

ASX CODE

AXI

ISSUED CAPITAL

Ordinary Shares
432.7 M

CONTACT

South Australia

Level 1, Leigh Chambers
20 Leigh Street
Adelaide SA 5000

GPO Box 1248
Adelaide SA 5001

Phone: (08) 8120 2400
Email: paul@axiompl.com.au

New South Wales

Suite 2007, Level 20
Australia Square
264-278 George Street
Sydney NSW 2000

Phone: (02) 8318 4700
Email: ben@axiompl.com.au



8 October 2021

ASX ANNOUNCEMENT

ANNUAL GENERAL MEETING NOTICE OF MEETING

Adelaide, Australia, Friday 8 October 2021: Axiom Properties Limited (ASX:AXI) refers to the AGM timetable announced on 29 September 2021 and now encloses the Notice of Meeting and sample proxy form.

The Board would like to draw Shareholder attention to Resolution 5 of the meeting, which asks Shareholders to consider and, if thought fit, to pass the resolution to approve a return of capital to Shareholders. Please refer to the attached Notice of Meeting for further information.

Date: Wednesday, 17 November 2021

Time: 11:30am ACDT

Location: Axiom Properties Limited
Level 1, Leigh Chambers
20 Leigh Street
ADELAIDE SA 5000

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

For more information please contact:

Paul Santinon
Company Secretary
+61 8 8120 2400

INVITATION

Dear Shareholder,

I am delighted to invite you to attend the Annual General Meeting of the Company's shareholders to be held at 11:30 am (ACDT) on 17 November 2021 at Axiom Properties Limited, Level 1, Leigh Chambers, 20 Leigh Street, Adelaide SA 5000.

As announced to the market on 11 November 2020, the Company reached agreement with Charter Hall Social Infrastructure REIT (ASX:CQE) to sell its new purpose-built South Australian Emergency Services State Control Centre and adjacent multi-deck carpark, which is currently under construction.

As announced on 17 December 2020, the Company received net proceeds of approximately \$18 million after paying senior debt and all settlement costs for the first tranche of the \$80 million sale.

On 19 March 2021 at an Extraordinary General Meeting, shareholders approved a resolution to return approximately \$6,490,705.16 of the first tranche proceeds to shareholders by way of a cash payment of \$0.015 per fully paid share as a Return of Capital (calculated as 432,713,658 shares by one and a half (1.5) cents). This return was subsequently paid on 9 April 2021.

The date of practical completion of the development is expected to occur by the end of November 2021, with the forecast balance of proceeds and final tranche of approximately \$10 million to be paid by Charter Hall shortly thereafter (net of the \$2.5m retention amount to be paid to the Company after a 12-month defects liability period around November 2022).

As announced on 24 June 2021, \$8.8 million of the first tranche proceeds from the sale of the South Australian Emergency Services State Control Centre was used to purchase land in Butler, WA for the Company's large format retail project, Butler Central Homemaker Centre. Subsequently on 24 September 2021, the Company announced it had entered into a non-binding Heads of Agreement to sell its Butler Central Homemaker Centre to Lester Group.

As at the time of mailing of this notice of meeting, Lester Group are undertaking their due diligence and the transaction is still highly conditional. Whilst all the commercial conditions including the ultimate sale price of the project has not been agreed at the time of this notice, the commercial intent of the agreement is that Lester Group will acquire the land at cost plus improvements on settlement, which is scheduled for 22 November 2021. The effect of the proposed Lester settlement (should it proceed) thereby repatriates back to the Company the capital proceeds received from the South Australian Emergency Services State Control Centre development which were subsequently invested into the Butler land purchase.

Under the terms of the Butler sale to Lester Group (should the transaction proceed following satisfaction of the conditions), Lester Group is proposing to fund all costs of the development, with Axiom entitled to an additional lump sum payment equivalent to its profit margin at completion of the development.

The Board continues to believe that Shareholders should be entitled to a return upon the successful realisation of proceeds on capital asset sales where appropriate.

The Board has considered the Company's capital commitments for the foreseeable future including the application of its cash reserves and believes that a Return of Capital to Shareholders is a justifiable use of the Company's cash reserves. It is an opportunity for Shareholders to participate equitably in the rewards achieved by the Company over the past few years.

Subject to receipt of payments for both projects in November 2021, the Board is asking shareholders to consider a resolution to return **up to a maximum of '\$17.3 million'** to shareholders by way of a cash payment of **up to** approximately \$0.04 per fully paid share as a Return of Capital (calculated as 432,713,658 shares by four (4) cents). The date for determining entitlements to the capital return is the record date of 22 November 2021.

