured loan of up to \$24,303,100 plus Axiom's share of Pivot reimbursements plus GST (if applicable) with interest charged at commercial rates. If Axiom fails to raise sufficient capital to repay monies due to Pivot by 28 February 2008, Axiom is obliged to transfer to Pivot, its interest in Gepps Cross in consideration for the repayment of the loan.

Development

- 2.13 The development of the properties into a bulky goods / homemaker centre will be undertaken by Axiom and its joint venture partners Harvey Norman and Charter Hall. A separate letter agreement has been executed between Axiom and each of its joint venture partners for the assignment of Pivot's rights in relation to Lot 30 and Lot 110 and the development of the respective lots of the property.

3 INDUSTRY OVERVIEW

- 3.1 Axiom is a property development company with the majority of its property investments currently not revenue generating. We have performed a high level review of the outlook for the property development industry for the short to medium term.
- 3.2 IBISWorld reports that the industry (Australia wide) is expected to grow by an average of 3.0 per cent per annum in the five years to 2012-13, underpinned by growth averaging 2.8 per cent per annum in the value of work done in the commercial and industrial building market, while GDP is projected to grow at an average annualised real rate of 3.3 per cent.
- 3.3 IBISWorld estimates a slowdown in the average economy-wide consumer spending real growth rate to an annualised rate of 2.9 per cent in the five years to 2009-10, compared with an annualised rate of 3.9 per cent in the previous five years to 2004-05. Growth in economy-wide employment is anticipated to also slow significantly. Slower growth in both consumer spending and employment will have a moderating effect on tenant demand for most types of non-residential property.
- 3.4 According to IBISWorld, expansion in the Commercial and Industrial Building Construction Industry has also slowed over the past two years, growing by just 3.4% in 2006-07. This corresponds with the slower growth projected in the value of commercial and industrial building

construction which increased by approximately 2.5% in 2006-07. The completion of several large scale office and shop developments in 2005-06 and the weakening in investment conditions due to contracting interest rate settings accounted for the slowing pace of expansion.

- 3.5 IBISWorld predicts that demand for the commercial building construction sub sector will grow strongly across most major categories, supported economically by steady growth in household disposable income, total employment, and company profitability. Along with this, the demand for industrial building and other business and industrial premises construction is projected to remain strong.
- 3.6 IBISWorld expects activity in the office construction market to remain buoyant up until June 2010 and then experience only marginal growth after this period. It is anticipated that large scale aging office stock will be withdrawn from the rental market and extensively renovated or demolished to make way for new premium office developments particularly in inner CBD areas over the next five years.
- 3.7 According to IBISWorld, the retail construction market is expected to experience steady growth over the next five years after an initial recovery from a cyclical trough. This will correspond with the projected growth in consumer spending while the value of annual retail store construction is expected to remain at historically high levels.
- 3.8 Any overall increase in investment in rental property would generally act to reduce rental yields (i.e. with all other yield determinants remaining constant) and increase capital returns for existing investors. A rise in interest rates and/or a prolonged upturn in equity markets could see a reallocation of investment funds away from property.
- 3.9 Overall, the property development industry should remain strong over the short to medium term. However, this is dependent on a number of factors including employment levels, consumer spending, interest rates and inflation.

(Source: IBISWorld October 2007)

4 AXIOM PROPERTIES LIMITED

Overview of the Business

- 4.1 Axiom is a property development company listed on the ASX. Axiom has participated in a number of property projects around Australia. This includes 100 St George's Terrace in Perth, Western Australia, Port Geographe joint venture in Busselton, Western Australia, The Age Buildings in Melbourne, Victoria and World Park01 in Keswick, South Australia.
- 4.2 Axiom received shareholders' approval on 4 April 2007 to acquire, from Pivot Group, land to build a childcare centre at Butler, Western Australia, and land to build a medical centre at Caboolture, Queensland. The land at Caboolture was acquired and resold in August 2007 for a profit of \$862,000. Settlement for the acquisition of the land at Butler is expected to take place between October 2007 and December 2007.
- 4.3 We understand that Axiom has recently been concentrating its efforts on diversifying its property portfolio across property sectors and across all Australian states.
- 4.4 On 5 October 2006, Axiom completed a 15% share placement to raise \$13,083,900 via the issue of 43.16 million shares at 30 cents each. The funds raised were to be used to take advantage of new development opportunities that are expected to flow from the Strategic Alliance Agreement with Pivot.

Strategic Alliance with Pivot

- 4.5 Pivot acquired a controlling interest in Axiom on 11 April 2006. Axiom and Pivot entered into a Strategic Alliance Agreement on 29 September 2006 ("**Agreement**"), which was to, over the

next three years, provide Axiom with the first right to acquire / participate in Pivot's property development projects throughout Australia.

- 4.6 The Agreement requires Pivot to offer to Axiom the right to acquire, at the greater of cost or valuation, each property development opportunity as and when such opportunity is granted all regulatory approvals and is therefore ready for development. Any development which Pivot had obtained regulatory approvals for and which was under construction at the commencement of the Agreement, could be offered to Axiom at Pivot's election.
- 4.7 The concept of the Agreement was for Pivot to source new projects and to remove from such projects, the approval and zoning risks before presenting the project to Axiom for its consideration. During the term of the agreement, it would be Axiom's intention to develop the executive skills to find its own projects.
- 4.8 Since obtaining a controlling interest in the Company, Pivot has introduced or facilitated, and Axiom acquired, a number of opportunities including the Century City office interest, The Age site in Melbourne, the property at Caboolture (which the Company has now disposed) and the property at Butler.

Property Portfolio and Interests

- 4.9 We provide a brief description of the property portfolio and interests of Axiom that we are aware of as at the date of this Report.

Port Geographe Joint Venture

- 4.10 The Port Geographe Project is an integrated residential and waterway development overlooking Geographe Bay, north of Busselton, Western Australia.
- 4.11 Axiom owns a 40% interest in the profits of the Port Geographe Joint Venture, the purpose of which is to develop the remaining stage of the Port Geographe Project. The remaining 60% of the project is owned by Macsea Nominees Pty Ltd, which in turn is owned by interests associated with Macquarie Bank Limited and Mr Luke Saraceni.
- 4.12 The first sales of the development occurred in the March quarter of 2006 and to-date, six stages have been pre-sold resulting in 206 lots being sold for a total of approximately \$102.6 million. Construction has started on the first stages of the development with the first titles expected to be issued in the first half of the 2007/2008 financial year.

