

ASX CODE

AXI

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27 October 2023

ASX ANNOUNCEMENT

AXIOM OPERATIONAL AND STRATEGIC UPDATE

Sydney, Australia, Friday 26 October 2023: Axiom Properties Limited (ASX:AXI)

Axiom Properties Ltd is delighted to provide the attached Operational and Strategic Update to market following an extremely busy period for the Company which has identified multiple exciting and significant opportunities within the Property Development and Property Technology verticals in which the Company operates.

Notwithstanding the current economic headwinds and geopolitical instability, the Company believes it has sourced some incredible investment opportunities capable of deriving enhanced investment returns over the investment timeframes.

Authorised for release by the Board.

About Axiom Properties Ltd

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

Forward-Looking Information

This announcement contains forward-looking information that is based on Axiom's expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to Axiom's business strategy, plans, development, objectives, performance, outlook, growth, cash flow, projections, targets and expectations, negotiations, and product/service development. Generally, this forward-looking information can be identified by the use of terminology such as 'outlook', 'anticipate', 'project', 'target', 'potential', 'likely', 'believe', 'estimate', 'expect', 'intend', 'may', 'would', 'could', 'should', 'scheduled', 'will', 'plan', 'forecast', 'evolve' and similar expressions. Persons reading this announcement are cautioned that such statements are only predictions, and that Axiom's actual future results or performance may be materially different. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause Axiom's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information.

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AXIOM OPERATIONAL AND STRATEGIC UPDATE

October 2023

Axiom Properties Ltd is pleased to provide this Operational and Strategic Update following an extremely busy and exciting period for the Company. The current economic conditions, geopolitical instability, tightening of lending policies and general hesitation and nervousness around investment appetite has provided the Company with an incredible window of significant opportunities. The Group's Executives' experience, expertise and deep relationships have enabled the Company to capitalise on many investment and development opportunities across the Group's core competencies in **Property Development** and **PropTech Investment**.

An outline of the Company's major divisions and the investments therein follows:

*To note: the following update is to be read in conjunction with the attached Organisational Structure diagram which is attached at **Appendix 1**.*

Property Development and Investment Opportunities

The Company's core competency still lies in having a strong and experienced capability in identifying, sourcing, de-risking and delivering Property Development opportunities across multiple sectors but with a particular focus on:

- **Supermarket-anchored daily convenience retail centres (non-discretionary retailing centres)**
- **Large Format Retail (LFR) Centres**
- **Bespoke, boutique offices, particularly campus style, green office accommodation/ infrastructure centres**
- **Mixed-use retail power centres anchored by major retailers and service providers on large-scale, multi-stage sites**
- **Broad-acre residential subdivision estates**

1. General

a. Market outlook

The current state of the property development and investment market has been well documented: challenges abound due to substantial increases in interest rates, the resulting effect on decreasing valuations, an uncertain construction environment due to escalating costs (in various disciplines including input prices, labour costs, power, levies and other charges) and other construction-related issues such as productivity challenges, a re-allocation of contractual risk and limited, capable head contractor choices in certain markets. An increasing number of line items in any development feasibility is challenged, resulting in a measurable slowdown in the development sectors in which the Group operates.

Despite these challenging circumstances, the Axiom Executives are well placed to capitalise on the current malaise and unearth some exciting opportunities, of which, we believe, are multiple across the Company's sectors, particularly in the large format retail and non-discretionary retail areas.

b. Strategy

Perversely, operating a business such as ours on a “capital-light” business model has distinct benefits, which is no more apparent than in the current tough environment: operating with limited, precious equity demands a rigorous and disciplined approach to any development opportunity whereby any equity expenditure is protected to the extent possible, and the risks are well understood.

Naturally, this approach means that opportunities are more difficult to secure, particularly in buoyant times, but the projects we are able to secure are de-risked and equity-protected to the maximum extent possible.

The Group’s strategy to secure, develop and deliver projects is the same whatever the economic outlook in this sense: projects are rigorously de-risked with all or most facets, capital is protected to the extent possible, and a clear project delivery timeframe, budget and methodology is understood and agreed upfront.

As a result of the deep relationships the Axiom Executives have with its retail partners, its loyal consultant network and its joint venture and industry partners, the Group is confident it can cut through the current economic headwinds and find some exciting opportunities that are capable of delivering superior returns for shareholders.