The Directors believe that a return of capital of this amount will leave the Company capitalised to grow its business whilst also taking into account the interest of all stakeholders.

Shareholder approval is required for the Return of Capital and this approval will be sought at the Annual General Meeting.

The notice of meeting on the following pages provides further details on the resolution and I urge you to read the contents carefully.

Your Directors unanimously recommend that shareholders vote in favour of all included resolutions. Each Director intends to vote all Company shares held or controlled by him or her in favour of the resolution proposed.

I look forward to your support at the Annual General Meeting.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ian Laurance', written in a cursive style.

Ian Laurance AM
Chairman

AXIOM PROPERTIES LTD

ABN 40 009 063 834

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting

Wednesday, 17 November 2021

Time of Meeting

11:30am ACDT

Place of Meeting

At the offices of:

Axiom Properties Limited

Level 1, Leigh Chambers

20 Leigh Street

ADELAIDE SA 5000

A Proxy Form is enclosed

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the Annual General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

AXIOM PROPERTIES LTD

ABN 40 009 063 834

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Axiom Properties Ltd ABN 40 009 063 834 ("Axiom" or "Company") will be held at 11:30am (ACDT) on Wednesday 17 November 2021 at Axiom Properties Limited, Level 1, Leigh Chambers, 20 Leigh Street, Adelaide South Australia for the purpose of transacting the following business referred to in this Notice of Meeting.

With regards to the COVID-19 pandemic, the Company considers the health and safety of shareholders, advisers and staff to be paramount. While the Board would like to host all Shareholders in person, in order to minimise the risk to Shareholders and to the Company, the Company suggests that Shareholders carefully consider whether they attend the Meeting in person.

Axiom intends to strictly follow any government advice or requirements that are current at the time of the Meeting (including in relation to 'social distancing') and will take any additional measures considered necessary or appropriate for the safety of Shareholders, employees, Directors, venue staff and the general public.

Shareholders who still wish to physically attend the Meeting should have regard to government warnings and recommendations and monitor Axiom Properties Ltd's website and ASX announcements for any updates about the Meeting.

AGENDA

ITEMS OF BUSINESS

1. Financial Statements and Reports

To receive and consider the Financial Report and the Reports of the Directors and the Auditor for the 12-month period ended 30 June 2021.

No vote is held in connection with this item.

2. Resolution 1 – Remuneration Report

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

"To adopt the Remuneration Report (which forms part of the Directors' Report) for the 12-month period ended 30 June 2021."

Note that the vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution. The Company will disregard any votes cast on Resolution 1 by or on behalf of a Restricted Voter¹. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of a Restricted Voter.

¹ Restricted Voter" means Key Management Personnel and their Closely Related Parties as defined in the glossary.

Further, the Company will not disregard a vote cast by the Chair of the meeting as a proxy, if the appointment of the Chair expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 1. Shareholders may also choose to direct the Chair to vote against Resolution 1 or to abstain from voting.

3. Resolution 2 – Re-election of Mr John Howe as a Director

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

"That Mr John Howe, being a director of the Company who retires by rotation pursuant to Rule 13.2 of the Constitution of the Company, and being eligible, is re-elected as a director of the Company."

4. Resolution 3 – Re-election of Mr Liu Ying Chun as a Director

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

"That Mr Liu Ying Chun, being a director of the Company who retires by rotation pursuant to Rule 13.2 of the Constitution of the Company, and being eligible, is re-elected as a director of the Company."

4. Resolution 4 – Change of Auditor

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

"Subject to the Australian Securities and Investments Commission (ASIC) consenting to the resignation of BDO Audit (SA) Pty Ltd as auditor of the Company, that pursuant to section 327B of the Corporations Act and for all other purposes, BDO Audit Pty Ltd be appointed as auditor of the Company with effect from the later of the conclusion of the 2021 Annual General Meeting and the day on which ASIC gives its consent."

6. Resolution 5 – Return of capital to shareholders

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

"That for the purpose of Part 2J.1 of the Corporations Act 2001 (Cth), and for all other purposes, approval is given for the share capital of the Company to be reduced by up to \$17.3 million, such reduction of capital to be effected by the Company paying each registered holder of fully paid ordinary shares in the Company as at 5:00 pm (ACDT) on 8 December 2021 the amount of up to \$0.04 per fully paid ordinary share in the Company held by that holder as at that time, and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying this notice."