Century City – 100 St George's Terrace, Perth, Western Australia

- 4.13 On 26 June 2006, Axiom entered into a Development Agreement with Industry Superannuation Property Trust and Pivot to participate in the office component of the development known as "Century City" at 100 St Georges Terrace Perth.
- 4.14 Under the terms of the agreement, Axiom has injected a total of \$4 million and will inject a further \$1 million in January 2008 in order to earn a 50% share in the net profit of the commercial office component of the 17-storey office building.

The Age Site, Melbourne, Victoria

- 4.15 On 22 February 2007, Axiom formed a joint venture with Industry Superannuation Property Trust Number 3 to buy "The Age" Newspapers Melbourne headquarters for \$66.1 million. The site comprises an area of approximately 15,200 square metres opposite the newly redeveloped Spencer Street Station.
- 4.16 The Age will lease back all of the buildings on the site for three years which will result in a return of 6.5% per annum to the joint venture. Axiom believes that the site provides the opportunity to redevelop and accommodate major office tenants and apartment dwellers with environmentally sustainable space in a village atmosphere with transport access and retail conveniences.

World Park01, Adelaide, South Australia

- 4.17 Axiom has contracted to purchase a site in Keswick, on the fringe of Adelaide's CBD, to develop this innovative business precinct.
- 4.18 Coffey International will anchor the first of three stages of the development with a commitment to occupy 7,000 square metres in Stage 1 (out of a total of 9,000 square metres) of "new generation" office space, to be known as World Park01. We have been advised that the expected end value of the total project is estimated to be approximately \$150 million.
- 4.19 The development will be staged over three years, with Coffey International's commitment of nearly 80% of the first building anchoring the Stage 1 office. Construction is expected to commence in early 2008. Settlement on the land is not expected to occur until the end of 2007.

Butler, Western Australia

- 4.20 Axiom obtained shareholders' approval to acquire, from Pivot, a block of land located at Marchwood Boulevard, Butler, Western Australia, for the construction of a purpose built childcare centre. DayCare Australia Pty Ltd has agreed to enter into a 15 year lease pre-commitment. The consideration for the purchase of land is \$1,050,000. Settlement of this acquisition is expected to take place between October 2007 and December 2007.

Board of Directors

- 4.21 The board of directors is detailed below:

Ian Laurance AM – Executive Chairman

- 4.22 Mr Ian Laurance is a former State Minister for Housing, Tourism and Lands. Until recently, Mr Laurance was Chairman of the Midland Redevelopment Authority and currently sits on the Board of a number of semi-government and not-for-profit organisations.

Ben Laurance – Managing Director

- 4.23 Mr Ben Laurance is the Managing Director of Axiom, and an Executive Director of Axiom's major shareholder, Pivot.
- 4.24 Mr Laurance joined the family business of Pivot in June 2001 after a 10-year career as an investment advisor to domestic and American institutions on Australian equities, the latter part of that career being based in Sydney. His role as Executive Director of all Pivot companies is to oversee and manage the incubation of its development projects, as well as identify and source other unique opportunities around Australia.

Umberto Gianotti – Non-Executive Director

- 4.25 Mr Gianotti is a non-executive director of Axiom and a property lawyer for Pivot. He was a former partner of a national law firm and has specialised in property law for 30 years. Mr Gianotti has also supervised the financial audit of major commercial building projects.

Michael Blakiston – Non-Executive Director

- 4.26 Mr Blakiston is a non-executive director of Axiom and is a practicing solicitor with legal experience in the resources sector. Mr Blakiston holds the degrees of Bachelor of Jurisprudence and Bachelor of Laws from the University of Western Australia and is a partner of the corporate and resource law firm, Blakiston & Crabb. Mr Blakiston has been practicing law for over 25 years.
- 4.27 Mr Blakiston has commercial experience both in advisory and directorial capacities having been involved in project assessment, structuring and financing, joint ventures and strategic alliances in the resource industry. In addition, Mr Blakiston has experience in initial public offerings,

takeovers and mergers, corporate and project fundraisings, construction, offtake and sales contracts.

- 4.28 Mr Blakiston is also a director of Platinum Australia Ltd, Vulcan Resources Limited, Rox Resources Limited and Aurora Oil & Gas Limited.

Financial Information

- 4.29 Set out below is information extracted from the audited Income Statements of Axiom for the financial years ended 30 June 2005, 30 June 2006 and 30 June 2007, which are not qualified and prepared on a going concern basis.

Income Statement	Audited 30 June 2005 \$'000	Audited 30 June 2006 \$'000	Audited 30 June 2007 \$'000
Sales	3,410	1,124	10,240
Cost of sales	(1,107)	(721)	(5,010)
Gross profit	2,303	403	5,230
Other Income	276	637	1,687
Depreciation	(32)	(27)	(24)
Rates and taxes	(3)	(10)	(4)
Rent	(32)	(35)	(100)
Employee benefits expense	(359)	(478)	(1,363)
Site maintenance	(6)	(1)	-
Share of net result of jointly controlled entities accounted for using the equity method	-	-	(19)
Other expenses from ordinary activities	(222)	(225)	(747)
Operating profit before financing costs	1,925	264	4,660
Finance Costs	(847)	(915)	(866)
Profit / loss before income tax	1,078	(651)	3,794
Income tax (expense) / benefit	-	3,830	(1,548)
Profit after related income tax	1,078	3,179	2,246
Profit / (loss) for the year	1,078	3,179	2,246

Source: Audited financial statements

- 4.30 We comment on the major movements in the Income Statements as follows.
- 4.31 Sales revenue increased by \$9.12 million during the year ended 30 June 2007 as a result of a \$10 million advance relating to profit share on the office component of Century City.
- 4.32 Gross revenue increased while net profit after tax decreased during the year ended 30 June 2007 as a result of income tax expense being incurred during 2007 while a benefit was received during 2006.
- 4.33 Set out below is information extracted from the audited Balance Sheets of Axiom for the financial years ended 30 June 2005, 30 June 2006 and 30 June 2007, which are not qualified and prepared on a going concern basis.

