

ASX CODE

AXI

ISSUED CAPITAL

Ordinary Shares
427.1 M

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ASX ANNOUNCEMENT

UPDATE ON SALE OF CHURCHILL NORTH

- Due Diligence satisfied
- Contracts now executed
- Settlement expected early April

Adelaide, Australia, Tuesday 27 March 2018: Axiom Properties Limited (ASX:AXI) is pleased to provide the following update on the sale process for its 50% interest in the Churchill Centre North shopping centre in Adelaide's northern suburbs.

As outlined in the aforementioned announcement, Axiom entered into a conditional sales agreement with Inheritance Capital Asset Management (ICAM) to sell its 50% leasehold interest for \$42.5 million, inclusive of senior debt. Under the terms of that agreement, Axiom granted ICAM an exclusive dealing period to undertake Due Diligence and agree the necessary sales contracts.

ICAM have now advised that they have satisfied their Due Diligence, and the two parties have now agreed and executed all relevant contracts pertaining to the sale.

The agreement allows for Axiom to retain a cornerstone stake in the purchasing Trust, and to that end, Axiom has elected to retain an approximate 35% stake, therefore entitling Axiom to its share of the Trust's net income and any future upside growth in the value of its unit holding.

Additionally, the agreement retains Axiom as Development Manager in the development of any future stages of the project over the next 5 years, allowing for Axiom to receive a performance kicker based on the success of any future development stage/s of the project.

The purchase price of \$42.5 million includes a provision for ICAM to take an assignment of Axiom's senior debt, totalling approximately \$25 million. The Company will therefore receive net proceeds of approximately \$17.5 million, but will then subscribe for its 7 million units in the purchasing Trust at \$1.00 per unit. The end result will give Axiom net cash of \$10.5 million, and an approximate unit holding in the Trust of 35%, with a value of \$7m.

Settlement of the transaction will occur once the Landlord of the land, the Minister for Transport, consents to the assignment of the ground leases. This is expected to be no later than 12th April 2018.

About Axiom Properties Ltd

Axiom Properties Ltd is a property development and investment business focused on developing and delivering quality property solutions. Axiom's principal objective is to create long term value for shareholders through creating a well-respected property development and investment company that consistently delivers above industry returns on capital.

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