2. Projects

a. Butler padsites

As part of the Group’s Large Format Retail Centre it developed in Butler, WA, Axiom also purchased 3 additional padsites (smaller parcels of land adjacent to the main centre suitable for such uses as Quick Service Restaurants or smaller, stand-alone tenancies). The Vendor, Fabcot (Woolworths) agreed to undertake a sub-division of 2 of these padsites (sub-division still pending, but imminent). Collectively, these parcels of land total some 7,500 sq.m (approx.) and lie in various locations around the main shopping centre (comprising most uses including supermarket, specialty and large format retail, services and well-being uses).

i. Lot 2815

Comprises a land parcel of 1,219 sq.m and is still the subject of the Woolworths sub-division which is expected to be completed (title issued and subsequently settled) by the end of CY2023.

Axiom has agreed to on-sell this land parcel to a private owner-operator subject to the sub-division on favourable terms.

ii. Lot 2817

Comprises a land parcel of 4,125 sq.m (approx.) and is still the subject of the Woolworths sub-division which is expected to be completed (title issued and subsequently settled) by the end of CY2023.

Axiom has received substantial interest from owner-occupiers to on-purchase the land, and from potential retailers wanting to occupy premises however these expressions of interest are incomplete and ongoing.

iii. Lot 2814

This land parcel comprises 2,200 sq.m approx. and enjoys a high profile location on Butler Bvd, a main arterial road connecting Marmion Ave to the Freeway. Axiom settled this parcel of land in December 2022, and has recently agreed to sell it to an owner-occupier on favourable terms. An unconditional contract has now been entered into by both parties, with settlement expected by end November 2023.

b. Mt Gambier

Following the Company's success in developing the Butler Central Large Format Centre in WA, Axiom has agreed to conditionally purchase another similar site and opportunity from Woolworths in Mt Gambier, South Australia. The 2 separate sites are adjacent to a thriving Shopping Centre (Mt Gambier Marketplace) which is anchored by a Woolworths Supermarket, Big W Discount Department Store and a Bunnings Warehouse.

i. Penola Rd

The largest of the 2 parcels is approx. 4.3 hectares (43,000sq.m) and is a vacant site sitting adjacent to the Mt Gambier Marketplace Shopping Centre which is owned by ASX Listed Region Group (formerly SCA Ltd). The site is capable of accommodating approx. 17,000 sq.m of large format retail. Under the terms of the contract which is expected to be signed imminently, Axiom has the opportunity to obtain all statutory approvals, pre-lease a majority of the available space and enter into a construction contract (ie, de-risk the project to the point of essentially "financial close") before settling the purchase of the site.

Notwithstanding the current retail conditions, interest thus far in the project is strong, given the nature of the site's location and the trading area within which it sits. Several major national large format retailers have already committed to the project which is extremely encouraging given the early stage of this project's evolution.

ii. Bishop Rd

The second, and smaller site, is a 17,000 sq.m (approx.) parcel of land which is located on the other side of the Mt Gambier Marketplace and lies immediately adjacent a strongly trading Bunnings Warehouse.

The contract (expected to be signed imminently) conditions for the purchase of this site are similar to the Penola Rd site,

enabling Axiom to substantially de-risk the project prior to settling the site's purchase.

Again, interest received from potential users of this site has been very encouraging.

c. Darwin

Investors may recall that in February 2016 the Company announced it had entered into a Joint Venture with a local Northern Territory family to develop a large parcel of leasehold land under their control into a major mixed use retail power centre. At that time, the market conditions were not overly conducive to effectively deliver that project, and accordingly, the project agreement was mutually allowed to lapse.

Recently, new interest from several major retailing groups has been received and substantiated, to the point where the JV partners have re-negotiated and re-instated their Joint Venture agreement and are investigating the project's development roughly in accordance with the previous plan and vision to develop a major retail power centre on this strategic site.

Axiom will be responsible for delivering on the expected \$140+ million, multi-stage project that will incorporate a sub-regional, supermarket-based shopping centre and specialty tenancies as well as associated Quick Service Restaurants pad sites and convenience retail outlets. The proposed scheme also allows for some substantial large format retail.