Balance Sheet	Audited	Audited	Audited
	30 June 2005 \$'000	30 June 2006 \$'000	30 June 2007 \$'000
Current Assets			
Cash	358	2,004	4,767
Receivables	222	250	209
Other	434	-	4,494
Total Current Assets	1,014	2,254	9,470
Non-Current Assets			
Investments accounted for using the equity method	10,448	10,448	26,041
Property, Plant & Equipment	86	62	46
Other	10	3,830	3,823
Total Non-Current Assets	10,544	14,340	29,910
Total Assets	11,558	16,594	39,380
Current Liabilities			
Payables	282	381	3,297
Interest bearing liabilities	9	11	11
Provisions	9	-	-
Total Current Liabilities	300	392	3,308
Non-Current Liabilities			
Interest bearing liabilities	9,567	9,555	9,543
Other	-	-	863
Total Non-Current Liabilities	9,567	9,555	10,406
Total Liabilities	9,867	9,947	13,714
Net Assets	1,691	6,647	25,666
Equity			
Issued capital	37,650	39,427	55,430
Reserves	-	-	770
Accumulated losses	(35,959)	(32,780)	(30,534)
Total Equity	1,691	6,647	25,666

Source: Audited financial statements

- 4.34 Investments increased by \$15.59 million between 2006 and 2007 primarily as a result of the acquisition of The Age site in joint venture with ISPT.
- 4.35 Issued capital increased by \$16 million between 2006 and 2007 mainly as a result of a share placement performed by Axiom on 6 October 2006.

Capital Structure and Ownership

- 4.36 Axiom had on issue 335,370,532 fully paid ordinary shares and 161,000,000 unlisted options as at 14 September 2007. The major shareholders and option holders are summarised as follows:

Shareholder	Number of Shares	% of Issued Capital	Unlisted Options
Pivot Group Pty Ltd	53,000,000	15.80	-
Startrend Investments Pty Ltd	25,000,000	7.45	40,000,000
Pivot Projects Pty Ltd	21,700,000	6.47	-
Laurance Super Pty Ltd	20,300,000	6.06	100,000,000
Charter Hall Limited	16,700,000	4.98	-
Thorney Investments Pty Ltd	11,357,302	3.39	-
Advent Capital Limited	9,599,823	2.86	-
National Nominees Limited	9,000,085	2.68	-
Other minority holders	168,713,322	50.31	21,000,000
Total	335,370,532	100.00	161,000,000

Source: Axiom's share register

- 4.37 The major shareholder is Pivot Group Pty Ltd who currently holds 53,000,000 fully paid ordinary shares in Axiom representing 15.8% of the total Axiom shares on issue. Pivot Projects Pty Ltd is an associated entity and holds 6.47% of the total Axiom shares on issue. Pivot Group Pty Ltd, Pivot Projects Pty Ltd and Laurance Super Pty Ltd are entities associated with Mr Peter Laurance. Together, Pivot and its associates hold 28.33% of voting shares in Axiom.
- 4.38 Startrend Investments Pty Ltd is an entity associated with Mr Ben Laurance.
- 4.39 The table below illustrates the existing capital structure as at 14 September 2007 and the capital structure following completion of the Transaction:

	Existing Capital Structure		Post Transaction	
	Number of Shares	Shareholding %	Number of Shares	Shareholding %
Existing shareholders	240,370,532	71.67%	240,370,532	71.67%
Pivot and its associates	95,000,000	28.33%	95,000,000	28.33%
Total Undiluted Shares	335,370,532	100.00%	335,370,532	100.00%

Notes: The total number of options is not expected to change Post Transaction.

- 4.40 Given that the Transaction is for cash, there will be no new shares issued and therefore, no change in shareholding post Transaction. Accordingly, there will be no dilution to existing shareholders from the Transaction.

5 PIVOT GROUP PTY LTD

Background and Overview of Operations

- 5.1 Pivot is an Australian private development company with over 34 years of experience as a developer, project manager and operator of retail, commercial, hotel, resort, marina and theme park developments. Pivot has created and developed numerous property development opportunities at various stages of planning development. Pivot is a related party of Axiom and a major shareholder.
- 5.2 The first Pivot company was formed in 1972 to develop a shopping centre in Victoria Park, Western Australia. In 1984 Pivot Group purchased the Sea World Theme Park on Queensland's Gold Coast. After floating the Sea World Property Trust for \$93 million on the Australian Stock Exchange in 1985, it transformed the property into an international standard tourist attraction, catering for 1.5 million visitors per year.
- 5.3 In 1989, Sea World formed a joint venture with Warner Bros and Village Roadshow Ltd to design, construct and operate Australia's first movie theme park. Mr Peter Laurance was the inaugural Chairman when Warner Bros Movie World opened on the Gold Coast in June, 1991, at a cost of \$150 million and employing 1,000 staff. Warner Bros/Village Roadshow purchased all of Pivot's theme park interests in 1993.
- 5.4 Since then, Pivot has specialised in developing high quality office buildings, shopping centres and bulky goods centre throughout Australia.
- 5.5 It has developed three major office buildings in West Perth for SGIO, Conoco-Phillips Petroleum and Sons of Gwalia, all of which were bought by Colonial First State Property Trust for \$70 million. Pivot also joint ventured with Multiplex to develop the Ernst & Young headquarters at the Perth Convention and Exhibition Centre, which was acquired for \$47 million by the Multiplex Property Trust.
- 5.6 It completed the development of a 12,000 square metre \$50 million office building in Adelaide to be the South Australian headquarters for international accounting firm KPMG, and a \$57 million bulky goods centre in Nunawading, Victoria which has been acquired by the Charter Hall Property Trust. Pivot is also involved in a joint venture with Harvey Norman and Charter Hall to develop a \$100 million bulky goods centre in the Melbourne suburb of Mentone.
- 5.7 Pivot has also completed the development of a 7,000 square metre office building on a major site it owns in Parliament Place, West Perth. Pivot completed a neighbourhood shopping centre in Mandurah anchored by Woolworths and ANZ Bank about 18 months ago.

Board of Directors

- 5.8 The board of directors of Pivot are as detailed below:

Peter Laurance AO – Executive Chairman

- 5.9 Mr Peter Laurance founded the first of the Pivot Group of companies in Perth, Western Australia in 1972, which grew into a publicly listed corporation in 1984 with offices and property assets throughout Australia. Pivot has been wholly owned by the Laurance family since it privatised the Group in 1990.
- 5.10 In 1990, Mr Laurance was appointed by the Queensland Government as Chairman of its Queensland Tourist and Travel Corporation, where he directed a team of 300 people in 17 offices worldwide to promote the State as Australia's premier tourist destination.
- 5.11 In 1992, Mr Laurance was invested as an Officer in the Order of Australia (AO) in recognition of his services to tourism and helping disadvantaged children. Mr Laurance is a Trustee of the Sydney based Sport and Tourism Youth Foundation, which grants scholarships for the education and training of disadvantaged young Australians.

