

30 December 2020

## **ASX Announcement**

## New Development Project and Proposed Capital Raising – TELLUS Villas

The Board of Ultima United Limited (ASX: UUL) (**"Ultima"** or **"the Company**") is pleased to announce that the Company has entered into a binding letter of intent with Infinity Capital Group Japan Development *Godo Kaisha* (**"ICGJ"**) for the acquisition of three (3) lots of land at a real estate development project known as TELLUS Villas (**"TVP"**) located in Niseko, Japan.

TVP will be constructed on a 17-lot land plot measuring over 34,000m<sup>2</sup> in Niseko, a popular ski resort town in Hokkaido, Japan. TVP is owned by ICGJ. ICGJ is an affiliated company of Infinity Capital Group Australia Development Pty Ltd, a substantial shareholder in the Company on the basis that both companies have a common parent company.

As part of the transaction, it is contemplated that ICGJ will be appointed project managers for TVP and will be responsible for sourcing and managing the construction of the project. The Company will now proceed to enter into more formal agreements with ICGJ which set out the detailed terms of the transaction, including a project management agreement. The exact terms of the project management agreement are to be finalised and the Company will provide the market with an update on the said agreement. ICGJ's role will be to facilitate and oversee the construction process and the Company notes that ICGJ has agreed to take on the role of project manager without additional costs to the Company.

As ICGJ is an associate of a related party, ASX listing rule 10.1 will apply to the proposed transaction of a substantial asset. It will also seek shareholder approval for the transaction under ASX Listing Rules 10.1 and 11.1.2 and also to raise AUD 20,190,203 by issuing up to 33,650,338 ordinary shares at AUD 0.60 per share. Of these funds raised, AUD 6,354,730 will be used for the acquisition of three (3) plots of land, and AUD 12,988,588 will be used for the construction of villas on each of those plots of land.

A further breakdown of the funds are as follows:

Proposed use of funds	Amount
Acquisition of the TVP Land	AUD 6,354,730
Associated transaction costs for the TVP Land	AUD 635,473
Construction Costs	AUD 12,988,588
Fund Raising Costs (6%)	AUD 1,211,412
TOTAL	AUD 20,190,203

The proposed placement is a fixed price placement and represents a 20% premium on the current price per share as at the date of this announcement. The Company expects to obtain such approval in an extraordinary general meeting to be held in the first quarter of the 2021 calendar year. Subject to obtaining the requisite shareholder approvals, finalising all relevant agreements and completing the capital raising, the Company expects to settle the transaction in the second quarter of the 2021 calendar year. The Company will make further announcements in relation to the general meeting and capital raising. Additionally, further details will be released by way of an investor and market update upon finalisation of the same.



As at this date of the announcement, the Company has received interest from several potential investors including family offices and institutions and firm commitments for the placement are expected to be finalised shortly. Presently, no parties caught by Listing Rule 10.11 have expressed their intentions to partake in the proposed placement. Should this change, the Company will provide further updates to the market. Additionally, a lead manager may be appointed for the proposed placement. However, as this has not been finalised, the Company will provide further updates upon successful appointment of the same.

As a result of the proposed capital raising, the Company's capital structure will be impacted as follows:

	Prior to Proposed	Increase due to	After Proposed
	Placement	Proposed Placement	Placement
Total shares on issue	29,325,749	33,650,338	70,307,524

Summarily, the details of the project are as follows:

- Each plot of land to be purchased measures over 1300m<sup>2</sup>;
- Each plot of land will be developed into an ultra-luxe multi-storey residential villa with approximately 500m<sup>2</sup> of living space, featuring 4 bedrooms (2 ensuites and 1 bathroom), appointed living spaces and lifestyle amenities such as a wine cellar, private *onsen* (natural hot spring) and *rotenburo* (outdoor natural hot spring bath);
- Upon commencement of construction, the villas will be marketed in off-the-plan sales in the real estate market in Niseko.

This new development project is an exciting first step of the Company's expansion plans beyond Australia and into the Asia-Pacific. The Board believes that embarking on this project will bring about new and greater opportunities for the Company in the new year and in the years to come.

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This ASX announcement was approved and authorised for release by Ultima United Limited's Board of Directors.

For more information please contact:

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