

30 July 2020

Ms Belinda Giles
Advisor, Listings Compliance (Perth)
Australian Stock Exchange Limited
Level 40 Central Park, 152-158 St Georges Terrace
PERTH WA 6000

Dear Ms Giles,

Query Letter

We refer to your letter on 27 July 2020 in relation to queries relating to the Company's activities.

The Company responds as follows to your queries:

Cannington Project:

1. UUL announced the handover of the Cannington Project and its intention to sell the units on 5 December 2018. Since that time, UUL has reported the sale of two units (one between 5 December 2018 and 30 June 2019 and the second between 28 February 2020 and 31 March 2020 based on the dates of UUL's periodic reporting). Does UUL consider the sale of each unit to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

No. The Cannington Project consists of 12 individual units. The sale of each unit represented less than 10% of the gross development value of the Cannington Project. The Company does not consider such information to be information that a reasonable person would expect to have a material effect on the price or value of its securities. Indeed – the Company's share price was flat and did not experience any significant movements in either volume or price in the following 10 trading days proceeding each of the respective periodic reporting. As announced on 5 December 2018, the Company informed the market that its intention was to sell the units. Accordingly, the sale of the 2 units as part of the previously announced plan were not events that The Company would be expected to have a material effect on the price or value of UUL securities.

2. If the answer to question 1 is "no", please advise the basis for that view. In particular, please explain why UUL holds that view in circumstances where it disclosed on 30 August 2019 and 28 February 2020 that the ability of the Company to continue as a going concern was principally dependent upon the successful sale of the units at the Cannington Project.

The Board considered the sales at the time of entering the contracts and determined that the sale of an individual unit, representing less than 10% of the gross development value of the Cannington Project, was neither material nor price sensitive. Furthermore, while the ability of the Company to continue as a going concern is principally dependant on the sale of units at the Cannington Project, the sale of one unit does not materially impact the Company's assessment of the going concern assumption.

As part of its deliberations, the Board considered whether 12 separate announcements were required for the sale of each of the 12 units, and concluded that 12 separate disclosures for the sale of each of the 12 units would not be necessary. However, the Company has been providing updates as to the number of units sold at the Cannington Project via its financial reports, as well as quarterly activity summaries.

3. When did UUL first become aware of:

3.1 the sale of the first unit; and

The sales contract was signed 23 June 2019, and settlement was completed on 9 August 2019.

3.2 the sale of the second unit?

The sales contract was signed 15 February 2020, and settlement was completed on 30 March 2020.

4. Did UUL make any announcement which disclosed the sale of the first unit or the sale of the second unit at the time those units were sold?

No.

4.1 If so, please provide details of those announcements.

Not applicable.

4.2 If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe UUL was obliged to release that information under Listing Rules 3.1 and 3.1A.

As described in the response to question 2, the sales of individual units at the Cannington project were not considered individually material.

5. Noting again that UUL announced the handover of the Cannington Project and its intention to sell the units on 5 December 2018 and that, since that time, two units have been sold, please provide details of the marketing campaign referred to in the December 2019 Quarterly Activities Report and the March 2020 Quarterly Activities Report, including:

5.1 the selling agent appointed to conduct the marketing campaign;

5.2 the material terms of contract to appoint the selling agent; and

5.3 the nature of the advertising campaign including print, online and in person advertising.

Since the handover of the Cannington Project on 5 December 2018, the Company engaged a number of external selling agents including Harcourt integrity and Ideal Realty WA to market the Cannington Project on a unit by unit basis. Additionally, the Company has, and continues to conduct, marketing internally through the Directors' networks and connections.

The external selling agents were engaged via listing agreements with selling fee of between 1.8% to 2% of the property upon completion of the sale, and no up-front marketing fees (if marketing fees were payable, these fees were only payable upon success), for a fixed period of time (unless extended).

No sales were raised via these listing agreements upon the expiry of the agreements. The sales of the two units referred to in question 1 were through marketing efforts conducted by the Directors. As a result of the weak real estate environment and ineffective results from the external selling agents, the Directors decided to

not re-engage external selling agents at the time of the expiry of the listing agreements. The Directors decided not to re-engage external selling agents due to the depressed property market, and the fact that the only sales completed on the project at that point were a result of internal marketing efforts. Please refer to Annexures [A through to E (inclusive)] for additional state statistics on lot activities and sales figures for the general WA property market in 2019. Data shows downward trends across the market, affecting developers and owners alike.