GLOSSARY

"Accounting Standards" has the meaning given to that term in the Corporations Act;

"ACDT" means Australian Central Daylight Time

"ASX" means ASX Ltd ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Ltd;

"Board" means the board of Directors;

"Closely Related Party" has the meaning given to that term in the Corporations Act;

"Company" means Axiom Properties Limited ABN 40 009 063 834;

"Constitution" means the Company's constitution, as amended from time to time;

"Corporations Act" means *Corporations Act 2001* (Cth);

"CST" means Central Standard Time;

"Directors" means the Directors of the Company;

"Explanatory Memorandum" means this Explanatory Memorandum accompanying the Notice;

"Financial Statements and Report" means the annual report of the Company for the year ended 30 June 2021;

"For Cause" means serious misconduct, breach of law, breach of a material term of the Participants employment agreement, consultancy agreement or contract for services (as applicable), fraud, lack of honesty or lack of good faith.

"Key Management Personnel" has the meaning given to that term in the Accounting Standards;

"Listing Rules" means the Listing Rules of the ASX;

"Meeting" means the annual general meeting the subject of the Notice;

"Notice" means this Notice of Meeting;

"Return of Capital" means a return of capital intended to be undertaken by the Company;

"Resolution" means a resolution contained in this Notice;

"Share" means a fully paid ordinary share in the capital of the Company;

"Shareholder" means the holder of a Share;

By order of the Board



Paul Santinon

Company Secretary

Dated: 8 October 2021

How to vote

Shareholders can vote by either:

- attending the meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post or by facsimile.

Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the venue no later than 20 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

Voting by a Corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed.

Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (ie where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a Shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit. However, where a Restricted Voter is appointed as a proxy, the proxy may only vote on Resolution 1 if the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
- Should any Resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that Resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction how to vote will be used where possible to support each of the resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed resolutions. These rules are explained in this Notice.
- To be effective, proxies must be lodged by 11:30 am (ACDT) Monday 15 November 2021. Proxies lodged after this time will be invalid.

- Proxies may be lodged using any of the following methods:

by post to:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3000

or

Online: www.investorvote.com.au

Proxies may also now be lodged electronically by casting votes online by following the prompts at www.investorvote.com.au. To use this facility, you will need your holder number (SRN or HIN), postcode and control number as shown on the proxy form. You will have been taken to have signed the proxy form if you lodge it in accordance with the instructions on the website.

or

by faxing a completed proxy form to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia). The proxy form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 11:30 am (ACDT) Monday 15 November 2021. If facsimile transmission is used, the power of attorney must be certified.

Custodian voting – for Intermediary Online subscribers (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

Shareholders who are entitled to vote

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the Register of Shareholders as at 6.30 pm ACDT on 15 November 2021.

AXIOM PROPERTIES LTD

ABN 40 009 063 834

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Meeting.

FINANCIAL REPORTS

The first item of the Notice of Meeting deals with the presentation of the consolidated annual financial report of the Company for the financial year ended 30 June 2021 together with the Directors' declaration and report in relation to that financial year and the auditor's report on those financial statements. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Meeting to ask questions and make comments on the accounts and on the business, operations and management of the Company.

The Chairman will also provide Shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent audit report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; and
- the independence of the auditor in relation to the conduct of the audit.

RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT

In accordance with section 250R(2) of the Corporations Act the Company is required to present to its Shareholders the Remuneration Report as disclosed in the Company's 2021 Financial Statements and Report. The vote on the Resolution is advisory only and does not bind the Directors or the Company. The Remuneration Report is set out in the Company's Financial Statements and Report and is also available on the Company's website (www.axiompl.com.au).

However, if at least 25% of the votes cast are against adoption of the Remuneration Report at the 2021 AGM, and then again at the 2022 AGM, the Company will be required to put a resolution to the 2022 AGM, to approve calling an extraordinary general meeting (**spill resolution**). If more than 50% of Shareholders vote in favour of the spill resolution, the Company must convene an extraordinary general meeting (**spill meeting**) within 90 days of the 2022 AGM. All of the Directors who were in office when the 2022 Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the spill meeting.

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any share based compensation.

Voting

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. In particular, the directors and other Restricted Voters may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of the Resolution.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on this Resolution.

Board Recommendation

Noting that each Director has a personal interest in their own remuneration from the Company as set out in the Remuneration Report, the Board unanimously recommends that shareholders vote in favour of adopting the Remuneration Report.

RESOLUTION 2 – RE-ELECTION OF MR JOHN HOWE AS A DIRECTOR

Pursuant to Clause 13.2 of the Constitution, Mr John Howe, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Mr Howe has over 30 years of business experience in the development and construction industry. He established a national and international reputation across a range of sectors including property, integrated tourism resorts, theme parks, special events and tall building design.