The Darwin land enjoys a high profile location on Bagot Rd, a major arterial link between Darwin's northern suburbs and the CBD. The 17.1 hectares of land is zoned SD37 (Specific Use Zone Darwin No. 37) and is capable of incorporating in excess of 50,000 sq.m of retail space. The land is secured under a long term lease structure with the NT Government, administered through the Gwalwa Daraniki Association.

d. Glenlea Estate, Mt Barker

Glenlea Estate is Axiom's residential subdivision estate in Mt Barker, South Australia at the foot of the beautiful Adelaide Hills. Axiom's interest is by way of a 50% Joint Venture with the landowners and also Axiom has the development management responsibility.

The masterplan for the site was approved in June 2016 which allowed for 600 lots to be constructed. Following successful delivery of the first three stages, the JV partners were approached by a land lease operator (Living Choice) wishing to purchase a 10 hectare parcel of land to construct an over 55's lifestyle community within the Glenlea Estate. Accordingly, the partners accepted the offer of \$5.5m for the land which settled in September 2022.

The success of delivery and sales since the Project's commencement, combined with the sale of the land parcel to Living Choice has meant that the Project is now on a firm financial footing with a strong pipeline of sales and a clear methodology and strategy to deliver the rest of the

project. Since commencement, the Partners have constructed, sold and settled approx. 190 lots, with a further 144 lots left to develop. The project is expected to start contributing positively to Axiom's earnings in the current financial year.

e. Safecom Development Site

Axiom developed a major State Infrastructure facility for the South Australian Emergency Services over the last few years on a site the Company has owned for 15 years and sitting within the WorldPark boutique office campus at 33 Richmond Rd, Keswick on the fringe of the Adelaide CBD.

This major complex was subsequently sold to Charter Hall's Social Infrastructure Fund for \$80m in November 2020. As part of the sale, Axiom retained the right to develop an additional vacant parcel of land within the Emergency Services compound that is capable of accommodating up to another 10,000 sq.m NLA of bespoke office/infrastructure complex, delivered to the same or similar Importance Level as the recently completed Emergency Command Centre.

Property Technology Opportunities

Since the Company's first investment into the PropTech space last year, Axiom has rapidly developed a significant capability and network of exciting opportunities within the wider national and international Property Technology sector.

The Group sees the dynamism of the sector and the massive scale of the opportunities as a growing and exciting eco-system to be investing in, notwithstanding the current difficult environment. Axiom's PropTech division, APL Capital has now made multiple investments across a range of scale-up and start-up businesses, all with the aim of assisting and helping/cross-fertilising all investee companies within the portfolio.

1. General

a. Market outlook

The market outlook, generally, for Property Technology businesses in the scale-up or start-up phase is rather subdued. Venture capital, private equity and early stage investors are, by and large, seeing a plethora of opportunities but are becoming more and more critical in their analysis and discriminate in their investments.

Since making its initial investments in PointData and Openn, Axiom has received a significant number of pitches from a wide variety of PropTech companies. Initial reviews indicate a clear opportunity to capitalise on attractive valuation terms for companies with proven capabilities and/or product market fit that support Axiom's portfolio strategy. Pleasingly Axiom's strong network relationships are also delivering access to unique deal flow on preferred terms relative to broader market.

b. Strategy

Axiom's PropTech division APL Capital will deliver returns for Axiom investors via two key streams:

1. Acquiring equity holdings in strategically aligned PropTechs and leveraging portfolio company integrations to accelerate growth.
2. Delivering advisory and management services to external and portfolio companies in exchange for fees and equity.

Investments in PointData, Openn and Realty Assist are exciting examples of APL Capital's portfolio strategy of identifying and investing in companies that can:

1. Deliver access to data and audiences at scale at critical points in the Residential Real Estate lifecycle.
2. Enable distribution of transactional products and services to consumer and agent audiences aggregated via portfolio companies.

In the near term APL Capital will focus on facilitating the integration of relevant portfolio capabilities to deliver accelerated adoption and/or earnings growth. The business is also expecting to make further investments over the course of FY24 with a focus on securing mortgage distribution, conveyancing and property advisory capabilities that can benefit from portfolio company audience and data assets.

APL Capital is also in the process of finalising management services agreements with multiple portfolio companies with the advisory arm expected to grow into a meaningful business in its own right, generating recurring revenue through providing corporate advisory and management services as well as providing one-off revenue opportunities through advising on fund raising and underwriting services.