Aside from Company-conducted marketing, the selling agent engaged during the December 2019 Quarterly Activities and March 2020 Quarterly Activities reports was Harcourts Integrity, whose listing agreement ended in February 2020.

The advertising campaign included online, in person and word of mouth advertising. Online advertising campaign includes a listing on various major real estate websites in Australia and please see below a number of these links:

- <https://www.realestate.com.au/property/3-oak-st-cannington-wa-6107>
- <https://www.realestateview.com.au/property-360/property/3-oak-street-cannington-wa-6107/>

No formal marketing was extended during the COVID-19 lockdown and thereafter. The Board believes formal marketing efforts would not be effective during this period. Marketing continues to be conducted internally through the Directors' networks and connections.

Bentley Project

6. In its 2019 Annual Report, UUL disclosed that it had decided not to progress development on the Bentley Project until all the units in the Cannington Project had sold. In its December 2019 Quarterly Activities Report, UUL disclosed that it was investigating the viability of developing units for NDIS accommodation and was in design drafting and feasibility stage. Does UUL consider the change of strategy for the Bentley Project between those two periodic reports to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

No.

7. If the answer to question 6 is "no", please advise the basis for that view.

The Board does not consider the investigations into the viability of developing units for the National Disability Insurance Scheme ("NDIS") accommodation as a change in strategy with regard to the Bentley Project. In its ordinary course of business, the Company and the Board continues to assess the available options in developing the Bentley Project. At present, the Company considers that the best use of the Bentley Project is to develop the asset to meet increasing demands for NDIS accommodation. Doing so would enable the Company to maximise the value of this asset and as such, feasibility studies are being conducted to ascertain a firm view.

The Bentley Project is currently still in its planning stages, and the Company as a property developer is always seeking to maximise the value of any potential development on the land, so as to derive and provide maximum value to all of its shareholders and this is a strategy and objective that the Company has consistently adhered to. Given that the Company is still investigating the viability of developing units for NDIS accommodation, and that the Company is still in feasibility study stage, the Company has not made any definitive conclusions or

entered into any material contracts. Accordingly, the Company does not consider such information to be information that a reasonable person would expect to have a material effect on the price or value of its securities. Looking historically at the share price of the Company in December 2019, the update released by the Company in that same period did not materially affect the share price – further substantiating the Board’s view.

8. When did UUL decide to investigate the viability of developing units for NDIS accommodation and commence drafting and feasibility work in respect of the Bentley Project?

On 12 December 2017, the Commonwealth and Western Australian governments agreed that Western Australia would join the Australia-wide NDIS. The Board became aware of NDIS accommodation as a project opportunity during September 2019. The Board then explored alternative options to constructing a 14-unit apartment project in Bentley due to the surplus of apartment accommodation in the area and the Board believed it wasn’t feasible to engage in another residential apartment project in that particular area. The Board started to research into NDIS accommodation and came up with the NDIS accommodation concept draft design for the Bentley Project in December 2019. A preliminary architecture drawing was drafted in February 2020 and has been continually revised since.

9. Did UUL make any announcement which disclosed its change in strategy in respect of the Bentley Project?

No.

9.1 If so, please provide details.

Not applicable.

9.2 If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe UUL was obliged to release the information under Listing Rules 3.1 and 3.1A.

To date, the Board has only investigated the viability of developing the units for NDIS accommodation. No formal decision to proceed with developing of the project for NDIS purposes have been made by the Board.

As such, the Board does not consider this to be information that should have been released to the market at an earlier time.

If the ASX was to form the view that it was material, the disclosure exemption in Listing Rule 3.1A would have applied at all earlier times. The investigation of the viability of the developing the Bentley Project for the NDIS was (and still is) an “incomplete proposal”, and until announced is confidential. It was the case (and remains the case) that UUL had not committed to proceeding with any new strategy in relation to developing the units for NDIS accommodation.

