

Axiom Properties Limited

AGM Presentation

25th November 2015

ASX Code: AXI

Axiom Overview

- Axiom Properties Limited (“Axiom”) is an ASX listed property development and investment company (ASX code: AXI), which has developed institutional grade commercial assets around Australia. Currently, Axiom has a strong presence and active portfolio of property developments and investments in South Australia
- Axiom’s major shareholder is Pivot Group Pty Ltd, one of Australia’s most successful private property development companies. Since 1972, it has developed shopping centres, bulky goods centres, office buildings, medical centres, theme parks, hotels, resorts and marinas with a value in excess of \$2 billion. Its founder and Chairman is an advisor to the Axiom Board
- Axiom has a very strong track record of successful development and delivery of property projects across a wide range. Some of Axiom’s recent developments include:
 - The re-zoning and development of 24 hectares of Government owned land known as the Islington Railyards, South Australia, into a major retail destination. Stage One of this project was the completion of a 12,600 sq.m. Bunnings Home Improvement and Outdoor Living Centre, which opened for trade in December 2011, within 13 months of Axiom gaining tenure of the land;
 - The construction and completion of a major sub-regional shopping centre known as Churchill North in Adelaide’s Kilburn, anchored by Coles and Kmart, together with approx. 55 specialty tenancies and several pad sites. Additionally, the securing and completion of the first Costco store in Adelaide which sits alongside the shopping centre;
 - The conception and development of “Worldpark:01”, a Green Office campus situated on 3 hectares of land on Adelaide’s CBD fringe on Richmond Rd, Keswick, SA. Stage One involved the delivery of a \$50million, 12,000 sq.m. boutique office building boasting 5 star Green credentials and setting a new benchmark in Adelaide for this style of office development. The Stage One building was completed well within time and budget and is occupied by Coffey International, Genessee and Wyoming Australia, and SA Government (Safework SA);
 - The re-zoning and development of Gepps Cross Homemaker Centre (South Australia) – a 16 hectare parcel of land (previously an abattoir) which now is a completed homemaker centre of 62,000 sq.m. incorporating most of Australia’s premier bulky goods retailers, including Harvey Norman, The Good Guys, Spotlight, Radio Rentals, Toys’r’Us, JB Hi-Fi, Super Amart and Rebel Sport. This Centre was the largest centre of its kind in the southern hemisphere (until recently) and one of the best trading Centres nationally; and
 - The development in Joint Venture with Industry Super Property Trust (ISPT) of a \$200million, 30,000sq.m. office building at 100 St George’s Terrace, Perth, WA for National Australia Bank’s state headquarters

Axiom is emerging from the GFC as a stronger, leaner business. The Company has a new beginning, with a quality portfolio of development assets that will provide strong cashflow, and support a growing balance sheet.

Axiom Overview – Key Milestone Dates

- Oct 2010 Successful delivery of Stage One Worldpark:01 – boutique office building on the fringe of Adelaide’s CBD
- Oct 2010 Securing of “Islington Railyards” site – 24ha of high profile land in Kilburn, SA
- Dec 2010 Sale of Stage One Worldpark office building for \$46m to Growthpoint Properties Ltd
- Dec 2010 Sale of 50% interest in Gepps X Centre – 62,000 sq.m bulky goods centre developed by Axiom
- Jan 2011 Secured Bunnings for Stage One of Churchill Centre South (formerly known as Islington Railyards)
- Aug 2011 Successful rezoning of Islington Railyards site to retail and residential
- Feb 2012 Successfully delivered Stage One Bunnings at Churchill Centre South; Sale of Stage One Bunnings at Churchill South for \$19m
- Sep 2012 Secured Coles and Kmart to anchor Stage One of Churchill Centre North, to be a major retail development
- Oct 2012 Sale of remaining 50% interest in Gepps X Centre
- Oct 2012 Joint Venture agreed with Southern Cross Equity Group – sale of 50% interest in the Churchill North development for \$11.25m
- Mar 2013 Heads of Agreement signed with US retail giant Costco for 50 year ground lease at Churchill Centre North Stage Two
- May 2013 Construction work commences on Stages One and Two Churchill Centre North
- Feb 2014 Construction commences on Stage 2 Churchill South – 6,000 sq.m large format retail precinct
- May 2014 Completion of construction of Churchill North and successful leasing campaign to lease 55 specialties and several pad sites
- Nov 2014 Costco opens its first South Australian store
- Nov 2014 Completion of construction and commencement of trade of Stage 2 Churchill South large format retail precinct
- Mar 2015 Axiom secure Aldi to anchor next stage of Churchill North – one of Aldi’s first SA stores
- May 2015 Secures \$150million residential sub-division opportunity at Mt Barker, SA in Joint Venture
- June 2015 Announces strategic partnership with new major shareholder to investigate Student Accommodation opportunities
- September 2015 Completion of construction and commencement of trade of Stage 3 Churchill South mixed use precinct and Hungry Jacks
- October 2015 Development Application lodged for 500 lot subdivision at Mt Barker