As the former Executive Chairman of Weathered Howe Pty Ltd, Mr Howe is a recognised industry leader with memberships in many Queensland associations and industry-based councils. Currently Mr Howe is the Chairman of iEDM, one of Australia's leaders in the delivery of Tourism, Leisure and Events Projects. Mr Howe holds the Degree of Bachelor of Engineering (Civil), is a member of the Institution of Engineers Australia and is currently the honorary Professor of Integrated Engineering at Griffith University and previously an Adjunct Professor at the Mirvac School of Sustainable Development at Bond University.

Mr Howe has served as a director for thirteen years and is a member of the Group's Audit Committee, Remuneration Committee and Nomination Committee.

Board Recommendation

The Board (other than the relevant director in relation to his own election) unanimously recommends the re-election of Mr John Howe as director.

RESOLUTION 3 – RE-ELECTION OF MR LIU YING CHUN AS A DIRECTOR

Pursuant to Clause 13.2 of the Constitution, Mr Liu Ying Chun, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Mr. Liu Ying Chun is the Chief Executive Officer and an Executive Director of Oriental University City Holdings (H.K.) Limited ("OUCHK"), a company listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. He is primarily responsible for managing the overall operations of OUCHK. Mr. Liu is currently also a director of Langfang Education Consultancy.

Mr. Liu's previous appointments include Chairman of Langfang Huaxi Construction Consultancy Company Limited, Vice-Head in the Langfang Audit Office and Head of Construction Center Department.

Mr. Liu possesses a Diploma in Business Economics awarded by the Renmin University of China. Mr. Liu is also registered as an engineer in the People's Republic of China ("PRC"), a valuer with the China Appraisal Society and a qualified auditor accredited by the National Audit Office in the PRC.

Mr. Liu has served as a director for six years and is a member of the Group's Audit Committee, Remuneration Committee and Nomination Committee.

Board Recommendation

The Board (other than the relevant director in relation to his own election) unanimously recommends the re-election of Mr Liu Ying Chun as director.

RESOLUTION 4 - CHANGE OF AUDITOR

From 6 July 2021, BDO Adelaide office integrated with its east coast offices, in Brisbane, Sydney and Melbourne. BDO Audit (SA) Pty Ltd has sought consent from the Company to change auditors to BDO Audit Pty Ltd, a different audit entity within the national BDO structure. BDO Audit Pty Ltd maintains the appropriate Professional Indemnity insurance to perform its role as the Company's auditor.

Board Recommendation

The Board unanimously recommends passing the resolution should ASIC consent to the resignation of BDO Audit (SA) Pty Ltd.

RESOLUTION 5 - RETURN OF CAPITAL TO SHAREHOLDERS

1. BACKGROUND AND OVERVIEW OF THE RETURN OF CAPITAL

Shareholders are being asked to consider and pass a Resolution authorising the Company to reduce its share capital by returning to each shareholder an amount equal up to a maximum \$0.04 per Share held by them at 5:00 pm (ACDT) on 8 December 2021, representing a total return to shareholders of up to a maximum amount of approximately \$17,308,546.

The money that will be used to make the payments to relevant Shareholders in respect of the Return of Capital will be sourced and is subject to achieving:

- Practical completion of the South Australian Emergency Services State Control Centre at Worldpark, and receiving final proceeds from Charter Hall Social Infrastructure REIT in November 2021;
- Executing binding contract for sale of Butler Central Homemaker Centre, WA to Lester Group and settlement occurring in November 2021.

Shareholders are entitled to participate in the Return of Capital if they are registered as holders of 5:00 pm (ACDT) on 8 December 2021. The terms of the reduction are the same for each Shareholder.

For the purposes of the Corporations Act, the proposed Return of Capital is an "equal" reduction of capital which requires the approval of shareholders by ordinary resolution in general meeting. Accordingly, for the proposed Return of Capital to proceed, a majority of votes must be cast in favour of Resolution 5.

2. REQUIREMENTS FOR THE RETURN OF CAPITAL

The proposed Return of Capital is an equal reduction as:

- (a) it relates only to shares;
- (b) it applies to Shareholders in proportion to the number of Shares they hold; and
- (c) the terms of the reduction will be the same for each Shareholder.

Under Section 256C of the Corporations Act, the proposed Return of Capital must be approved by an ordinary resolution passed at a general meeting of the Company.

Under Section 256B of the Corporations Act, the Company may only reduce its capital if it:

- (a) is fair and reasonable to shareholders as a whole;
- (b) does not materially prejudice the Company's ability to pay its creditors; and

- (c) is approved by Shareholders in accordance with Section 256C of the Corporations Act.

The Directors believe that the Return of Capital:

- (a) is fair and reasonable to shareholders as a whole for the reasons set out throughout this Explanatory Memorandum; and
- (b) will not materially prejudice the Company's ability to pay its creditors.