Ben Laurance – Executive Director

- 5.12 Mr Laurance joined Pivot as a Director in June 2001 after 10 years as an investment advisor with Hartley Poynton, advising Australian and international institutions of Australian investments. With his experience in the corporate and financial markets, together with a strong property background, Mr Laurance provides the guidance, management and creation of property and corporate opportunities. Mr Laurance has a Bachelor of Economics degree from the University of Western Australia.

Dianne Laurance – Director

- 5.13 Dianne Laurance is involved in the finance area, the selection of staff and her specialised fields of interior design and landscaping. She is also responsible for the Group's Margaret River vineyard investment where she is developing a range of wines to be marketed under the "Laurance of Margaret River" label.

6 VALUATION OF ASSETS TO BE ACQUIRED

Valuation Methodology

- 6.1 We have relied on the fair market value provided by an independent property valuation in arriving at a valuation of Gepps Cross. In this regard, we engaged Savills to perform the independent valuation of Gepps Cross as at 20 September 2007.

Review of Property Valuations

- 6.2 We have reviewed the property valuation in order to assess whether PKFCA may rely on it for the purposes of its valuation assessment. Based on PKFCA's review, we have arrived at the following conclusions:
- the property valuation was prepared by an independent valuer, namely Savills;
 - the property valuer is adequately qualified and is an experienced professional;
 - the valuation methods used were appropriate for the type of property being valued and given the information available;
 - sufficient market evidence was obtained in forming any opinions;
 - the assumptions used appear reasonable for arriving at the property values.
- 6.3 Savills applied the direct comparison and residual analysis approaches to valuing the land on an 'as is' basis with development approval for the proposed development.
- 6.4 Lot 30 and Lot 110 were valued at a combined value of \$50,000,000 or \$300 per square metre.
- 6.5 Savills' summary report dated 22 October 2007 is attached in Appendix 1 of this Report.

7 COMPARISON OF CONSIDERATION AND ASSETS TO BE ACQUIRED

- 7.1 The table below summarises the total consideration payable under the Transaction and Axiom's 50% share of the total consideration payable for the acquisition of Lot 30 and Lot 110.

	Total consideration payable, \$		Axiom's 50% share, \$	
	Lot 30	Lot 110	Lot 30	Lot 110
Payable to vendors	10,748,400	14,637,500	5,374,200	7,318,750
Payable to Pivot	9,165,600	15,137,500	4,582,800	7,568,750
Total	19,914,000	29,775,000	9,957,000	14,887,500
Total (combined)	49,689,000		24,844,500	

Notes: GST will be added to the above amounts if applicable.

- 7.2 The total consideration payable by Axiom and Harvey Norman for Lot 30 is \$19,914,000 plus GST (if applicable). Axiom's 50% interest is \$9,957,000 plus GST (if applicable), of which \$5,374,200 plus GST (if applicable) will be paid directly to I Sadri for the settlement of the land purchase on behalf of Pivot and \$4,582,800 plus GST (if applicable) will be paid to Pivot as the Assignment Consideration for Lot 30.
- 7.3 The total consideration payable by Axiom and Charter Hall for Lot 110 is \$29,775,000 plus GST (if applicable). Axiom's 50% interest is \$14,887,500 plus GST (if applicable), of which \$7,318,750 plus GST (if applicable) will be paid directly to R Sadri for the settlement of the land purchase on behalf of Pivot and \$7,568,750 plus GST (if applicable) will be paid to Pivot as the Assignment Consideration for Lot 110.

Axiom's interest in Gepps Cross

- 7.4 The total consideration payable by Axiom to Pivot and the respective vendors of Lot 30 and Lot 110 for its 50% interest in Gepps Cross is \$24,844,500 plus GST (if applicable).
- 7.5 The combined fair market value of Lot 30 and Lot 110, based on the independent property valuation carried out by Savills on 20 September 2007, is \$49,689,000 plus GST (if applicable) based on \$300 per square metre and rounded to \$50,000,000 plus GST (if applicable). Axiom's 50% interest in the fair market value of Gepps Cross (comprising Lot 30 and Lot 110) is \$24,844,500 plus GST (if applicable) based on a valuation of \$300 per square metre.
- 7.6 If the rounded value of \$50,000,000 plus GST (if applicable) is used, Axiom's 50% interest in the fair market value of Gepps Cross would be \$25,000,000 plus GST (if applicable).
- 7.7 Therefore, the total consideration payable by Axiom is **equal to** the fair market value of Axiom's 50% interest in Gepps Cross based on the valuation at \$300 per square metre, or **lower than** the fair market value based on the rounded value of \$50,000,000 plus GST (if applicable).

Axiom's interest in Pivot's assignment agreement

- 7.8 The table below shows the consideration payable to various parties under the Transaction.

	Payable to vendors, \$		Payable to Pivot, \$	
	Total consideration	Axiom's share 50%	Total consideration	Axiom's share 50%
Lot 30	10,748,400	5,374,200	9,165,600	4,582,800
Lot 110	14,637,500	7,318,750	15,137,500	7,568,750
Total	25,385,900	12,692,950	24,303,100	12,151,550

Notes: GST will be added to the above amounts if applicable.

- 7.9 The total consideration payable by Axiom to Pivot as Assignment Consideration for Lot 30 and Assignment Consideration for Lot 110 is \$12,151,550 plus GST (if applicable).
- 7.10 The difference between the combined fair market values of Lot 30 and Lot 110 based on \$300 per square metre, and the combined purchase prices agreed with the respective vendors under the contract for the sale and purchase of Lot 30 and Lot 110 is \$24,303,100 plus GST (if applicable). Axiom's 50% share is \$12,151,550 plus GST (if applicable).
- 7.11 The total consideration payable by Axiom to Pivot as Assignment Consideration for Lot 30 and the Assignment Consideration for Lot 110 is **equal to** the difference between the combined fair market values of Lot 30 and Lot 110 and the combined balance purchase price of \$25,385,900 plus GST (if applicable) under the contract for the sale and purchase of Gepps Cross, based on the valuation of \$300 per square metre.
- 7.12 The difference between the combined fair market values of Lot 30 and Lot 110 based on the rounded value of \$50,000,000 plus GST (if applicable), and the combined purchase prices agreed with the respective vendors under the contract for the sale and purchase of Lot 30 and Lot 110 is \$24,614,100 plus GST (if applicable). Axiom's 50% share is \$12,307,050 plus GST (if applicable).
- 7.13 The total consideration payable by Axiom to Pivot as Assignment Consideration for Lot 30 and the Assignment Consideration for Lot 110 is **less than** the difference between the combined fair market values of Lot 30 and Lot 110 and the combined balance purchase price of \$25,385,900 plus GST (if applicable) under the contract for the sale and purchase of Gepps Cross, based on the rounded value of \$50,000,000 plus GST (if applicable).