Current Focus

The Axiom Board set about a mission to implement the following key initiatives during the past few years to not only survive the GFC, but to prosper beyond and to build a foundation for a successful business for the future

1. Reduce overheads to drive a leaner, more efficient cost structure that is sustainable
2. Build sustainable income through implementing a develop and hold structure, achieved via efficient partnerships to leverage equity base through significant de-risking
3. Re-build balance sheet asset position through holding developments as investments
4. Build strong cash position through selected asset sales and efficient structuring of development assets, unlocking value

The Axiom team are delivering on the key initiatives above, and are building the foundation for future success through a clearly defined strategy of capitalising on the current portfolio of quality development assets as well as securing new opportunities

Current Year – Key Milestones

Churchill North Shopping Centre

- Celebrated first anniversary of completion and trading;
- Several new retailers opened up during the year;
- Centre continues to trade exceptionally well;
- Costco opened first store in South Australia;
- Aldi secured for Stage 2 expansion – one of the first Aldi stores expected to open in Adelaide early next year
- Construction commenced for Aldi Stage 2, and successful pre-leasing of an additional 1,000 sq.m of specialty tenants

Churchill South

- Large format retail centre of 6,000 sq.m opened for trading;
- Second stage 2,000 sq.m construction completion;
- Securing, construction and opening of Hungry Jack's restaurant

Mt Barker

- Company secures new opportunity at Mt Barker, SA over 50 hectares of prime land;
- Enters into 50/50 Joint Venture agreement with land owners;
- Axiom to provide expertise to develop, manage and deliver in excess of 500 residential subdivision lots;
- Development Application lodged with Council

Strategic Partnership

- New strategic partnership struck with Oriental University City Holdings, a Student Accommodation Provider with significant land holdings in LangFang, China;
- Affiliations with Raffles Education Corporation, a Singapore Stock Exchange listed Education provider with extensive operations throughout the world (33 Universities/tertiary education facilities in 12 countries);
- Strategic partnership to investigate education and student accommodation opportunities
- OUC has purchased on-market 19.9% of the Company's shares
- New Board member representing OUC's interest, Mr Liu YingChun

Current Projects

CHURCHILL CENTRE (formerly “Islington Railyards”)

- The Islington Railyards site consists of two separate large tracts of land of 6 hectares (south) and 18 hectares (north) for a total of 24 hectares, strategically located in the inner northwest suburbs of Adelaide, 5kms from the CBD.
- The Company has “ownership” of the land under a 97 year lease with the South Australian Government.
- The master plan for the two sites will result in a major retail destination, servicing the needs of Adelaide’s inner northwestern suburbs.
- The master plan will incorporate a mix of bulky goods and hardware tenancies, alongside a major supermarket, shopping centre and a mix of other exciting retail opportunities.
- The two distinct sites are referred to as Churchill Centre North and Churchill Centre South