10. UUL disclosed that it was investigating the viability of developing units for NDIS accommodation and was in the design drafting and feasibility stage in its December 2019 Quarterly Activities Report. Since that time, UUL has reported no progress on the Bentley Project in its ASX announcements. Please explain what progress, if any, UUL has made in respect of the Bentley Project. In answering this query please provide:

10.1 details of the design drafting and the feasibility study which have been undertaken to date; and

Since December 2019, the Company has made contact with a number of reputable NDIS approved service providers and builders for detailed but preliminary discussions. Such studies, attached in Annexures [F] to [I] (inclusive) include an internal memorandum and concept design drawings that consider various issues such as maximum dwelling densities, tree planting, orientation with regards to energy-saving considerations, and general layout.

Design & Drafting – First referred to in the response to query 8 above, the Company commissioned a report drafted by a WA-based architecture company called “Innovative Constructions and Builders” which initial report was first completed in around February 2020. The report explored various configurations for the Bentley Project which included concepts for 4,6,8 and 10 dwellings to be constructed. Each lot would range between 130m² to 405m². Innovative’s concepts were based on a 6-dwelling configuration with plots ranging from 216m² to 270m². Each dwelling would be capable of housing 2 beds, a mezzanine loft (for live-in carers) and 2 bathrooms, with 1 car bay for each dwelling.

Innovative’s concepts included wheelchair friendly flooring and cabinetry/ storage, all whilst maintaining a luxurious and modern feel throughout each dwelling and in the front façade of the development. Their designs were primarily guided by the principles of being contemporary and tech-savvy. Planned open spaces were designed with physical disabilities in mind, providing ample room for manoeuvring and accessibility. These concepts can be found on pages 11 – 15 (inclusive) on Annexure [F]. The final 3 pages of the same annexure detail renderings of each proposed dwelling. These plans are however, yet to be finalised.

Feasibility – Mr Eric Kong (Executive Director) has also utilised a template financial model to further evaluate the profitability of the Bentley Project. The projections in the model are attached by way of Annexure [G]. Without detailing the what is plain to see in the Annexure, the estimated returns on the Bentley Project are healthy, sitting just over the ten per cent mark. This is however, preliminary and is subject to further studies and consultations.

Ongoing – As highlighted in the above responses, The Company and the Board continue to investigate the feasibility and profitability of the Bentley Project, especially given the current fluidity in the property market and general economy of WA and Australia. The Company and the Board remain committed to providing timely and substantive updates when the same materialise.

10.2 documentation to demonstrate the current status of UUL’s design and feasibility investigations (a report, if available) (not for release to the market).

Please see attached Annexures marked [F through to I (inclusive)].

Financial queries

11. Please provide further information regarding the sources of UUL’s revenue in the sum of \$466,280 reported in its December 2019 Half Year Report? As part of your answer, please:

11.1 clarify what the ‘sale of inventories’ relates to; and

11.2 provide a breakdown of the cost of the sales.

In the December 2019 Half Year Report, the sale of inventories relates to the sale of the first unit from the Cannington Project on 3 August 2019 described in response to question 3.1. There was only one sale for the 6-month period to 31 December 2019.

Similarly, cost of sales in relation to the sale of this unit is described in Note 2B of the December 2019 Half Year report. The decrease of the inventory balance as a result of this sale transaction is described in Note 3 of the December 2019 Half Year report.

12. In relation to the disclosure referred to in paragraphs B(iv), E(iii) and F(iv) above, does UUL consider the renegotiation of the terms of the facility provided by Westpac ('Westpac Facility'), in particular the change to the maturity date and an increase in the loan amount by \$189,000 (all of which was drawn down by the Company), to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

No.

13. If the answer to question 12 is "no", please advise the basis for that view. In particular, please explain why UUL holds that view in circumstances where it disclosed by UUL on 30 August 2019 and 28 February 2020 that the ability of the Company to continue as a going concern was principally dependent upon the successful sale of the units at the Cannington Project and since 5 December 2018 UUL has sold two of the 12 units comprising the Cannington Project.

The Directors discussed the extension of the maturity date and the increase in the facility and determined that these matters were not considered to have a material effect on the price or value of its securities.

The extension of the maturity does not materially impact the Company's use of the going concern assumption, particularly given the sales history of the Cannington Project units. This is consistent with the auditors' review report for the December 2019 half year report still containing an emphasis of matter paragraph with regard to going concern.

With regard to the increase in the Westpac facility amount by \$189,000 and subsequent drawdown, a history of the loan is noted as follows (figures rounded to the nearest thousand).

