

## Ultima United Limited (In Liquidation) (Company)

ACN 123 920 990

ASX code: UUL

18 August 2023

### Updates on the progress of the Liquidation

Further to our appointment as liquidators of the Company on 13 April 2023 by order of the Supreme Court of Western Australia, please find below a brief update on the progress of the liquidation and the prospects of a recapitalisation of the Company.

#### *Realisation of the Cannington Properties*

Following our appointment and the failure of the Company's board to progress its communicated intention to overturn the liquidation, on 7 June 2023 Westpac Banking Corporation (**Westpac**) appointed Mr Richard Tucker and Mr John Bumbak of KordaMentha as Receivers and Managers (**Receivers**) to the Company's ten residential strata units at 3 Oak Street, Cannington WA 6107 (**Cannington Properties**) pursuant to its first registered mortgage interests.

The Receivers assumed control of the Cannington Properties shortly after their appointment and have since been engaged in a process to prepare the units for sale. It is understood that these preparations are now complete and they will be marketing some or all of the units for sale within the next month. The Liquidators estimate a significant surplus of funds will be generated from the realisation of the Cannington Properties, following retirement of Westpac's secured debt totalling approximately \$1.6 million, before associated enforcement and realisation costs.

#### *Realisation of the Bentley Properties*

The Liquidators have engaged Colliers International to undertake a marketing and sale campaign for the Company's other Australian real property located at 19-21 Tate Street, Bentley WA 6102 (**Bentley Properties**) with the consent of the first registered mortgagee, National Australia Bank (**NAB**). The Liquidators anticipate the sale of the Bentley Properties will be completed by the end of October 2023 and there will be a significant surplus of funds following retirement of NAB's secured debt totalling approximately \$750,000, before associated enforcement and realisation costs.

#### *Realisation of the Japanese Properties*

The Company's 31 December 2021 Interim Report (**HY22 Report**) and ASX announcements dated 28 September 2021, 31 October 2021, 31 January 2022, 30 April 2022 and 30 July 2022 disclosed the Company to be the owner of lots 8, 9 & 10 of the 'Tellus Villas Development' in Niseko, Japan (**Japanese Properties**), following acquisition of this interest from related entity, Infinity Capital Group on or about 28 September 2021. I confirm to date, the Liquidators have been unable to identify or confirm the Company's ownership of the Japanese Properties or verify whether any of the funds reportedly received from the capital raising announced in September 2021 (2021 Capital Raising) were utilised for their purchase and/ or any construction activities. The Liquidators' investigations into the Japanese Properties are ongoing.

### ***Liquidators' Investigations***

The Liquidators investigations into the affairs of the Company identified a number of possible civil and criminal offences by the board of directors of the Company that was in place at the time of our appointment. The material findings to support these suspected offences include the following:

- A review of the Company's bank statements obtained from the Company's bank by the Liquidators found that these bank statements did not match the bank statements that the Company had previously provided to its external accountants and auditors for the purpose of preparation and review of the HY22 Report. The Liquidators' finding is the bank statements have been deliberately altered in a manner to mislead users of the information by overstating the Company's cash and asset position;
- A review of the bank statements has found that the proceeds ostensibly generated from the Company's 2021 Capital Raising (totalling up to \$20,193,203) were never received by the Company and that shareholders had been directed to pay their share subscription amounts to accounts not under the control of the Company; and
- A review of the Company's books and records has found insufficient documentation to support the Company's ownership of the Japanese Properties.

The Liquidators have sought an explanation from the directors of the Company to explain the above and are currently in the process of reviewing the provided information.

The Liquidators reported the offences identified under the Corporations Act to the Australian Securities and Investment Commission shortly following their appointment on 8 June 2023.

The Liquidators have also reported the suspected criminal offences we have identified to the Australian Federal Police on 8 June 2023.

### ***Reinstatement of the Company on the ASX***

Since our appointment, the Liquidators have received two expressions of interest from parties seeking to recapitalise the Company. However, following further enquiries, given the significant wrongdoing by the board identified by the Liquidators in the liquidation to date, each of these parties have subsequently declined to progress their respective interest on the basis that the recompliance and reinstatement of the Company on the ASX is likely to be both a costly and uncertain process.

In light of this, the Liquidators consider a recapitalisation of the Company to be unlikely. As the Liquidators are currently without sufficient funds to meet the Company's ongoing ASX compliance, we anticipate that the Company will be removed from the ASX following its failure to meet its annual listing fee by the deadline of 28 August 2023.

### ***Likelihood of dividend***

Assuming the Company's Bentley Properties and Cannington Properties are realised upon at values that are approximate to the Liquidators' current estimated realisation values, and assuming there are no unforeseen additional costs incurred in the care, preservation and realisation of these assets, the Liquidators anticipate a full return to the admitted creditors of the Company within a period of six to 18 months from the date of this announcement.

Following a full return to creditors of the Company, the Liquidators further anticipate that we may be in a position to distribute a partial return of capital to shareholders of the Company. This distribution will be made following:

- Completion of the realisation of the Oak Street Units & Bentley Properties, adjudication of creditor claims and subsequent distribution of a full return to creditors of the Company;
- Completion of the determination of the Company's interest in, and subsequent realisation of, the Japanese Properties (if applicable);
- Completion of any recovery action or related proceedings against members of the board of the Company and their related entities;
- Determination of shareholder interests for the return of capital; and
- Receipt of orders from the Supreme Court of Western Australia to enable a return of capital.

#### **Further enquiries**

The Liquidators will write to shareholders in due course if sufficient proceeds have been generated to enable a partial return on capital.

We ask that shareholders refrain from contacting the Liquidators at this time unless they have further information to assist in the progression of the liquidation.

#### **CHRIS PATTINSON**

#### **Joint and Several Liquidator**

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