Resolution 5 requires the approval of Shareholders in accordance with Section 256C of the Corporations Act. The Notice of Meeting notifies Shareholders of the Meeting at which approval of Resolution 5 is being sought.

3. *RATIONALE FOR THE RETURN OF CAPITAL*

As announced to the market on 11 November 2020, the Company reached agreement with Charter Hall Social Infrastructure REIT (ASX:CQE) to sell its new purpose-built South Australian Emergency Services State Control Centre and adjacent multi-deck carpark, which is currently under construction.

As announced on 17 December 2020, the Company received net proceeds of approximately \$18 million after paying senior debt and all settlement costs for the first tranche of the \$80 million sale.

On 19 March 2021 at an Extraordinary General Meeting, shareholders approved a resolution to return approximately \$6,490,705.16 of the first tranche proceeds to shareholders by way of a cash payment of \$0.015 per fully paid share as a Return of Capital (calculated as 432,713,658 shares by two (1.5) cents). This return was subsequently paid on 9 April 2021.

The date of practical completion of the development is expected to occur by the end of November 2021, with the forecast balance of proceeds and final tranche of approximately \$10 million to be paid by Charter Hall shortly thereafter (net of the \$2.5m retention amount to be paid to the Company after a 12-month defects liability period around November 2022).

As announced on 24 June 2021, \$8.8 million of the first tranche proceeds from the sale of the South Australian Emergency Services State Control Centre was used to purchase land in Butler, WA for the Company's large format retail project, Butler Central Homemaker Centre. Subsequently on 24 September 2021, the Company announced it had entered into a non-binding Heads of Agreement to sell its Butler Central Homemaker Centre to Lester Group.

As at the time of mailing of this notice of meeting, Lester Group are undertaking their due diligence and the transaction is still highly conditional. Whilst all the commercial conditions including the ultimate sale price of the project has not been agreed at the time of this notice, the commercial intent of the agreement is that Lester Group will acquire the land at cost plus improvements on settlement, which is scheduled for 22 November 2021. The effect of the settlement thereby repatriates the Company for the capital proceeds received from the South Australian Emergency Services State Control Centre development.

4. *ADVANTAGES AND DISADVANTAGES OF THE RETURN OF CAPITAL*

The principal advantages and disadvantages of the proposed Return of Capital are as follows:

4.1 *Advantages*

The Board considers the following to be advantages of the proposed Return of Capital to Shareholders:

- (a) *Effective capital management strategy:* the Board believes that the Return of Capital represents an effective capital management strategy which is in the interest of Shareholders as outlined above at paragraph 3; and
- (b) *No brokerage:* no brokerage is payable by Shareholders in connection with the Return of Capital.

4.2 *Disadvantages*

The Board considers the following to be disadvantages of the proposed Return of Capital to Shareholders:

- (a) *Cash reserves*: the Return of Capital will diminish the Company's cash reserves; and
- (b) *Transaction costs*: the Company will incur transaction costs in connection with it undertaking the Return of Capital.

5. *INDICATIVE TIMETABLE*

Subject to the ASX Listing Rules and Corporations Act requirements, the Company anticipates completion of the Return of Capital in accordance with the following timetable (which is subject to change by the Company):

| | |
|---|-------------------------------------|
| Company announces the proposed Return of Capital | 8 October 2021 |
| Company dispatches Notice of Meeting | 8 October 2021 |
| Cut off dates for lodging of Proxy Form | 11:30 am (ACDT) 15 November 2021 |
| Date of Annual General Meeting | 11:30 am (ACDT) 17 November 2021 |
| Effective date of the Return of Capital | 3 December 2021 |
| Last day for trading in "cum Return of Capital" basis | 6 December 2021 |
| Trading in Shares on an "ex Return of Capital" basis | 7 December 2021 |
| Record Date for determining entitlement to participate in Return of Capital | 8 December 2021 |
| Distribution of payments of Shareholders under the Return of Capital | 15 December 2021 |

6. *TRADING IN SHARES*

Shares will trade on an "ex Return of Capital" basis on the second business day after the Company notifies ASX that Shareholders have approved a Return of Capital.

7. *OTHER INFORMATION FOR SHAREHOLDERS*

7.1 *Record Date*

The Record Date is 8 December 2021.

7.2 *Eligibility*

All Shareholders who are:

- (a) registered as such as at 5:00 pm (ACDT) on the Record Date; or
- (b) entitled to be registered as a Shareholder in the Company by virtue of a transfer of Shares executed before 5:00 pm (ACDT) on the Record Date and lodged with Computershare at that time;

will be entitled to participate in the Return of Capital.