- the original loan during the development stage of the Cannington Project was \$2,289,000, of which the Company had drawn down \$2,117,000 at the date of sale of the first unit;
- Following settlement of the first unit on 9 August 2019, the loan was repaid by \$360,000, reducing the balance to \$1,757,000.
- The facility was increased of \$1,979,000 in February 2020 after the draw down of \$189,000; and
- Following settlement of the sale of the second Cannington unit, the loan balance was reduced by \$353,000 to \$1,625,000.

The extensions to bank facilities are a routine part of the property development business, and it is not an event that would be expected to have a material effect on the price or value of securities.

The fact that the Company had disclosed that the ability of the Company to continue as a going concern was principally dependent upon the successful sale of the units at the Cannington Project and since 5 December 2018 UUL has sold two of the 12 units comprising the Cannington Project is not relevant to the question as to whether the renegotiation of the terms of the Westpac facility was considered price sensitive.

In the Board's view, its statement regarding its ability to continue as a going concern being principally dependent on the successful sale of the units at the Cannington Project stands correct irrespective of the status of the Westpac facility.

14. When did UUL amend the terms of the Westpac Facility? If the terms of the facility were amended on more than one occasion, please provide the date of and details of each amendment.

The maturity date of the loan was effected on 18 December 2019.

The facility increase of \$189,000 was effected on 14 February 2020.

Please refer to the response to question 13 for further details with regards to movements in the loan facility balance.

15. Did UUL make any announcement at the time when it amended the terms of Westpac Facility?

No.

15.1 If so, please provide details.

Not applicable.

15.2 If not, please explain why this information was not released to the market at the time the terms were amended, commenting specifically on when you believe UUL was obliged to release the information under Listing Rules 3.1 and 3.1A.

Please refer to the response to question 13.

16. Please advise the use of funds or proposed use of funds for the additional \$189,000 borrowed from Westpac.

For the period since the drawdown of the additional \$189,000, the funds have been used as follows up to 30 June 2020 (unaudited):

Nature:	\$
Operational costs	32,577
Administration and overheads	40,211
Employee/Director costs	61,603
Finance costs	16,973
Loan repayments	15,330
Total:	166,694
Total drawdown:	189,000
Remaining	22,306

Operational costs include all costs to maintain the Cannington Project, such as maintenance and repairs, utilities and government duties. Also included are any costs incurred by the UUL in its assessment of the viability of the NDIS with regard to the Bentley Project.

Administration and overheads include costs includes ASX fees, ASIC fees, share registry fees, legal fees, compliance cost, accounting costs, rent, etc.

Not included in the above use of funds are any cash inflows that are a result of rental income from the leased units at the Cannington Project. Unaudited revenue from rental income for the 30 June 2020 financial year is \$205,000.

17. Please confirm:

17.1 the current outstanding balance of the Westpac Facility;

The outstanding balance of the Westpac facility as at 28 July 2020 is \$1,625,490.

17.2 the maturity date of the Westpac Facility; and

30 November 2021 as described in the December 2019 Half Year report.

17.3 how UUL proposes to fund the repayment of the Westpac Facility?

The Directors continue to anticipate the repayment of the Westpac facility via the sale of the units at the Cannington Project which has a current gross development value of \$3.6 million. In other words, the Westpac facility represents only 44% of the value of the Cannington Project. As such, should the Company be unsuccessful in selling the units at current prices, the Board is confident that, should it be required to, it would be able to sell sufficient units to repay the loan before its maturity by the Company being able to reduce the asking price of the units. The Company also has the option to engage discussions with the current financier to extend the maturity date further, or refinance with a different lender.

General

18. Does UUL have a current functioning website?

Yes.

19. If the answer to question 18 is “no”, please explain why not. In answering this question please explain:

Not applicable.

19.1 why UUL stated in its Corporate Governance Statement “the Company’s Corporate Governance plan has been posted on the Company’s web-site at www.ultimaunited.com.au”; and

This was a clerical error, with the correct website being: www.ultimaunited.com.

19.2 how UUL undertakes its business operations without a functioning website.

Not applicable.

20. If the answer to question 18 is “yes”, please provide the link to the website.

Please refer to the response to question 19.1.

21. Does UUL still occupy the premises at Unit 14, 11 Preston Street Como?

Yes.

