

ASX CODE

AXI

ISSUED CAPITAL

Ordinary Shares
432.7 M

CONTACT

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29 October 2021

ASX ANNOUNCEMENT

ACTIVITIES REPORT AND APPENDIX 4C – QUARTERLY CASH FLOW REPORT SEPTEMBER 2021

Adelaide, Australia, Friday 29 October 2021: Axiom Properties Limited (ASX:AXI) lodges the attached Appendix 4C Quarterly report for entities admitted on the basis of commitments for the quarter ended 30 September 2021.

The Company's cash reserves for the September quarter decreased by \$4.753 million and the Company held cash reserves of \$7.412 million as at 30 September 2021.

Details of the Company's business activities for the quarter are as follows:

- o Development costs spent were for the construction of the South Australian Emergency Services State Command Centre and multi-deck carpark, being \$15.381 million. Charter Hall as the landowner is funding all development costs ongoing monthly as costs are approved by the independent certifier, totalling \$10.779 million for the quarter.
- o Inventory costs spent were for the construction of the Company's large format retail centre, the Butler Central Homemaker Centre, being \$0.518 million and its Mt Barker residential land sub-division in South Australia, Glenlea Estate, being \$0.679 million. The Company received receipts from the settlement of Glenlea constructed home inventory of \$1.1 million.

The balance of net operating cash flows for the September quarter included cash out flows of employee, office overhead and interest costs as disclosed in item 1 in the below 4C, which are representative of regular quarterly operating costs.

- o Net investing cash inflows for the September quarter were \$0.056 million relating to timing differences of payments made by the Company for its Glenlea Estate project with respect to the Joint Venture BankSA facility funding of construction payments.
- o Net financing cash outflows for the September quarter were \$0.066 million relating to right of use lease liability of the Adelaide and Sydney offices and motor vehicle.
- o Aggregate amount of payments to related parties and their associates are for director fees and salaries and wages, as well as for costs incurred on behalf of the Company in the ordinary course of business, which were reimbursed at cost.

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- o The Board refers to item 8 in the Appendix 4C where its estimated quarters of funding available has fallen below 2 quarters and provides the following commentary:
 - The Board expects the number of quarters available of funding in the December quarter to return to significantly higher levels;
 - The September quarter included continued inventory construction costs for its Butler large format retail development (from the Company's internal cash reserves) as well as a yearend timing difference in payment for construction of its Safecom development at Worldpark;
 - As announced on 27 October, the Company achieved finance close on its Butler Central Homemaker Centre development. The \$25m construction facility being provided by BankSA fully funds the development. The Company has also now used the facility to draw \$1.1m of construction equity back into its cash reserves, which will be reflected in the December quarter Appendix 4C;
 - The Board notes that the Lester Group due diligence period for the acquisition of the development expires on 7 November 2021. Whilst the transaction is still highly conditional, if the transaction does proceed, settlement will occur late November with the Company to receive its land purchase price and reimbursement of costs to date, expected to be in the order of \$11m;
 - As advised in the Company's notice of meeting sent out on 8 October, the date of practical completion of the South Australian Emergency Services State Control Centre 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).

The Board and its executives continue to monitor operating and overhead costs to ensure the Company remains in a strong financial position. There were no substantive changes to business activities during the quarter.

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 through creating a well-respected property development and investment company that consistently delivers above industry returns on capital.

For more information, please contact:
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Company Secretary
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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Axiom Properties Limited

ABN

40 009 063 834

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	11,598	11,598
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(385)	(385)
(f) administration and corporate costs	(162)	(162)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (Development Costs & Inventory)	(15,797)	(15,797)
1.9 Net cash from / (used in) operating activities	(4,743)	(4,743)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities	56	56
2.4	Dividends received (see note 3)		
2.5	Other (Distributions from Investments)		
2.6	Net cash from / (used in) investing activities	56	56

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid / Return of Capital		
3.9	Other (Right of Use Lease Liability)	(66)	(66)
3.10	Net cash from / (used in) financing activities	(66)	(66)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	12,165	12,165
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,743)	(4,743)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	56	56

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(66)	(66)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	7,412	7,412

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,943	9,027
5.2	Call deposits	2,369	3,038
5.3	Bank overdrafts		
5.4	Other (held in trust for Worldpark sale)	100	100
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,412	12,165

**6. Payments to related parties of the entity and their
associates**

6.1 Aggregate amount of payments to related parties and their
associates included in item 1

6.2 Aggregate amount of payments to related parties and their
associates included in item 2

**Current quarter
\$A'000**

200

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of,
and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities		

7.5 Unused financing facilities available at quarter end

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	4,743
8.2 Cash and cash equivalents at quarter end (Item 4.6)	7,412
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	7,412
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	1.6

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

Yes. The Company has entered into a construction contract with national builder ADCO Builders Pty Ltd to construct the Company's Butler Central Homemaker Centre in Perth WA. The construction program commenced in July 2021 and is due for practical completion in June 2022.

- Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

The Company is not proposing to raise further cash to fund operations as internal forecast management cashflow show the Company will have sufficient cash reserves to meet its obligations as and when they fall due. In particular, the date of practical completion of the Company's Worldpark 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.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Yes. Subsequent to quarter end, the Company entered into and achieved financial close on a \$25m development facility with BankSA to fully fund the construction of its Butler Central Homemaker Centre. During the following quarter the Company used the facility to replenish a \$1.1m of the construction costs (inventory) already spent and will use the facility to draw all future construction costs.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 October 2021.....

Authorised by: By The board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.