8 OTHER CONSIDERATIONS

- 8.1 The comparison of the fair value of the assets to be acquired under the Transaction and the value of the consideration to be paid, whilst important, is only one element of our assessment of fairness and reasonableness of the Transaction.
- 8.2 We have also assessed the other considerations of the Transaction which non-associated shareholders of Axiom should consider before deciding to approve or not approve the Transaction.
- 8.3 The Transaction will enable Axiom to expand and diversify its property portfolio contributing to the Company's future growth. Axiom does not currently have a bulky goods / homemaker asset, thus the proposed acquisition will provide Axiom with diversification into investment sector that it does not currently have exposure to.
- 8.4 Axiom has executed letter agreements with its development partners Harvey Norman and Charter Hall for the construction of the bulky goods / homemaker centre. Axiom will assume 50% of Pivot's obligations under the development agreements relating to Lot 30 and Lot 110 to which Axiom will be the project manager and is entitled to a fee of 2% of the total project costs and the sole and exclusive leasing coordinator of Gepps Cross.
- 8.5 The Transaction may enable Axiom to generate future income once the project is completed. This will assist Axiom to expand its portfolio of income producing assets which have the potential to increase profit yields to the Company.
- 8.6 The consideration payable by Axiom under the Transactions is cash, thus there will be no dilution in shareholders' interests.
- 8.7 The Transaction may alter some of the financial and operational risks of Axiom depending how the acquisition is funded and the success or otherwise of the development of the site.
- 8.8 As a result, the Transaction may not match the risk profile of all shareholders.

9 CONCLUSION AND OPINION

- 9.1 In our opinion, the Transaction is **fair and reasonable** to the non-associated shareholders of Axiom.
- 9.2 We assessed that the total consideration payable by Axiom is equal to the fair market value of Axiom's 50% interest in Gepps Cross and the consideration payable by Axiom to Pivot as the Assignment Consideration for Lot 30 and the Assignment Consideration for Lot 110 is equal to the difference between the fair market values of Lot 30 and Lot 110, and the purchase prices under the respective contracts for the sale and purchase of the lots.
- 9.3 The value consideration only constitutes one element of our assessment of the fairness and reasonableness of the Transaction. After assessing the other considerations relating to the Transaction we are of the opinion that there are reasonable grounds for Axiom shareholders to approve the Transaction as the positives of the Transaction outweigh the negatives of the Transaction.
- 9.4 Therefore, we consider the Transaction on the whole to be fair and reasonable to Axiom's shareholders.

10 SOURCES OF INFORMATION

- 10.1 In preparing this report we have had access to and have relied upon the following primary sources of information:
- Notice of General Meeting and Explanatory Memorandum which this IER accompanies;
 - Put and Call Option Deed (including variation deeds) for Lot 30 between Pivot and Illhan Sadri;
 - Put and Call Option Deed (including variation deeds and associated agreements) for Lot 110 between Pivot and Roostam Sadri;
 - Draft Agreement to Assign interest in Put and Call Option Deed for Lot 30 between Pivot, Axiom and Harvey Norman;
 - Draft Agreement to Assign interest in Put and Call Option Deed for Lot 110 between Pivot, Axiom and Charter Hall;
 - Draft Deed of Assignment for Lot 30 between Pivot, Axiom, Harvey Norman, Illhan Sadri, Ramil Sadri and Nailya Tashkent;
 - Draft Deed of Assignment for Lot 110 between Pivot, Axiom, Charter Hall and Roostam Sadri;
 - Draft Deed of Assignment in relation to the Road Construction Agreement for Lot 110 between Pivot, Axiom, Roostam Sadri and Bianco Properties Pty Ltd;
 - Letter Agreement between Pivot, Axiom and Harvey Norman Holdings Limited dated 16 October 2007 outlining the key terms of the agreement between the parties relating to Lot 30;
 - Letter Agreement between Pivot, Axiom and Charter Hall Limited dated 16 October 2007 outlining the key terms of the agreement between the parties relating to Lot 110;
 - Independent Property Valuation of Gepps Cross prepared by Savills;
 - Financial Statements for Axiom for the years ended 30 June 2005, 30 June 2006 and 30 June 2007;
 - Financial Statements for Pivot for the year ended 30 June 2006 and management accounts for the year ended 30 June 2007;

- Details of Axiom's shareholders and share register; of ordinary shares and options as at 14 September 2007;
- Correspondences including electronic mail, telephone conversations and meetings with key personnel at Axiom; and
- Other sources of publicly available information such as IRESS, ASIC, ASX, Internet, Company Websites, newspaper publications etc.

11 DECLARATIONS

Qualifications

- 11.1 PKFCA is a corporate advisory company owned by partners of PKF Chartered Accountants, Western Australian Partnership ("PKF"). PKFCA has extensive experience in the provision of corporate financial advice, particularly in respect of independent expert's reports and valuations.
- 11.2 The nature of this Report is such that it should be given by an entity that holds an Australian Financial Services Licence under the Financial Services Reform Act 2001. PKFCA holds the appropriate Australian Financial Service Licence (Refer to Appendix 2).
- 11.3 The person specifically involved in preparing this Report, Mr Ian Olson, is a Partner of PKF and a Director of PKFCA and has the necessary experience and qualifications appropriate to the advice being provided.
- 11.4 Other PKFCA and PKF staff has been consulted in the preparation of this Report where appropriate.