22. If the answer to question 21 is “yes” please provide ASX with a copy of the lease agreement (not for release to the market).

Please refer to the attached lease and lease extension attached and marked Annexure [I and N].

23. If the answer to question 21 is “no” please confirm UUL’s current administrative and registered office. In answering this question please advise why a change in registered office was not announced to the market as required by Listing Rule 3.14.

Not applicable.

24. Noting the statement in the 2019 Annual Report that UUL does not have any employees other than the directors, does UUL currently have any employees?

As of the date of this letter, the Company has two employees, being Mr Eric Kong and Mr Jonathan Cheng. Prior to his resignation on 20 July 2020, Mr Simon Xing Yan was also an employee. Following Mr Yan’s resignation, Mr Jonathan Cheng was appointed by the Company as Managing Director and Executive Chairman.

25. If the answer to question 24 is “no” please advise how UUL conducts its business operations with no employees.

Not applicable.

26. If the answer to question 24 is “yes” please advise how many employees UUL currently has and their roles within UUL.

As described in response to question 24, Mr Eric Kong is one of the current employees of the Company. As part of his role as Executive Director, Mr Kong is responsible for maintaining and managing the Company’s assets, including the Cannington Project. This includes, among other responsibilities, managing the Company’s property managers, organising marketing of the Cannington Project and reviewing opportunities to develop the Bentley Project.

Additionally, as per the response to question 24 above notes that Mr Jonathan Cheng is a new member of the Board. Mr Cheng brings with him to the Board years of experience in successful startups in the Asia Pacific. He is also Group CEO of Infinity Capital Group Limited, a developer of a luxury residential and hotel condominiums with completed and pipeline projects. It is envisaged that Mr Cheng will work closely with Mr Kong going forward. His networks and industry knowledge will open the Company up to many opportunities in Australia.

Listing Rule queries

27. Does UUL consider that its level of operations is sufficient to warrant the continued quotation of its securities and its continued listing on the Official List of ASX?

The Directors have reviewed UUL’s current projects and considers that its level of operations is sufficient to warrant the continued quotation of its securities and its continued listing on the Official List of the ASX. Specifically, the Directors considered the remaining units it holds in the Cannington Project ready for sale and the Bentley Project for development.

As a property developer, the Company's business strategy is to purchase assets to develop with the aim of making returns through either the sale or lease of these assets. As such, as part of its usual course of business the Company continues to review potential opportunities to acquire and develop further assets. In fact, the Company has recently begun exploring new opportunities in the WA market, one of which is a potential serviced apartment. The Company has plans to expand and level up its operations under the renewed leadership, to focus on the WA property market, and possibly thereafter, the wider Australian market. However, it is important to note that to date, nothing has been inked and confidential discussions are at its early stages. The Company will make appropriate disclosures and announcements at a later stage should anything bear fruit.

28. Does UUL consider that its financial condition is adequate to warrant the continued quotation of its securities and its continued listing on the Official List of ASX?

The Directors have reviewed UUL's financial position and performance, along with projections of future cash flows, and believe that the Company's financial condition is adequate in respect of the continued quotation of its securities and its continued listing on the Official List of the ASX.

In making this determination, the Directors considered the following factors:

- The Company's unaudited net tangible assets as at 30 June 2020 is \$1,491,185, including total assets of \$4,109,777;
- As required by the accounting standards, the Oak Street units are carried at historical cost which the above NTA and total assets are based on. On the basis that the Cannington units are valued at the average sale price of the units to date, net tangible assets would be \$2,330,616;
- The remaining Cannington units continue to be leased while the Company continues to work towards the sale of these units, which the Company receives ongoing revenue from; and
- The factors outlined in response to question 17.3 explains how UUL plans to repay the Westpac loan.

To elaborate on the above, note below an extract of the unaudited statement of financial position, with a pro-forma adjustment recognising the Cannington units at a valuation based on average sales price to date:

	Unaudited 30-Jun-20	Pro-forma adjustment	Pro-forma 30-Jun-20
CURRENT ASSETS			
Working capital - Current assets	111,276		111,276
Cannington Project for sale	2,810,839	839,431	3,650,270
NON CURRENT ASSETS			
Bentley Project	1,181,610		1,181,610
Other	6,052		6,052
CURRENT LIABILITIES			
Working capital - Current liabilities	(212,800)		(212,800)
Borrowings	(58,931)		(58,931)
NON CURRENT LIABILITIES			
Borrowings	(2,346,861)		(2,346,861)
Net Tangible Assets	1,491,185		2,330,616

29. Please confirm that UUL is complying with the Listing Rules and, in particular, Listing Rule 3.1.

As described in the responses to the above queries, the Company confirms it is complying with the Listing Rules and, in particular, Listing Rule 3.1.