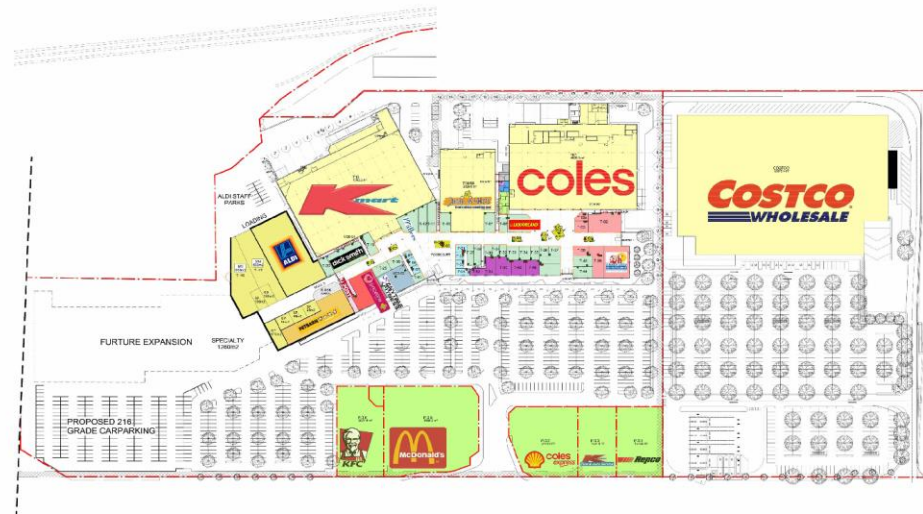
Churchill Centre Location



Churchill Centre Whole of Site Plan



Churchill South



Churchill North

WHOLE OF PRECINCT PLAN - NORTH & SOUTH SITES
CHURCHILL NORTH



PATCH 380-428 CHURCHILL RD, KILBURN RD 105A

DATE:

1/1/13

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ASK-26

rev

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Churchill Centre North (50% Interest)

- The Churchill Centre North component of this project sits on 18 hectares of land, and comprises a major shopping centre, consisting of a 5,500 sq.m. Coles supermarket, a 5,400 sq.m. Kmart Discount Department Store, several other mini-major retailers and approx. 55 specialty shops
- The Centre incorporates a Coles service station alongside several other pad sites of fast food outlets incorporating McDonalds and KFC restaurants, and other strategic retailing uses, including Repco and a Kmart Tyre and Auto centre
- In October 2012, Axiom agreed a strategic tie-up with Southern Cross Equity Group, a syndicate of Adelaide based investors who have purchased a 50% share in the Centre by providing an equity investment of \$11.25m to the development
- When fully developed, this northern stage is designed to incorporate in excess of 40,000 sqm of quality destination retail.
- The Stage One shopping centre opened in May 2014
- Axiom's intention is to own its 50% share of the Centre long term (aligned with their JV partner) to provide a stable and sustainable cashflow for the Company