Independence

- 11.5 PKFCA is not aware of any matter or circumstance that would preclude it from preparing this Report on the grounds of independence either under regulatory or professional requirements. In particular, we have had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and ASIC Regulatory Guide 42.
- 11.6 Neither PKFCA, PKF nor the signatory of this Report, Mr Ian Olson, has had within the past two years any relationship with the Company except in the following instances:
- (i) PKFCA prepared an independent expert's report on 16 February 2007 for Axiom in relation to the acquisition of land at Caboolture and the acquisition of land at Butler.
 - (ii) PKFCA was engaged to provide a valuation report for Axiom in March 2007.
- 11.7 We have held discussions with the management of Axiom regarding the factual accuracy of the information contained in this Report. We did not change the methodology used in our assessment as a result of these discussions and our independence has not been impinged in any way.

Disclaimer

- 11.8 This Report has been prepared at the request of the Directors of Axiom specifically for the shareholders of Axiom. It is not intended that this Report be used for any other purpose other than to accompany the notice of meeting and explanatory memorandum to be sent to Axiom shareholders in relation to the Company's annual general meeting which is scheduled to be on or around 27 November 2007.
- 11.9 In particular, it is not intended that this Report should be used for any other purpose than as an expression of our opinion on whether the Transaction is fair and reasonable to the shareholders of the Company.

- 11.10 Accordingly, this Report and the information contained herein may not be relied upon by anyone other than the shareholders of Axiom without the written consent of PKFCA.
- 11.11 Neither PKFCA, nor PKF, nor any member or employee thereof undertakes responsibility to any person, other than the non-associated shareholders of Axiom, in respect of this Report, including any error or omissions howsoever caused.
- 11.12 In the preparation of this Report we have considered the information and explanations given to us. We emphasise that we have not carried out an independent confirmation of the information nor have we conducted anything in the nature of an audit or review. We do not imply, nor should it be constructed that our assessment has revealed all the matters which an audit or more detailed examination might disclose.
- 11.13 We have, however, evaluated information provided to us by Axiom and its advisers, as well as other parties through inquiry, analysis and review and nothing has come to our attention to indicate the information provided was materially misstated or did not afford reasonable grounds upon which to base our opinion. We have no reason to believe that any information relied on by us is incorrect.
- 11.14 The statements and opinions contained in this Report are given in good faith and are based upon PKFCA's consideration and assessment of information provided by the Directors, executives and management of Axiom and is believed to be reliable and accurate. We have no reason to believe that any information has been withheld from us.

Consents

- 11.15 PKFCA hereby consents to this Report to accompany the Company's notice of meeting and explanatory memorandum to be distributed to its shareholders in relation to its annual general meeting which is scheduled to be on or around 27 November 2007 in the form and content in which it is included. Apart from such use, neither the whole, nor any part of this Report, nor any reference thereto may be included in or with, or attached to any document, circular, resolution, statement or letter without the prior written consent of PKFCA.

Other

- 11.16 PKFCA is entitled to receive a fee based on the time spent in the preparation of this Report. PKFCA will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the making of this Report.

Yours faithfully

PKF Corporate Advisory Services (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Ian Olson', with a stylized flourish at the end.

Ian Olson
Director

APPENDIX 1: SUMMARY INDEPENDENT PROPERTY VALUATION REPORT



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Mr Ian Olson
Director
PKF Corporate Services (WA) Pty Ltd
Level 7
BGC Centre
28 The Esplanade
Perth WA 6000

22 October 2007
Ref: Letter Report – Gepps Cross

Dear Ian

RE: GEPPS CROSS HOME HQ, SOUTH AUSTRALIA

We refer to your instructions dated 14 September 2007 requesting Savills to undertake a market valuation on both an 'As Is' and 'As If Complete' basis of the proposed Gepps Cross Home HQ, South Australia ("Property") for the purposes of assisting Axiom Properties Limited ("Axiom") in their considerations regarding the proposed acquisition of assets owned by Pivot Group Pty Ltd ("Pivot").

We have prepared this Summary Report for inclusion within an Independent Expert's Report which is being prepared by PKF Corporate Advisory Services (WA) Pty Ltd ("PKF") under the instructions of Axiom. We have prepared a full valuation report dated 20 September 2007 with the following being a summary of that report. Parties seeking detailed information of our valuation should refer to our full valuation report which is held by PKF.

BRIEF DESCRIPTION

The Property currently comprises a vacant development landholding of 16.563 hectares fronting the western side of Main North Road approximately 1 kilometre north of its intersection with Grand Junction Road and approximately 10 kilometres north of the Adelaide CBD. The Property formed part of a larger landholding that was historically used as an abattoir with related stock holding sales and distribution facilities.

The Property is zoned "Industry / Business (Gepps Cross Gateway)" with Development Approval dated 18 May 2007 having been granted by the City of Port Adelaide Enfield for an integrated bulky goods retail complex. The proposed Gepps Cross Home HQ is to comprise a Bulky Goods Centre totalling 55,814m² in GLA which includes a 12,000m² Harvey Norman tenancy, with at grade car parking provided for 1,457 vehicles. In total, there are 46 proposed tenancies with an additional service station pad site.

Surplus to the development of the Bulky Goods Centre is a parcel of land totalling approximately 10,000m² that would facilitate further expansion of the Centre. This land parcel is situated to the western side of the proposed development with frontage to the proposed internal connector road the runs through the Property between Main North Road and Port Wakefield Road. We have attributed a separate value to this land parcel in our assessment of the 'As If Complete' Market Value.

Development is yet to commence however is anticipated to begin in early 2008 with completion in mid 2009.

TENANCY OVERVIEW

As at our date of valuation the formal leasing campaign for the proposed development was yet to commence given that development is not anticipated to be completed until mid 2009. The only pre-commitment that exists at the date of valuation is a 12,000m² tenancy to Harvey Norman which provides a significant anchor tenant to the development.