30. Please confirm that UUL's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of UUL with delegated authority from the board to respond to ASX on disclosure matters.

The responses to the questions above have been authorised by its Board of Directors.

Yours sincerely,



Yew Thai (Victor) Goh

Joint Company Secretary

27 July 2020

Reference: 20741

Mr Victor Goh
Company Secretary
Ultima United Limited

By email

Dear Mr Goh

Ultima United Limited ('UUL' or 'Company'): Query letter

ASX refers to:

- A. UUL's announcement titled "Oak Street Project Handover Completed" released on the ASX Market Announcements Platform ('MAP') on 5 December 2018, which disclosed that UUL had completed the development of its project at 3 Oak Street, Cannington ('Cannington Project') and was in the process of finalising the remaining council applications to prepare the units comprising the Cannington Project for sale.
- B. UUL's announcement titled "Appendix 4E and Annual Report to Shareholders" released on MAP on 30 August 2019 ('2019 Annual Report'), which disclosed that:

- (i) The Company's principal activity during the year ended on 30 June 2019 was property development.
- (ii) In relation to the Cannington Project:

"While the Company works to sell the units, it has organised for most of the units to be leased. As at the date of this report, one of the twelve units has been sold."

- (iii) In relation to UUL's property situated at 19-21 Tate Street, Bentley ('Bentley Project'):

"As at the date of this report the Company has decided not to progress development at the Bentley project until such point that the units at the Cannington project have sold."

- (iv) At note 1 to the financial statements:

"The ability of the Company to continue as a going concern was principally dependent upon the successful sale of the Cannington Project so that it could repay the "Westpac facility" of \$2,289,000 before it matured on 22 November 2019 (secured by a mortgage registered over the Cannington Project and a general security agreement over UUL's existing and future assets and undertakings)."

- (v) In the Independent Auditor's Report:

"Emphasis of Matter – Material Uncertainty Related to Going Concern"

In forming our opinion on the financial report, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial report concerning the Company's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Company's financial report does not include any adjustments which would result if the Company were unable to continue as a going concern."

- (vi) On page 7:

"Other than the directors, the Company does not currently have any other employees."

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- (vii) The revenue for the year ended 30 June 2018 was \$219 (interest income) and the revenue for the year ended 30 June 2019 was \$33,327 (rental revenue).
- C. UUL's corporate governance statement released on MAP on 30 August 2019 ('Corporate Governance Statement') which disclosed that it had been posted on UUL's website www.ultimaunited.com.au ('Website').
- D. The Website which does not appear to exist at the date of this letter.
- E. UUL's announcement titled "Quarterly Report" released on MAP on 31 January 2020 ('December 2019 Quarterly Activities Report'), which disclosed that:
- (i) In relation to the Cannington Project:
- "As at 31 December 2019, one unit has been sold and all remaining units are rented out and fully tenanted. Marketing campaigns are still in place to attract potential buyers to purchase these units as viable investment and residential choices."*
- (ii) In relation to the Bentley Project:
- "The board is looking into the viability of developing special disability accommodation units under the National Disability Insurance Scheme ("NDIS") for the Company's property at 19-21 Tate Street Bentley. It is currently in design drafting and feasibility stage."*
- (iii) In relation to financing during the quarter ended on 31 December 2019:
- "The construction loan of the Cannington project has been changed to an investment loan. Under this loan, the term is set to expire on 30 November 2021. The Company is currently in negotiations with the lender to increase the facility on this by an additional \$200,000."*
- F. UUL's announcement titled "Half yearly Report and Accounts" released on MAP on 28 February 2020 ('December 2019 Half Year Report'), which disclosed that:
- (i) UUL's revenue from ordinary activities to 31 December 2019 was \$466,280 (rental revenue being \$105,744 and revenue from sale of inventories being \$350,536).
- (ii) In relation to the Cannington Project:
- "Whilst the Company works to sell the units, it has organised for the units to be leased. As of the date of this report, one of the twelve units has been sold."*
- (iii) In relation to the Bentley Project:
- "The Company is looking into the viability of developing special disability accommodation units under the National Disability Insurance Scheme ("NDIS") for the Company's property at 19-21 Tate Street Bentley. It is currently in design drafting and feasibility stage."*
- (iv) In relation to financing matters subsequent to the six month period ended on 31 December 2019:
- "On 26 February 2020, the Company finalised a \$189,000 increase to its Westpac Banking Facility limited which has been drawn down."*
- (v) At note 1 to the financial statements:
- The ability of the Company to continue as a going concern was principally dependent upon the successful sale of the units at the Cannington Project.*
- (vi) In the Independent Auditor's review report:
- "Emphasis of Matter – Material Uncertainty Related to Going Concern"*