2. Investments

a. PointData Holdings Ltd

Initial \$2m investment for ~20%; additional \$2m (pending) for total interest of ~30%

PointData is a property data and analytics business that is disrupting the Australian property technology ecosystem through its innovative data software and machine learning network.

PointData has created unique technology and algorithms powered by artificial intelligence to provide new insights about residential property. The business provides market property and land value automated valuations, through to new data analytics on development potential, allowing users to have a unique and fulsome insight on the potential of residential property. PointData has the unique capability to derive valuable and new proprietary data sets that assist major enterprises in assessing such critical areas as climate change mapping of portfolios,

identifying social and affordable housing opportunities within current portfolios and other key initiatives.

PointData's key target markets are government, banks and financial institutions and the insurance sector. PointData has secured a major financial services company providing it with new property insights to assist the bank across multiple facets of risk and opportunity within their home lending business, including new data capabilities with which to better inform customers and enhance customer decision making.

Axiom has invested an initial \$2m into the PointData business in order to accelerate the roll-out of PointData's technology across all Australian states and to assist pointData to deliver on its goal of becoming a premier provider of property data and analytics to assist and enhance the property industry to better understand property dynamics. Additionally, Axiom has the right to invest a further \$2m in December 2023 to increase its stake in the Company to circa 30%.

PointData has also recently secured a contract with a State Government Housing Authority to assist the Authority in planning, managing and understanding the dynamics of its social housing assets and provide insights, through PointData's unique datasets and algorithms, into the strategic planning of these assets and associated infrastructure into the future.

**b. Openn Negotiation Ltd (ASX: OPN)
AXI interest \$892,897 for 19.99%**

Axiom agreed to underwrite a \$3.2m placement and rights issue in Openn Negotiation Ltd in June 2023, which resulted in Axiom owning a 19.99% interest in the ASX listed company.

Openn is a real estate transaction management and workflow management platform which seeks to bring transparency and clarity to the real estate sector. Openn has gained significant traction in the Australian market having transacted in excess of \$8.5B worth of residential property sales since launch.

Recently, the OPN platform has been integrated into the Canadian Real Estate Association (CREA) portal, realtor.ca which is the major real estate portal in Canada. CREA is the industry association representing the 165,000 (approx.) real estate agents in Canada.

The Canadian Government has recently legislated the Trust in Real Estate Services Act (TRESA) which is being progressively implemented through the states, starting with the largest state, Ontario on 1st December 2023. Openn's integration with the CREA portal puts OPN in a strategically enhanced position to capitalise on this legislation by being able to offer a platform of transparency within the real estate transaction life cycle that conforms with this new legislation. To that end, OPN announced just recently that it had signed its first customer in Ontario to utilise the OPN

platform, a significant achievement for the Company and a validation of the technology. This Canadian agreement also demonstrates Openn's global capability and scalability.

c. Realty Assist

AXI net interest \$1.5m via Convertible Note Instrument

Realty Assist is a market leading invoicing and payments platform for the Real Estate industry delivering unique cash flow solutions to vendors and agents in the process of selling property. Since launch, Realty Assist has onboarded over 11,000 agents to its platform and currently manages the payments for thousands of residential sales per month generating revenue by enabling vendors and agents to defer and advance funds throughout the sale and settlement process.

The business has recently delivered record months in terms of invoices, deferrals and revenue and is well positioned for further growth via an increased focus on its Settlement Advance product (providing vendors with early access to the funds from their sale once their property has reached the unconditional stage) and by capitalising on existing customer demand for adjacent products in conveyancing and mortgages.

Axiom has agreed to invest net \$1.5m by way of a Convertible Note which attracts an enhanced return through a significant coupon accrued through the term of the note as well as Axiom having the right to convert at expiry into equity in the Realty Assist business. Axiom's capital injection enabled Realty Assist to accelerate its growth plans with its customers and agents whilst it was undertaking a significant reorganisation of its current loan facilities and equity capital structure which is expected to be completed by the end of the first quarter CY2024. Following this restructuring of operations and funding facilities, the business is expected to be in a market-leading position to take advantage of the verticals in which it operates and be primed to enter new sectors with higher yielding products.

d. Fletch Capital

Axiom interest up to \$2m loan for 70% – 87.5%

Fletch Capital is a new business seeded and funded by Axiom by way of an initial loan facility of up to \$2m. The core objective of Fletch Capital is to provide strategic direction, human resources and financial capital to develop fintech business opportunities consistent with Axiom's recent employment of Rob Towey as CEO of Axiom's prop tech business.