MARKET SALES EVIDENCE

We have given consideration to sales evidence of both Improved Bulky Goods Centres and Development Sites in arriving at our assessments of Market Value on an 'As Is' and 'As If Complete' basis, with a summary of those sales being outlined as follows:

Retail

Centre	Sale Date	Sale Price	GLA m ²	Yield	Rate\$/m ²
Epping Homemaker Centre, VIC	Aug-06	\$38,100,000	21,725m ²	7.25%	\$1,754/m ²
Moorabbin Homemaker City, VIC	Jun-06	\$36,637,500	13,976m ²	7.95%	\$2,621/m ²
Browns Plains Homemaker Centre, QLD	Jun-06	\$45,000,000	18,740m ²	7.83%	\$2,406/m ²
The Homemaker Mega Centre, QLD	Sep-05	\$92,300,000	26,970m ²	7.25%	\$3,398/m ²
Nunawading Home HQ, VIC	Jun-05	\$67,000,000	22,320m ²	7.41%	\$3,002/m ²
Mentone Home HQ, VIC	Jun-05	\$52,085,000 (50% Interest)	37,800m ²	7.48%	\$2,756/m ²

Development Land

Address	Sale Date	Sale Price	Site Area	\$/m ²	Proposal
South Road, Edwardstown, SA	Jul-07	\$24,000,000	77,584m ²	\$340/m ²	Retail
Mernda Town Centre Site, VIC	Aug-06	\$35,000,000	120,400m ²	\$291/m ²	Retail
Canberra Avenue, Fyshwick, ACT	Jun-06	\$39,000,000	69,000m ²	\$565/m ²	Retail
Kawana Waters, QLD	Apr-06	\$17,000,000	70,630m ²	\$241/m ²	Bulky
Gilston Road, Nerang, QLD	Feb-06	\$35,400,000	116,304m ²	\$304/m ²	Retail
Craigieburn Town Centre Site, VIC	Nov-05	\$55,000,000	649,000m ²	\$85/m ²	Retail

VALUATION SUMMARY

In arriving at our assessment of Market Value on an 'As If Complete' basis we have relied upon the Capitalisation, Direct Comparison and Discounted Cash Flow approaches to value whilst the 'As Is' Market Value has been assessed using the Direct Comparison and Residual Feasibility approaches to value.

'As If Complete' Market Value

The 'As If Complete' Market Value has required us to assess market net rental levels to the tenancies that then form the basis of our Capitalisation and Discounted Cash Flow approaches to value. In this regard we have assessed a total market net rental of \$10,706,000 with an adopted Capitalisation Rate of 7.00%, Discount Rate of 9.00% and Terminal Yield of 7.25%. Further, we have assessed an additional value to the 10,000m² of surplus development land at a rate of \$300/m² that results in the following 'As If Complete' Market Value assessment as at our date of valuation, 20 September 2007:

	Value
Bulky Goods Centre	\$147,000,000
Surplus Development Land	\$3,000,000
'As If Complete' Market Value	\$150,000,000

'As Is' Market Value

The 'As Is' Market Value has been arrived at primarily adopting the Direct Comparison approach to value based on comparable land sales and using the Residual Feasibility Analysis as a secondary method. The Residual Feasibility Analysis has been conducted based on a 15 month development timeframe which includes 14 months for construction. The target Development Margin is based on 15.0%. On a Direct Comparison basis we have adopted a rate of \$300/m² of land area that results in the following 'As Is' Market Value assessment as at our date of valuation, 20 September 2007:

	Value
'As Is' Market Value	\$50,000,000

DISCLAIMERS

Savills has prepared this Summary Report for inclusion within an Independent Expert's Report prepared by PKF under instructions by Axiom and has only been involved in the preparation of this Summary Report and the full Valuation Report referred to therein. Savills specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in the Independent Expert's Report, other than in respect of the Valuation and this Summary Report.

This Valuation is prepared on the specific instructions of PKF Corporate Advisory to assist Axiom Properties Limited in their considerations regarding the proposed acquisition of assets owned by Pivot. This valuation is not intended to be relied upon for mortgage security purposes. This valuation should not be relied upon by anyone other than PKF or Axiom whether for the stated purpose or otherwise.

Savills accepts no responsibility to third parties nor does it contemplate that this valuation will be relied upon by third parties. We invite other parties who may come into possession of this valuation to seek our written consent to them relying upon this valuation and we reserve our rights to review the contents in the event that our consent is sought.

We trust that our Valuation and this Summary Report meets your requirements and should you have any queries please do not hesitate to contact the signatories.

Yours sincerely



Ron Aschberger AAPI
Certified Practising Valuer
Director
Valuation & Consultancy
Savills (SA) Pty Limited



Stuart Fox AAPI
Certified Practising Valuer
Divisional Director
Valuation & Consultancy
Savills (VIC) Pty Limited

APPENDIX 2: FINANCIAL SERVICES GUIDE

FINANCIAL SERVICES GUIDE

Issue date: 25 October 2007

What is a Financial Services Guide?

The purpose of the Financial Services Guide ("FSG") is to assist you in deciding whether to use any of the general financial product advice provided by PKF Corporate Advisory Services (WA) Pty Ltd ("PKFCA") (ABN 68 009 423 152). PKFCA is a holder of an Australian Financial Services Licence ("AFSL") No. 240566. The contents of this FSG include:

- who PKFCA is and how we can be contacted;
- what services PKFCA is authorised to provide under our AFSL;
- how PKFCA (and any other relevant parties) is remunerated in relation to any general financial product advice PKFCA may provide;
- details of any potential conflicts of interest; and
- details of PKFCA's internal and external dispute resolution systems and how you can access them.

Information About Us

We have been engaged by the Independent Directors of Axiom Properties Limited ("the Company") to give general financial product advice in the form of a report to be provided to you in connection with our Independent Expert's Report. A copy of this report is included in the Notice of Meeting prepared by the Company. You are not the party or parties who engaged PKFCA to prepare the report.

PKFCA is a licensed corporate advisory company owned by partners of the Western Australian partnership of PKF Chartered Accountants and Business Advisers ("PKF"). The directors of PKFCA may also be partners in the Western Australian partnership of PKF.

The Western Australian partnership of PKF and its related entities provide services primarily in the areas of external audit, internal audit, tax, consulting and through PKFCA, corporate advisory services.

The financial product advice in our report is provided by PKFCA and not by the West Australian partnership of PKF or its related entities.

We do not have any formal associations or relationships with any other entities that are issuers or sellers of financial products, other than PKF Financial Services Pty Ltd. However, you should note that PKFCA and the West Australian partnership of PKF (and its related bodies corporate) may from time to time provide professional services to financial product issuers or sellers in the ordinary course of business.

What financial services are we licensed to provide?

The AFSL that we hold authorises us to provide financial product advice in respect of securities only in the capacity of providing reports, for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues.

Information about the general financial product advice we provide

The financial product advice provided in our report is known as “general advice” because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is being provided to you in connection with the acquisition or potential acquisition of a financial product issued or sold by another party, we recommend you obtain and read carefully the relevant offer document provided by the issuer or seller of the financial product. The purpose of the offer document is to help you make an informed decision about the acquisition of a financial product. The contents of the offer document will include details such as the risks, benefits and costs of acquiring the particular financial product.