In forming our opinion on the financial report, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial report concerning the Company's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Company's financial report does not include any adjustments which would result if the Company were unable to continue as a going concern."

- G. UUL's announcement titled "Re-release - Quarterly Report" released on MAP on 30 April 2020 ('March 2020 Quarterly Activities Report'), which disclosed that:

- (i) In relation to the Cannington Project:

"As at 31/03/2020, two units has [sic] been sold and all remaining units are rented out and fully tenanted. Marketing campaigns are still in place to attract potential buyers to purchase these units as viable investment and residential choices."

- (ii) In relation to the Bentley project:

"The board is looking into the viability of developing special disability accommodation units under the National Disability Insurance Scheme ("NDIS") for the Company's property at 19-21 Tate Street Bentley. The company is working with a number of reputable NDIS approved service providers and builders to finalise the project design and construction cost."

- H. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

- I. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."

- J. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed."

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- K. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

- L. ASX Listing Rule 12.1 which provides that the level of an entity's operations must, in ASX's opinion, be sufficient to warrant the continued quotation of the entity's securities and its continued listing.
- M. ASX Listing Rule 12.2 which provides that an entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

Request for information

Having regard to the above, ASX asks UUL to respond separately to each of the following questions and requests for information:

Cannington Project

1. UUL announced the handover of the Cannington Project and its intention to sell the units on 5 December 2018. Since that time, UUL has reported the sale of two units (one between 5 December 2018 and 30 June 2019 and the second between 28 February 2020 and 31 March 2020 based on the dates of UUL's periodic reporting). Does UUL consider the sale of each unit to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view. In particular, please explain why UUL holds that view in circumstances where it disclosed on 30 August 2019 and 28 February 2020 that the ability of the Company to continue as a going concern was principally dependent upon the successful sale of the units at the Cannington Project.
3. When did UUL first become aware of:
 - 3.1 the sale of the first unit; and
 - 3.2 the sale of the second unit?
4. Did UUL make any announcement which disclosed the sale of the first unit or the sale of the second unit at the time those units were sold?
 - 4.1 If so, please provide details of those announcements.
 - 4.2 If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe UUL was obliged to release that information under Listing Rules 3.1 and 3.1A.
5. Noting again that UUL announced the handover of the Cannington Project and its intention to sell the units on 5 December 2018 and that, since that time, two units have been sold, please provide details of the marketing campaign referred to in the December 2019 Quarterly Activities Report and the March 2020 Quarterly Activities Report, including:
 - 5.1 the selling agent appointed to conduct the marketing campaign;
 - 5.2 the material terms of contract to appoint the selling agent; and
 - 5.3 the nature of the advertising campaign including print, online and in person advertising.

Bentley Project

6. In its 2019 Annual Report, UUL disclosed that it had decided not to progress development on the Bentley Project until all the units in the Cannington Project had sold. In its December 2019 Quarterly Activities Report, UUL disclosed that it was investigating the viability of developing units for NDIS accommodation and was in design drafting and feasibility stage. Does UUL consider the change of strategy for the Bentley Project between those two periodic reports to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
7. If the answer to question 6 is “no”, please advise the basis for that view.
8. When did UUL decide to investigate the viability of developing units for NDIS accommodation and commence drafting and feasibility work in respect of the Bentley Project?
9. Did UUL make any announcement which disclosed its change in strategy in respect of the Bentley Project?
 - 9.1 If so, please provide details.
 - 9.2 If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe UUL was obliged to release the information under Listing Rules 3.1 and 3.1A.
10. UUL disclosed that it was investigating the viability of developing units for NDIS accommodation and was in the design drafting and feasibility stage in its December 2019 Quarterly Activities Report. Since that time, UUL has reported no progress on the Bentley Project in its ASX announcements. Please explain what progress, if any, UUL has made in respect of the Bentley Project. In answering this query please provide:
 - 10.1 details of the design drafting and the feasibility study which have been undertaken to date; and
 - 10.2 documentation to demonstrate the current status of UUL’s design and feasibility investigations (a report, if available) (not for release to the market).

