ASX CODE

AXI

ISSUED CAPITAL

Ordinary Shares
432.7 M

CONTACT

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AXIOM
PROPERTIES LIMITED

21 October 2020

ASX ANNOUNCEMENT

ACTIVITIES REPORT AND APPENDIX 4C – QUARTERLY CASH FLOW REPORT SEPTEMBER 2020

Adelaide, Australia, Wednesday 21 October 2020: 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 2020.

The Company's cash reserves for the September quarter decreased by $1.549 million and the Company held cash reserves of $5.670 million as at 30 September 2020.

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

- The Company continued to strategically deploy a net $2.475m of capital into its direct property development projects, the majority being for its Worldpark Emergency Services Headquarters at Keswick in Adelaide, following the commencement of construction during the quarter.

- The balance of net operating cash flows for the September quarter included receipts from the settlement of sales of constructed homes at the Company's Glenlea project in Mt Barker, less cash out flows for employee, office overhead and interest costs as disclosed in item 1 in the below 4C, which are representative of regular quarterly operating costs.

- Net investing cash inflows for the September quarter were $0.056m. The Company lent $0.201m of capital to the Glenlea Mt Barker joint venture to expedite approvals to commence development of the next stage of allotments whilst the joint venture finalises BankSA funding approval, expected to occur in the following quarter.

  During the quarter the Company received $0.007m in distributions from its investment in Churchill North Centre Investment Trust 1 and sold 250,000 units of its units in the Churchill North Centre Investment Trust 1 at $1 per unit. As at quarter end, the Company held a total balance of 1,680,000 units in the Trust. The Directors continue to believe the time is appropriate for the Company to deploy its passive capital into other pipeline development assets and is therefore continuing to sell down its units in this investment.

- Net financing cash inflows for the September quarter were $0.735m. During the quarter, the Company entered into a construction finance facility with NAB to fund its SAFECOM development, secured against the Worldpark Pty Ltd land, Richmond SA. The facility establishment fee was 0.08%, plus line fees of 2% on the facility limit plus a margin of 2% on drawn amounts and matures on practical completion of the development in October 2021.

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The inflows were because of the Company achieving financial close and therefore commencing drawdown on the NAB construction facility. The Safecom facility is now fully funded on a cost to complete basis.

- 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.

In respect to the current environment, the Board and its executives continue to assess the viability of each of its projects and equity investments in collaboration with their counterparties. It is consistently monitoring project timelines and associated cashflows to ensure relevance in line with market conditions.

The Board and its executives continue to monitor operating and overhead costs to ensure the Company remains in an optimal 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. Axiom's current portfolio of development opportunities include a major mixed-use residential, retail and carparking complex in Sydney's Double Bay, a mixed-use hotel and office development in Adelaide's CBD and a 600-lot residential subdivision in Mt Barker in the Adelaide Hills. The end value of the current pipeline exceeds $800m.

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

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

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Name of entity	
Axiom Properties Limited	
ABN	**Quarter ended ("current quarter")**
40 009 063 834	30 September 2020

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	715	715
1.2	Payments for		
	(a) research and development		
	(b) product manufacturing and operating costs		
	(c) advertising and marketing		
	(d) leased assets		
	(e) staff costs	(450)	(450)
	(f) administration and corporate costs	(126)	(126)
1.3	Dividends received (see note 3)		
1.4	Interest received	9	9
1.5	Interest and other costs of finance paid	(12)	(12)
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (Development Costs)	(2,475)	(2,475)
1.9	**Net cash from / (used in) operating activities**	**(2,339)**	**(2,339)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		(138)
	(e) intellectual property		
	(f) other non-current assets		

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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	250	250
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities	(201)	(201)
2.4	Dividends received (see note 3)		
2.5	Other (Distributions from Investments)	7	7
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	786	786
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (Right of Use Lease Liability)	(51)	(51)
3.10	**Net cash from / (used in) financing activities**	**735**	**735**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	7,218	7,218
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,339)	(2,339)
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)	735	735
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**5,670**	**5,670**

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	2,075	3,646
5.2	Call deposits	3,595	3,572
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**5,670**	**7,218**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	207
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

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

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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	50,000	786
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**	50,000	786

7.5	**Unused financing facilities available at quarter end**	49,214

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.

In the September quarter, the Company entered into a construction finance facility with NAB to fund its SAFECOM development, secured against the Worldpark Pty Ltd land, Richmond SA. The facility establishment fee was 0.08%, plus line fees of 2% on the facility limit plus a margin of 2% on drawn amounts and matures on practical completion of the development in October 2021.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(2,339)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	5,670
8.3	Unused finance facilities available at quarter end (Item 7.5)	49,214
8.4	Total available funding (Item 8.2 + Item 8.3)	54,884
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	23

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

1. 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:

2. 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:

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:

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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: 21 October 2020.....

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.

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