How are we and our employees remunerated?

Our fees are usually determined on an hourly basis; however they may be a fixed amount or derived using another basis. We may also seek reimbursement of any out of pocket expenses incurred in providing the services.

Fee arrangements are agreed with the party or parties who actually engage us, and we confirm our remuneration in a written letter of engagement to the party or parties who engage us.

Neither PKFCA nor its Directors and officers, nor any related bodies corporate or associates and their Directors and officers, receives any commissions or other benefits, except for the fees for the services rendered to the party or parties who engage us. You have a right to request further information with regards to remuneration received by PKFCA or its representatives.

All of our employees receive a salary. Our employees are eligible for annual salary increases and bonuses based on overall performance but do not receive any commissions or other benefits arising directly from services provided by you. The remuneration paid to our Directors reflects their individual contribution to the company and covers all aspects of performance. Our Directors do not receive any commissions or other benefits in connection with our advice.

We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Responsibility

The liability of PKFCA is limited to the contents of this FSG and the report referred to in this FSG.

Distribution

PKFCA authorises the distribution of this FSG.

What should you do if you have a complaint?

If you have any concerns regarding this report, you may wish to advise us. Our internal complaints handling process is designed to respond to your concerns promptly and equitably. Please address your complaint in writing to:

**The Complaints Officer
PO Box Z5066 St George's Terrace
PERTH WA 6831**

If you are not satisfied with the steps we have taken to resolve your complaint, you may contact the Financial Industry Complaints Service ("FICS"). FICS provides free advice and assistance to consumers to help them resolve complaints relating to members of the financial services industry. Complaints may be submitted to FICS at:

**Financial Industry Complaints Service
PO Box 579
Collins Street West
MELBOURNE VIC 8007
Telephone: 1300 780 808
Fax: +61 (03) 9621 2291**

If your complaint relates to the professional conduct of a person who is a Chartered Accountant, you may wish to lodge a complaint in writing with the Institute of Chartered Accountants in Australia ("ICAA"). The ICAA is the professional body responsible for setting and upholding the professional, ethical and technical standards of Chartered Accountants and can be contacted at:

**The Institute of Chartered Accountants
GPO Box Z5385 St Georges Terrace
PERTH WA 6831
Telephone (08) 9420 0400
Fax (08) 9321 5141**

Specific contact details for lodging a complaint with the ICAA can be obtained from their website at:

<http://www.icaa.org.au/about/index.cfm>

The Australian Securities and Investment Commission ("ASIC") regulates Australian companies, financial markets, financial services organisations and professionals who deal and advise in investments, superannuation, insurance, deposit taking and credit. Their website contains information on lodging complaints about companies and individual persons and sets out the types of complaints handled by ASIC. You may contact ASIC as follows:

**Info Line: 1300 300 630
Email: info@asic.gov.au
Internet: <http://www.asic.gov.au/asic/asic.nsf>**

Axiom Properties Limited

ABN 40 009 063 834

Proxy Form

All correspondence to:

Axiom Properties Limited
PO Box Z5351 Perth St George's Terrace
Western Australia 6831 Australia
Enquiries (within Australia) (08) 9321 4646
(outside Australia) 61 8 9321 4646
Facsimile 61 8 9321 8122
www.axiompl.com.au

Mark this box with an 'X' if you have made any changes to your address details (see reverse)



000001 000 AXI
MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Securityholder Reference Number (SRN)



I 1234567890 I ND

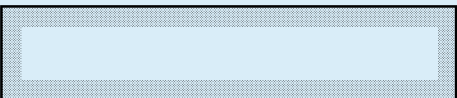
Appointment of Proxy

I/We being a member/s of Axiom Properties Limited and entitled to attend and vote hereby appoint



the Chairman
of the Meeting
(mark with an 'X')

OR



If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and 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 of Axiom Properties Limited to be held at the Western Australian Club (Inc.), 101 St Georges Terrace, Perth, Western Australia on Tuesday, 27 November 2007 at 10:00AM (WDT) and at any adjournment of that meeting.

Voting directions to your proxy - please mark to indicate your directions

- Item 1 Adoption of Remuneration Report
- Item 2 Re-election of Mr Ian James Laurance AM as a Director
- Item 3 Approval of the acquisition of a 50% interest in the Gepps Cross Property Opportunity

For	Against	Abstain*
☐	☐	☐
☐	☐	☐
☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

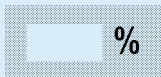
Appointing a second Proxy

I/We wish to appoint a second proxy



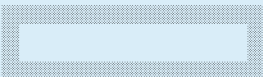
Mark with an 'X' if you wish to appoint a second proxy.

AND



%

OR

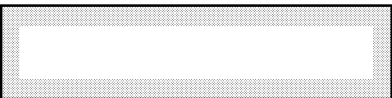


State the percentage of your voting rights or the number of securities for this Proxy Form.

PLEASE SIGN HERE

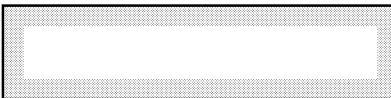
This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1



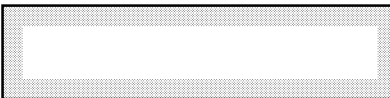
Individual/Sole Director and
Sole Company Secretary

Securityholder 2



Director

Securityholder 3



Director/Company Secretary

In addition to signing the Proxy Form in the above box(es) please provide the information below in case we need to contact you.

Contact Name

Contact Daytime Telephone

Date

AXI

1PR



How to complete the Proxy Form

1 Your Address

This is your address as it appears on the company's Share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker (in which case your reference number overleaf will commence with an 'x') should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's Share registry or you may copy this form.

To appoint a second proxy you must:

- (a) indicate that you wish to appoint a second proxy by marking the box.
- (b) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (c) return both forms together in the same envelope.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual:	where the holding is in one name, the holder must sign.
Joint Holding:	where the holding is in more than one name, all of the securityholders should sign.
Power of Attorney:	to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies:	where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate Securityholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's Share registry or at www.computershare.com.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 48 hours before the commencement of the meeting at 10:00AM (WDT) on Tuesday, 27 November 2007. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged using the reply paid envelope or:

IN PERSON	Registered Office - Level 45 Bankwest Tower 108 St George's Terrace Perth WA 6000
BY MAIL	Registered Office - PO Box Z5351 Perth St Georges Terrace Perth WA 6831
BY FAX	61 8 9321 8122