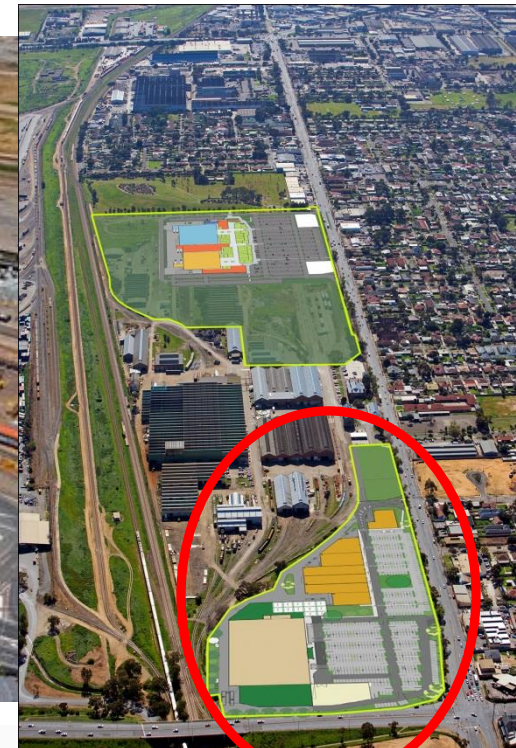


Recent photos of the Centre



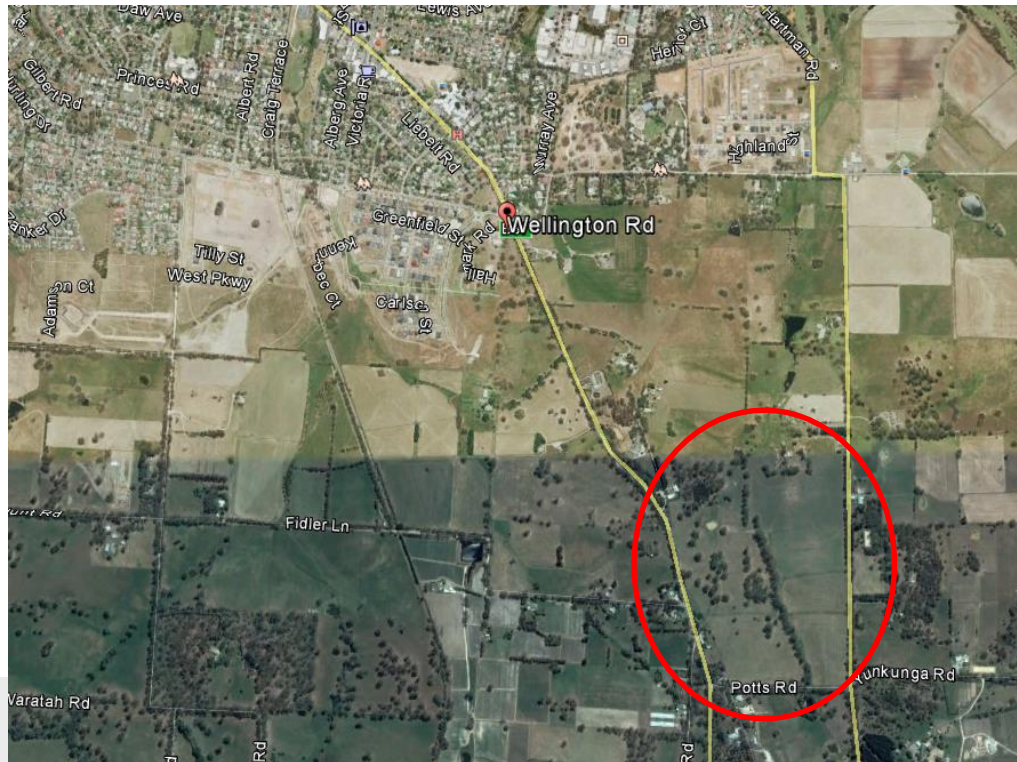
Churchill Centre South (100% Interest)

- Stage One Bunnings was developed and subsequently sold in March 2011
- Bunnings occupied approx half of the 6ha site, leasing a 12,600sq.m. hardware and outdoor lifestyle store
- The balance of the land (3 ha) comprises a ~8,000 sq.m mixed use retail development, together with two pad sites for a service station/fast food/convenience retail. Hungry Jack's commenced trading on one of these pad sites in September 2015
- Construction has been completed and trade commenced on Stage Two, comprising 5,600 sq.m of large format retail and Stage Three comprising a further 2,000sq.m of mixed use retail.
- As with Churchill Centre North, Axiom's intention is to develop the Centre and retain ownership long term to provide a strong and reliable income stream