Fletch has been able to secure the ownership of financial and lending software technology and payment platforms as well as an Australian Credit Licence (ACL) and preferential supply-side partnerships.

These assets are expected to form the backbone of Fletch Capital's new architecture and payment platform and will be supplemented by further investments into strategic product and technology development to deliver a comprehensive business model.

Initially, Fletch Capital has secured a conditional Preferred Provider Status with the rent roll payment platforms of two major groups. Combined, the 2 platforms represent ~12,500 properties and approximately \$500m of rental payments per annum, placing them amongst the highest processors of aggregated rent rolls in Australia.

Having secured a conditional Preferred Provider Status, the Fletch Capital business is currently engaged in a process to deliver a highly compliant, robust B2B platform, with the aim of commencing the on-boarding of the first B2B customers for the processing of rental payments in the coming quarters.

After establishing the rental payments platform as described above, the next stage for Fletch Capital involves offering multi-layered, higher yielding financial products encompassing KYC / AML capabilities, credit decisioning and recovery, credit and debit cards, and other consumer credit products, capable of fuelling new growth and revenue opportunities for Fletch Capital and its B2B customers within the property industry and into new markets and verticals both domestically and internationally.

Fletch Capital is also exploring wider opportunities in the global digital lending and payments sector, with a view towards providing new and innovative solutions to overcoming various strategic and operational inefficiencies now evident in the fintech environment.

e. Proffer
AXI interest 50%

Proffer is a new and unique business concept that Axiom has agreed to provide initial capital and advisory services to in order to bring the concept to fruition by leveraging it's experience and network throughout Axiom's wider proptech eco-system.

The Proffer opportunity is currently in "proof of concept" phase but is expected to gain increasing investor and customer interest as the concept evolves in the short-medium term.

f. Digital Classifieds Group
AXI minority interest for investment of US\$500,000 (~AU\$780,000)

Digital Classifieds Group (DCG) is an established real estate media business in the emerging markets of South East Asia incorporating Bangladesh, Cambodia and Papua New Guinea. DCG currently owns and operates the leading established real estate portals in these 3 key markets, servicing a huge addressable market for online real estate needs such as research, transactions, mortgages, documentation and other services.

Additionally, DCG has recently reached agreement to purchase the number 1 or number 2 real estate portals in Indonesia and the Philippines, providing an additional 250 million people to the Serviceable

Addressable Market (“SAM”) which now totals almost 600 million people. The acquisition is expected to catapult DCG into being the Number 1 or 2 real estate portal business across South East Asia generating revenues in excess of US\$20m and providing multiple services and product offerings to its growing customer base.

g. Other - Corporate Advisory

Axiom Corporate is a 100% owned subsidiary of Axiom Properties Ltd and provides corporate advisory and management consulting services to many businesses and investee companies.

Current engagements are varied and bespoke according to the mandate. Many of the Axiom investee companies are clients of Axiom Corporate, including:

1. PointData Holdings Ltd;
2. Openn Negotiation Ltd;
3. Digital Classifieds Group Ltd;
4. Fletch Capital Pty Ltd; and
5. Realty Assist

APPENDIX 1: CORPORATE ORGANISATION STRUCTURE

Axiom Corporate Structure



Ian Laurance AM
Ben Laurance
John Howe
Liu Yin Chun
Paul Santinton

Chairman
Managing Director
Director
Director
CFO

Tech

AXIOM
APL Capital

Rob Towey – CEO

Property

AXIOM
APL Developments & Investments

Paul Rouvray – CEO

100% Butler Pad Site 1	1,219sqm
100% Butler Pad Site 2	4,125sqm
100% Butler Pad Site 3	2,212sqm
100% Mt. Gambier 1 LFR	40,000sqm
100% Mt. Gambier 2 LFR/Services	17,000sqm
50% Darwin Retail Power Centre	
- Supermarket	EOI
- Major LFR	EOI
- Additional LFR	EOI
- Non-discretionary retail	EOI
- Quick Service Restaurants	EOI
50% Mt. Barker/Glenleaf Estate	144 Lots Left
SAFECOM Dev Site	Development Right