Financial queries

11. Please provide further information regarding the sources of UUL’s revenue in the sum of \$466,280 reported in its December 2019 Half Year Report? As part of your answer, please:
 - 11.1 clarify what the ‘sale of inventories’ relates to; and
 - 11.2 provide a breakdown of the cost of the sales.
12. In relation to the disclosure referred to in paragraphs B(iv), E(iii) and F(iv) above, does UUL consider the renegotiation of the terms of the facility provided by Westpac (‘Westpac Facility’), in particular the change to the maturity date and an increase in the loan amount by \$189,000 (all of which was drawn down by the Company), to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
13. If the answer to question 12 is “no”, please advise the basis for that view. In particular, please explain why UUL holds that view in circumstances where it disclosed by UUL on 30 August 2019 and 28 February 2020 that the ability of the Company to continue as a going concern was principally dependent upon the successful sale of the units at the Cannington Project and since 5 December 2018 UUL has sold two of the 12 units comprising the Cannington Project.
14. When did UUL amend the terms of the Westpac Facility? If the terms of the facility were amended on more than one occasion, please provide the date of and details of each amendment.
15. Did UUL make any announcement at the time when it amended the terms of Westpac Facility?
 - 15.1 If so, please provide details.

15.2 If not, please explain why this information was not released to the market at the time the terms were amended, commenting specifically on when you believe UUL was obliged to release the information under Listing Rules 3.1 and 3.1A.

16. Please advise the use of funds or proposed use of funds for the additional \$189,000 borrowed from Westpac.

17. Please confirm:

17.1 the current outstanding balance of the Westpac Facility;

17.2 the maturity date of the Westpac Facility; and

17.3 how UUL proposes to fund the repayment of the Westpac Facility?

General

18. Does UUL have a current functioning website?

19. If the answer to question 18 is “no”, please explain why not. In answering this question please explain:

19.1 why UUL stated in its Corporate Governance Statement “*the Company’s Corporate Governance plan has been posted on the Company’s web-site at www.ultimaunited.com.au*”; and

19.2 how UUL undertakes its business operations without a functioning website.

20. If the answer to question 18 is “yes”, please provide the link to the website.

21. Does UUL still occupy the premises at Unit 14, 11 Preston Street Como?

22. If the answer to question 21 is “yes” please provide ASX with a copy of the lease agreement (not for release to the market).

23. If the answer to question 21 is “no” please confirm UUL’s current administrative and registered office. In answering this question please advise why a change in registered office was not announced to the market as required by Listing Rule 3.14.

24. Noting the statement in the 2019 Annual Report that UUL does not have any employees other than the directors, does UUL currently have any employees?

25. If the answer to question 24 is “no” please advise how UUL conducts its business operations with no employees.

26. If the answer to question 24 is “yes” please advise how many employees UUL currently has and their roles within UUL.

Listing Rule queries

27. Does UUL consider that its level of operations is sufficient to warrant the continued quotation of its securities and its continued listing on the Official List of ASX?

28. Does UUL consider that its financial condition is adequate to warrant the continued quotation of its securities and its continued listing on the Official List of ASX?

29. Please confirm that UUL is complying with the Listing Rules and, in particular, Listing Rule 3.1.

30. Please confirm that UUL’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of UUL with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3:30 PM AWST Thursday, 30 July 2020**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, UUL's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Suspension

The suspension of trading in UUL's securities under Listing Rule 17.3 will continue until it provides an adequate response to this letter.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to UUL's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that UUL's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any further enquiries regarding this letter please do not hesitate to contact me.

Yours faithfully

Belinda Giles
Adviser, Listings Compliance (Perth)