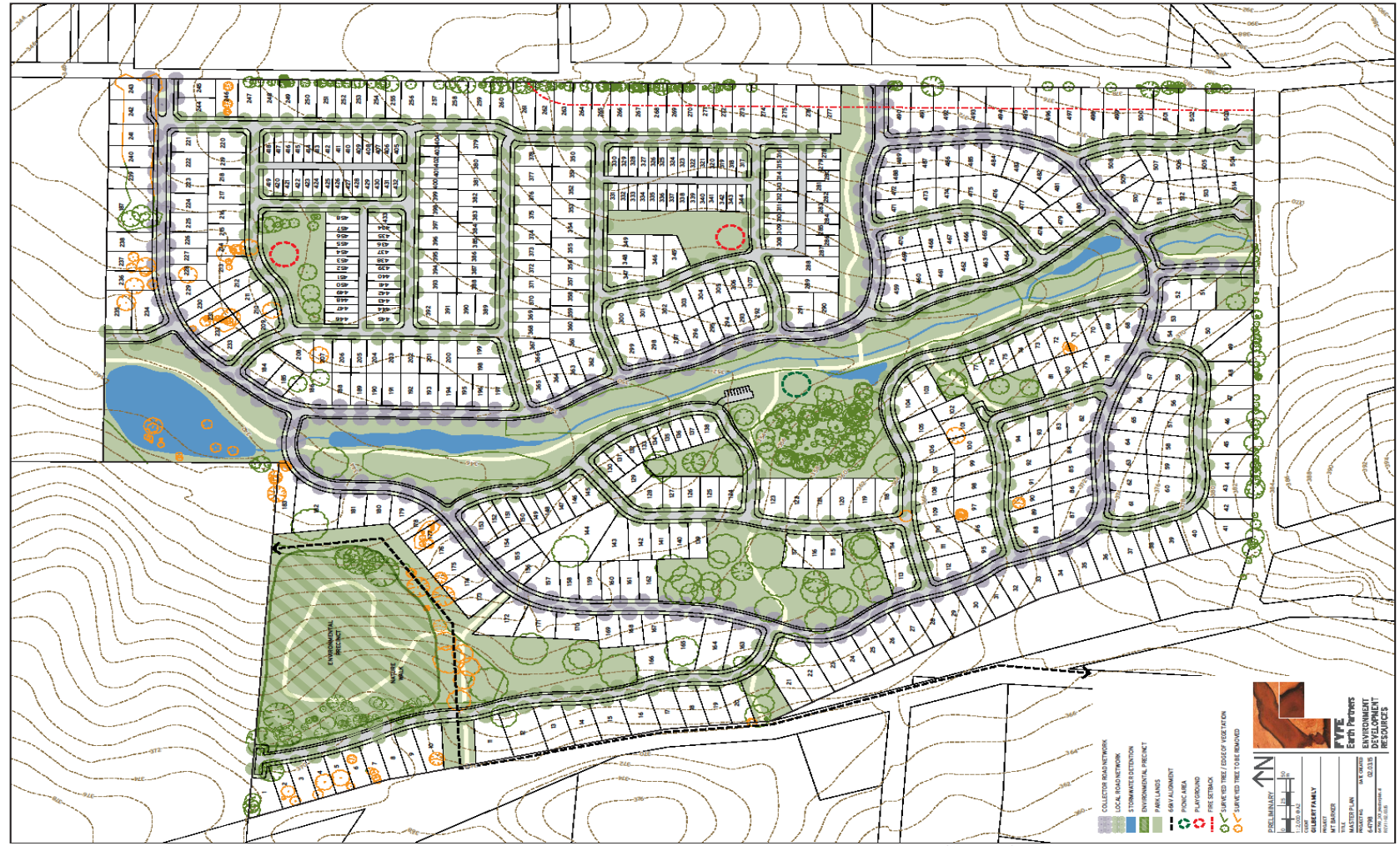


Mt Barker – Residential Subdivision (50% Interest)

- Axiom has Joint Ventured (50/50) this land with a prominent Mt Barker family
- Family to contribute the land, Axiom to contribute delivery expertise and development management
- Net proceeds to be split equally once each stage is complete, or at completion of project
- Land already rezoned residential
- Master plan finalised and lodged for Approval, allowing for 506 lots
- End value expected to be \$150 million
- One of SA's fastest growing regions, close proximity to Town Centre, 25 minutes from Adelaide CBD
- Low-risk exposure to residential sector in fast growing area with strong demand



Mt Barker Residential – Master Plan



Worldpark:01 Adelaide (100% Interest)

- Worldpark:01 is a campus-style, green office park on the fringe of the Adelaide CBD with an master plan approval to construct 3 boutique office buildings
- The first of these buildings, the Stage One “Coffey” Building was successfully pre-committed, developed and delivered in Oct 2010 to a 5 star green Star rating
- Stage One sold to Growthpoint Properties Ltd for \$46m in Dec 2010
- Axiom retains ownership of the balance of the land of approximately 2 hectares and is actively marketing and promoting it to secure a pre-commitment sufficient to commence construction of the next stage of the project
- This development provides a unique boutique office solution with abundant car-parking in Adelaide’s fringe CBD market
- In April 2015 Axiom commenced an application for a rezoning of the balance of the land for residential use.
- The revised residential scheme allows for in excess of 200 apartments over 4 buildings with associated amenity.
- The site would suit this sort of urban adaptive re-use given its proximity to the CBD and excellent transport facilities



Axiom Properties – Track Record and Ability to Deliver

- Axiom is committed to the successful delivery of its current portfolio of opportunities and has demonstrated a strong track record and reputation to deliver on its projects
- Axiom has already delivered, or is in the process of delivering, in excess of \$500million of major property developments in and around Australia over the past 10 years
- Axiom has an experienced and dedicated team committed to the process of delivering on its capabilities and delivering on successful property solutions for its clients, customers and all stakeholders, as evidenced by its strong track record
- Axiom has a disciplined and rigorous process to mitigate risks associated with planning, construction and major tenant pre-commitments
- Axiom has the ability to deliver an economically rewarding investment for all stakeholders

Axiom Properties – Vision for the Future

- Major priority is to build a strong recurring and sustainable income stream to diversify away from its past reliance on development profits
- Can be achieved through:
 - Successful delivery of current portfolio of developments
 - Developing and retaining own projects for recurring rental income in partnership or on own where it makes sense
 - Strategic purchases of income generating assets or value add opportunities where appropriate
- Capitalise on strong management capability and strong relationships with key tenants, partners and stakeholders to provide ongoing opportunities
- Significant market opportunities starting to emerge – focus on competitive advantage in various markets (diversify into other markets outside of SA)
- Result is a stronger business based on stable cashflows from recurring rental income to complement development profits where appropriate
- Future growth funded through recurring income and building asset base and strengthening balance sheet

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