7.3 *Amount of entitlement*

Each Shareholder who is entitled to participate in the Return of Capital will receive up to \$0.04 per Share as a cash payment for each Share they hold.

7.4 *Payment details*

If Resolution 5 is approved by Shareholders, payments will be made on 15 December 2021. Australian Shareholders who have not already done so can nominate an account for the payments to be made by direct credit by completing and returning the enclosed direct credit form to Computershare. Payment will be made by way of direct credit into a nominated account for Australian Shareholders, or by cheque if banking details of are Shareholder have not been provided to Computershare prior to the Meeting.

8. EFFECT OF PROPOSED RETURN OF CAPITAL ON THE COMPANY

8.1 Pro-forma Statement of Financial Position

Set out below is a consolidated statement of financial position of the Company as at 30 June 2021, along with the pro-forma consolidated statement of financial position following the completion of the proposed Return of Capital.

The pro-forma consolidated statement of financial position is provided as a guide only and does not contain all the disclosures that are usually provided in accounts included in an annual report prepared in accordance with the Corporations Act and does not represent the future financial prospects of the Company.

Further information about the Company's business, financial position and prospects is contained in the Annual Report, which can be accessed on the Company's website at www.axiompl.com.au.

| | Audited 30-Jun-20 | Effect of Settlement of Worldpark | Effect of Settlement of Butler | Other Operational Adjustments | Return of Capital Adjustments | Pro-forma unaudited |
|--|----------------------|---|--------------------------------------|-------------------------------------|-------------------------------------|------------------------|
| Current Assets | \$'000 | | | | | |
| Cash and cash equivalents | 9,127 | 5,489 | 9,238 | 1,500 | -17,309 | 8,045 |
| Trade and other receivables | 1,392 | | | -831 | | 561 |
| Contract assets | 13,882 | -11,382 | | | | 2,500 |
| Other financial assets (Cash Term Deposit) | 3,038 | | | -669 | | 2,369 |
| Other assets | 53 | | | | | 53 |
| | 27,492 | -5,893 | 9,238 | 0 | -17,309 | 13,528 |
| Total Current Assets | 27,492 | -5,893 | 9,238 | 0 | -17,309 | 13,528 |
| Non-Current Assets | | | | | | |
| Trade and other receivables | 488 | | | | | 488 |
| Inventory | 10,528 | | -9,420 | -1,108 | | 0 |
| Other assets | 359 | | | | | 359 |
| Investments accounted for using the equity method | 1,401 | | | | | 1,401 |
| Right-of-use-assets | 607 | | | | | 607 |
| Deferred tax assets | 840 | | | | | 840 |
| Total Non-Current Assets | 14,223 | 0 | -9,420 | -1,108 | 0 | 3,695 |
| Total Assets | 41,715 | -5,893 | -182 | -1,108 | -17,309 | 17,223 |
| | | | | | | |
| | \$'000 | | | | | |
| Current Liabilities | | | | | | |
| Trade and other payables | 9,786 | -8,882 | -182 | -610 | | 112 |
| Lease liabilities | 220 | | | | | 220 |
| Provisions | 323 | | | | | 323 |
| Total Current Liabilities | 10,329 | -8,882 | -182 | -610 | 0 | 655 |
| Non-Current Liabilities | | | | | | |
| Lease liabilities | 441 | | | | | 441 |
| Total Non-Current Liabilities | 441 | 0 | 0 | 0 | 0 | 441 |
| Total Liabilities | 10,770 | -8,882 | -182 | -610 | 0 | 1,096 |
| Net Assets | 30,945 | 2,989 | 0 | -498 | -17,309 | 16,127 |
| Equity | | | | | | |
| Issued capital | 47,949 | | | | -17,309 | 30,640 |
| Accumulated losses | -17,004 | 2,989 | 0 | -498 | | -14,513 |
| Total Equity | 30,945 | 2,989 | 0 | -498 | -17,309 | 16,127 |

8.2 *What is the effect on the Company's financial position?*

The Board believes that the Company has cash reserves which are sufficient to fully fund the Return of Capital and to retain sufficient reserves for the purposes of the Company.

The Return of Capital will marginally reduce the profitability of the Company due to forgone interest income.

8.3 *What is the effect on the Company's contributed equity?*

On completion of the Return of Capital, the Company expects the contributed equity of the Company will be reduced by up to \$17,308,546.

8.4 *What is the effect on the Company's capital structure?*

The Return of Capital will have no effect on the total number of Shares on issue as no Shares will be cancelled under the Return of Capital.

Shares may trade at a lower price following the Return of Capital than they would have done had the Return of Capital not been implemented. This is likely to occur from the ex Return of Capital date, being the date that Shares trade without an entitlement to participate in the Return of Capital.

8.5 *What is the impact on the Company's growth strategies?*

It is the opinion of the Board that because of the current financial position of the Company, the Board's intentions in relation to existing development opportunities which are currently available and which the Board can reasonably foresee, and the capacity of the Company to raise additional project capital if required, the Return of Capital will not materially impact on the Company's ability to fund its business operations.

The Board believes the Return of Capital will leave the Company with the capacity to grow its business whilst also taking into account the interest of stakeholders.

8.6 *What are the tax implications for the Company?*

No adverse tax consequences are expected to arise for the Company as a result of the Return of Capital.

9. *EFFECT OF THE PROPOSED EQUAL RETURN OF CAPITAL ON THE COMPANY'S CREDITORS*

The Return of Capital involves a reduction in the Company's paid up share capital (contributed equity). The Board considers that the Return of Capital does not materially prejudice the Company's ability to pay its creditors as cash reserves post proposed Return of Capital are sufficient to pay its creditors.

10. *EFFECT OF THE RETURN OF CAPITAL ON THE COMPANY'S SHAREHOLDERS*

Subject to Shareholders approving Resolution 5, the Company will undertake a distribution of capital to Shareholders. Shareholders will be entitled to receive up to \$0.04 for every Share held at Record Date.

The Return of Capital will have no effect on the number of Shares held by Shareholders or on their proportionate interest in the share capital of the Company.

The Company has no partly paid shares on issue and no convertible securities on issue. Accordingly, the Return of Capital will have no effect on the amount unpaid on any of the Company's securities or the treatment of any convertible securities.

In the event the Shareholder approval of Resolution 5 is not obtained, the proposed distribution of capital to Shareholders will not occur.

The proposed timetable for the transaction is set out in Section 5 of the Explanatory Memorandum.

10.1 *What will you receive?*

If the Return of Capital is implemented, eligible Shareholders (being Shareholders whose address in the Company share register as shown at 5:00 pm (ACDT) on the Record Date) will receive up to \$0.04 for each Share held.

10.2 *What is the impact on your shareholding in the Company?*

The number of Shares in the Company that you hold will not change as a result of the Return of Capital.

If the Return of Capital is implemented, the value of your Shares may fall after it is implemented.

10.3 *Do you have to do anything to receive the payment?*

If the Return of Capital proceeds, you will automatically receive the funds you are entitled to receive, even if you vote against the Return of Capital or do not vote at all.

Australian resident Shareholders may elect to receive payment by direct credit. To do so, you must ensure Computershare received your direct credit instructions as set out in Section 7.4 of this Explanatory Memorandum. If the Computershare does not have your direct credit instructions prior to the Annual General Meeting, you will be paid the amount to which you are entitled pursuant to the Return of Capital by cheque.

10.4 *What are the taxation implications of the Return of Capital?*

A general guide to the taxation implications for Australian Shareholders of the Return of Capital is set out in Section 12 of this Notice.

11. *INFORMATION CONCERNING THE COMPANY'S SHARES*

The rights attaching to Shares in the Company will not alter as a result of the Return of Capital.

The highest and lowest recorded sale prices of Shares traded on the ASX during the 12 months immediately preceding the date of this Notice and the respective dates of those sales were:

| Date | Highest Price | Date | Lowest Price |
|-----------------|---------------|--------------|--------------|
| 9 November 2020 | \$0.135 | 6 April 2021 | \$0.054 |

Latest available closing price of Shares on ASX prior to date of this Notice was \$0.090 on 5 October 2021.

12. *TAXATION*

12.1 *Introduction*

The following comments are based on the application of Australian taxation laws in force at the date of this Explanatory Memorandum.

The views expressed in this summary are not intended as specific advice to Shareholders. The application of tax legislation may vary according to the specific circumstances of Shareholders. It should be emphasised that these comments are general in nature, may not be applicable to your individual circumstances, and cannot be relied upon for accuracy or completeness.

The Company and its advisers do not accept any liability of responsibility in respect of any of the following statements concerning the taxation consequences of the proposed Return of Capital. All shareholders should seek their own independent advice which considers their specific facts and circumstances.

The following is a broad outline of the tax consequences for shareholdings associated with the proposed Return of Capital. This outline does not cover all possible income tax considerations that could apply to a particular shareholder. Specifically, this outline:

- applies only where shareholders hold their shares on capital account. It does not apply where the shares are held on revenue account;
- does not apply to shareholders subject to the Taxation of Financial Arrangement (TOFA) provisions; and
- is based on Australian tax law in effect at the date of this notice. It does not consider or anticipate any changes in the law (such as legislation, judicial authority or administrative practice).

The Company considers the proposed Return of Capital should not be a dividend for Australian income tax purposes. The Company intends to debit the Return of Capital out of its share capital account.

The Company is not intending to request a ruling from the Australian Taxation Office (ATO) to confirm that the payment will not be treated as a dividend for Australian income tax purposes. The Company considers, based on available tax rulings and advice, that the ATO should not consider the payment to be a dividend.

The Return of Capital should not be included in the ordinary assessable income of either a non-resident or a resident shareholder otherwise than as a capital gain per below.

Non-resident shareholders should only be subject to the Capital Gains Tax (CGT) regime where the shareholder and its associates own at least 10% of the Company's shares.

Shareholders may be liable to pay CGT in relation to the Return of Capital. An outline of the potential CGT consequences for a Shareholder is as follows:

1. If the Return of Capital is less than or equal to the shareholder's CGT cost base of the shares they hold, the CGT cost base will be reduced by the amount of that Return of Capital, but it cannot be reduced below nil;
2. If the Return of Capital is more than the shareholder's CGT cost base of the shares they hold, the CGT cost base will be reduced to nil. Any excess amount will be included in the shareholder's assessable income as a capital gain; and
3. A capital gain may be treated as a discount capital gain where the shareholder (being an individual, trust or superannuation fund) acquired the shares at least 12 months prior to the payment of the Return of Capital. The availability of the CGT discount will also be subject to the shareholder satisfying other conditions.

Finally, as the distributions should be considered a return of capital, no withholding tax will be deducted from the distribution for either resident or non-resident shareholders.

13. *DIRECTORS' INTERESTS AND RECOMMENDATIONS*

Set out below is a table which indicates the securities in which the Directors have an interest prior to the Return of Capital and the amount they are likely to receive if Resolution 5 is passed and implemented:

| Director | Company Shares | Nature of Interest | Amount likely to be received if the Resolution is passed and implemented |
|-------------------------|--|--------------------|--|
| Mr Ian Laurance AM | 5,250,000 | Indirect | \$210,000.00 |
| Mr Ben Laurance | 73,043,157 | Indirect | \$2,921,726.28 |
| Mr John Howe | 9,290,450 | Indirect | \$371,618.00 |
| Mr Liu Ying Chun | 82,250,000 | Indirect | \$3,290,000.00 |
| Ms Doris Chung Gim Lian | Ms Doris is alternate for Mr Liu Ying Chun and as such nature of interest is the same. | | |

After considering all relevant factors, the Directors recommend that Shareholders vote in favour of Resolution 5 for the following reasons:

- (a) after a full and proper assessment of all available information they believe that the proposed transaction is in the best interest of the Company's Shareholders; and
- (b) in the opinion of the Directors, the benefits of the proposed transaction outweigh the disadvantages.

Each Director who is entitled to vote intends to vote the Shares held by him or her in favour of Resolution 5.

14. OTHER MATTERS

14.1 Lodgement with ASIC

The Company has lodged with ASIC a copy of this Notice in accordance with Section 256C(5) of the Corporations Act. If Resolution 5 is passed the Return of Capital is required to take effect in accordance with the timetable set out in Appendix 7A of the ASX Listing Rules.

14.2 Disclosure to ASX

The Company, as a company whose Shares are quoted on the stock market of ASX, is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations. Copies of documents lodged in relation the Company may be obtained for a fee from, or inspected at, an office of ASIC.

14.3 Other material information

There is no information material to making of a decision by a Shareholder in the Company whether or not to approve Resolution 5 (being information that is known to any of the Directors and which has not been previously disclosed to Shareholders in the Company) other than as disclosed in the Explanatory Memorandum.

Need assistance?



Phone:

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact

AXI



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:30 AM (ACDT) on Monday, 15 November 2021.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number:
SRN/HIN:

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Axiom Properties Limited hereby appoint

☐ the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

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, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Axiom Properties Limited to be held at the offices of Axiom Properties Limited, Level 1, Leigh Chambers, 20 Leigh Street, Adelaide, SA 5000 on Wednesday, 17 November 2021 at 11:30 AM (ACDT) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item 1 (except where I/we have indicated a different voting intention in step 2) even though Item 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Item 1 by marking the appropriate box in step 2.

Step 2 Items of Business

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

| | | For | Against | Abstain |
|--------|---|--------------------------|--------------------------|--------------------------|
| Item 1 | Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Item 2 | Re-election of Mr John Howe as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Item 3 | Re-election of Mr Liu Ying Chun as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Item 4 | Change of Auditor | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Item 5 | Return of capital to shareholders | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically