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## ULTIMA UNITED LIMITED

ACN 123 920 990

## NOTICE OF GENERAL MEETING

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Notice is given that the Meeting will be held at:

**TIME:** 10:00 am (WST)  
**DATE:** Friday, 14 May 2021  
**PLACE:** Conference Room  
Suite 1  
295 Rokeby Road  
SUBIACO WA 6008

***The business of the Meeting affects your shareholding and your vote is important.***

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm (WST) on Wednesday, 12 May 2021.***

***Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared for the purposes of the Shareholder approval under ASX Listing Rule 10.1 in respect of Resolution 4. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of these Resolutions to the non-associated Shareholders. The Independent Expert has determined the transactions the subject of Resolution 4 are fair and reasonable to the non-associated Shareholders***

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## BUSINESS OF THE MEETING

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### AGENDA

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**1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES – NOVEMBER PLACEMENT – LR 7.1**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 4,398,862 Shares on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement applies to this Resolution. Please see below.

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**2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES – NOVEMBER PLACEMENT – LR 7.1A**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 2,932,575 Shares on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement applies to this Resolution. Please see below.

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**3. RESOLUTION 3 – CHANGE TO NATURE AND SCALE OF ACTIVITIES – PROPOSED ACQUISITION**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, subject to and conditional upon all other Essential Resolutions being passed, for the purpose of Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities resulting from completion of the acquisition of TELLUS Project as described in the Explanatory Statement.”*

**Short Explanation:** The Company has entered into a binding letter of intent pursuant to which the Company has agreed to acquire three (3) lots of land at a real estate development projects known as TELLUS Villas located in Niseko, Japan from ICGJ (**Proposed Acquisition**). If successful, the Proposed Acquisition will result in the Company changing the nature and scale of its activities. ASX Listing Rule 11.1.2 requires the Company to seek Shareholder approval where it proposes to make a significant change to the nature and scale of its activities. ASX has advised the Company that it will not be required to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3. Please refer to the Explanatory Statement for further details.

A voting exclusion statement applies to this Resolution. Please see below.

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**4. RESOLUTION 4 – ACQUISITION OF A SUBSTANTIAL ASSET FROM ICGJ – PROPOSED ACQUISITION**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional upon all other Essential Resolutions being passed, for the purpose of ASX Listing Rule 10.1 and for all other purposes, approval is given for the Company to proceed with the Proposed Acquisition and acquire three (3) lots of land at a real estate development project known as TELLUS Villas located in Niseko, Japan from ICGJ, who is a related party of the Company, on the terms and conditions set out in the Explanatory Statement.”*

**Short Explanation:** The Company has entered into a binding letter of intent pursuant to which the Company has agreed to acquire three (3) lots of land at a real estate development project known as TELLUS Villas located in Niseko, Japan from ICGJ. ICGJ is controlled by Mr Jonathan Cheng, who is also a Director of the Company. In addition, ICGJ is an associate (the entities have the same parent company) of ICG Australia who is a substantial shareholder in the Company. ICGJ is deemed a related party, a substantial shareholder and an associate by virtue of ASX Listing Rule 10.1.1, 10.1.3 and 10.1.4. Accordingly, the Company seeks Shareholder approval for the Proposed Acquisition in accordance with Listing Rule 10.1.

**Independent Expert’s Report:**

Shareholders should carefully consider the Independent Expert’s Report included with this Notice of Meeting, prepared by the Independent Expert for the purposes of the Shareholder approval required under ASX Listing Rule 10.1. The Independent Expert’s Report comments on the fairness and reasonableness of the transaction the subject of this Resolution to the non-associated Shareholders in the Company. The Independent Expert has determined that Resolution 4, which is part of the Proposed Acquisition, is **fair and reasonable** to the non-associated Shareholders.

A voting exclusion statement applies to this Resolution. Please see below.

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**5. RESOLUTION 5 – APPROVAL TO ISSUE SHARES – CAPITAL RAISING**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional upon all other Essential Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 33,650,338 Shares on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement applies to this Resolution. Please see below.

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**6. RESOLUTION 6 – ISSUE OF SHARES TO RELATED PARTY – CAPITAL RAISING PARTICIPATION – JONATHAN CHENG**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to the passing of Resolution 5, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 732,704 Shares to Jonathan Cheng (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement applies to this Resolution. Please see below.

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**7. RESOLUTION 7 – ISSUE OF SHARES TO RELATED PARTY – CAPITAL RAISING PARTICIPATION – JESSICA SOOK BOON LOH**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to the passing of Resolution 5, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 408,466 Shares to Ms Jessica Sook Boon Loh (or her nominee) on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement applies to this Resolution. Please see below.

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**8. RESOLUTION 8 – ISSUE OF SHARES TO RELATED PARTY – CAPITAL RAISING PARTICIPATION – ICG AUSTRALIA**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to the passing of Resolution 5, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 6,265,627 Shares to Infinity Capital Group Australia Development Pty Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement applies to this Resolution. Please see below.

**Dated: 13 April 2021**

**By order of the Board**

**Jonathan Cheng  
Managing Director**

## Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

<b>Resolution 1 – Ratification of prior issue of Shares – November Placement</b>	A person who participated in the issue or is a counterparty to the agreement being approved (namely the November Placement Participants) or an associate of that person or those persons.
<b>Resolution 2 – Ratification of prior issue of Shares – November Placement</b>	A person who participated in the issue or is a counterparty to the agreement being approved (namely the November Placement Participants) or an associate of that person or those persons.
<b>Resolution 3 – Change to Nature and Scale of Activities – Proposed Acquisition</b>	A counterparty to the transaction that, of itself or together with one or more transactions, will result in a significant change to the nature and scale of the entity’s activities and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a Shareholder), or an associate of that person or those persons.
<b>Resolution 4 - Acquisition of a Substantial Asset from ICGJ</b>	ICGJ, ICG Australia (or any of their associates) or any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the entity).
<b>Resolution 5 – Approval to issue Shares – Capital Raising</b>	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).
<b>Resolution 6 – Issue of Shares to Related Party – Capital Raising Participation – Jonathan Cheng</b>	Jonathan Cheng (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
<b>Resolution 7 – Issue of Shares to Related Party – Capital Raising Participation – Jessica Sook Boon Loh</b>	Jessica Sook Boon Loh (or her nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
<b>Resolution 8 – Issue of Shares to Related Party – Capital Raising Participation – ICG Australia</b>	Infinity Capital Group Australia Development Pty Ltd (or its nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **Voting by proxy**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

## **Voting in person**

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To vote in person, attend the Meeting at the time, date and place set out above.

You may still attend the meeting and vote in person even if you have lodged appointed a proxy. If you have previously submitted a Proxy Form, your attendance will not revoke your proxy appointment unless you actually vote at the meeting for which the proxy is proposed to be used, in which case, the proxy's appointment is deemed to be revoked with respect to voting on that resolution.

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9367 9572.***

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. RESOLUTIONS 1 AND 2 – RATIFICATION OF PRIOR ISSUE OF SHARES – NOVEMBER PLACEMENT – LR 7.1 AND LR 7.1A

#### 1.1 General

On 6 November 2020, the Company issued 7,331,437 Shares at an issue price of \$0.40 per Share (**Placement Shares**) to raise \$2,932,574 (**November Placement**).

4,398,862 Shares were issued pursuant to the Company's capacity under Listing Rule 7.1 (being, the subject of Resolution 1) and 2,932,575 Shares were issued pursuant to the Company's 7.1A mandate which was approved by Shareholders at the annual general meeting held on 27 November 2020 (being the subject of Resolution 2).

The Company engaged the services of CPS Capital Group Pty Ltd (ACN 088 055 636) (**CPS**), to manage the issue of the Placement Shares. The Company agreed to pay CPS a lead manager fee of 6% of the amount raised under the issue of the Placement Shares. However, as CPS was not required to place any Shares, owing to there being sufficient investor interest, no fee was incurred, nor was any amount paid to CPS.

#### 1.2 Listing Rules 7.1 and 7.1A

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12-month period.

Under Listing Rule 7.1A however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%. The Company obtained approval to increase its limit to 25% at the annual general meeting held on 27 November 2020.

The issue of the Placement Shares does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 25% limit in Listing Rules 7.1 and 7.1A, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rules 7.1 and 7.1A for the 12-month period following the date of issue of the Placement Shares.

#### 1.3 Listing Rule 7.4

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for

such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Shares.

Resolutions 1 and 2 seek Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Shares.

#### **1.4 Technical information required by Listing Rule 14.1A**

If Resolutions 1 and 2 are passed, the Placement Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

If Resolutions 1 and 2 are not passed, the Placement Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

#### **1.5 Technical information required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolutions 1 and 2:

- (a) the Placement Shares were issued to professional and sophisticated investors who are clients of CPS in conjunction with investors identified by the Directors. The recipients were identified through a bookbuild process, which involved CPS and the Directors seeking expressions of interest to participate in the capital raising from non-related parties of the Company.;
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients were:
  - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
  - (ii) issued more than 1% of the issued capital of the Company;
- (c) 7,331,437 Placement Shares were issued on the following basis:
  - (i) 4,398,862 Shares issued pursuant to Listing Rule 7.1 (ratification of which is sought under Resolution 1); and
  - (ii) 2,932,575 Shares issued pursuant to Listing Rule 7.1A (ratification of which is sought under Resolution 2);
- (d) the Placement Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Placement Shares were issued on 6 November 2020;

- (f) the issue price was \$0.40 per Placement Shares under both the issue of Shares pursuant to Listing Rule 7.1 and Listing Rule 7.1A. The Company has not and will not receive any other consideration for the issue of the Placement Shares;
- (g) the purpose of the issue of the Placement Shares was to raise \$2,932,574 (before costs), which was applied towards developing its Bentley National Disability Insurance Scheme (NDIS) project, to pursue opportunities in both Australian and Asian property markets, and for general working capital purposes; and
- (h) the Placement Shares were not issued under an agreement.

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## 2. BACKGROUND TO PROPOSED ACQUISITION

### 2.1 General Background

The Company is a property development and investment company admitted to the official list of ASX on 1 June 2007 and reinstated to official quotation on 18 November 2014 following its compliance with ASX Listing Rule 11.1.3 and Chapters 1 and 2 of the ASX Listing Rules.

The Company remains headquartered in Perth and currently holds multiple property assets in Western Australia, including its projects in Cannington and Bentley. As noted in its re-compliance prospectus dated 15 September 2014 and recent ASX announcements, as part of its overall strategy, the Company is seeking to pursue property development opportunities in the Asian market.

More recently, as noted in its ASX announcement dated 21 August 2020, the Company has been assessing potential new sites to pursue either residential, commercial or mixed developments in multiple jurisdictions including Australia, Indonesia and Japan. The Company believes that the Proposed Acquisition (defined below) will further its stated ambitions as a property developer.

### 2.2 Background to the Proposed Acquisition

On 30 December 2020, the Company announced that it had entered a binding letter of intent (**Lol**) with Infinity Capital Group *Japan Development Godo Kaisha* (**ICGJ**) for the acquisition of three lots of land (**TELLUS Project**) at a real estate development project known as TELLUS Villas located in Niseko, Japan (**Proposed Acquisition**). ICGJ is an entity controlled by Mr Jonathan Cheng. Pursuant to the Lol, the Company has agreed to purchase the TELLUS Project from ICGJ on the following summary terms (subject to negotiation of definitive transaction documents):

- (a) (**Consideration**): the consideration for all three land plots payable by the Company is \$6,354,730;
- (b) (**Deposit**): a deposit of \$1,270,946 is to be paid by the Company to ICGJ on or before the expiration of 30 days from the date of acceptance of the terms of the Lol;
- (c) (**Settlement**): settlement for the Proposed Acquisition is to be completed on or before 30 June 2021; and
- (d) (**ICGJ Project Managers**): the Company will appoint ICGJ as project managers to the TELLUS Project and ICGJ will be responsible for sourcing

and managing the construction of the acquired plots. No additional fee will be payable for these services.

The real estate development TELLUS Villas will be constructed on a 17-lot land plot measuring over 34,000m<sup>2</sup> in Niseko (**TELLUS Villas**). 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). Ground breaking is expected to take place in the third quarter of 2021. Upon commencement of construction which is expected to take 18 months, the villas will be marketed in off-the-plan sales in the real estate market in Niseko and generate substantial profit given the parties are negotiating a substantial discounted price to market value for the Proposed Acquisition. The development project is owned by ICGJ. ICGJ is a related party of the Company by virtue of being an entity controlled by Mr Jonathan Cheng. ICGJ is also an affiliated company (the entities have the same parent company) of Infinity Capital Group Australia Development Pty Ltd which is a substantial shareholder in the Company. Accordingly, the Company is seeking Shareholder approval under ASX Listing Rule 10.1 for the Proposed Acquisition under Resolution 4.

As part of the Proposed Acquisition, it is contemplated that ICGJ will be appointed project managers for the TELLUS Villas and will be responsible for sourcing and managing the construction of the project. Subject to Shareholder approval of the Essential Resolutions, the Company intends to enter into a development management agreement with ICGJ. The parties have agreed that no fees will be payable under the agreement.

Subject to obtaining Shareholder approval for the Proposed Acquisition, the Company intends to enter into formal agreements for the sale of the three land lots (one agreement for each of the land lots) that comprise the TELLUS Project (**Acquisition Agreements**).

The Proposed Acquisition is conditional on the Company obtaining all necessary regulatory and Shareholder approvals to effect the Proposed Acquisition and satisfying all other requirements of ASX. The Company will not execute the formal agreements for, nor will it proceed with, the Proposed Acquisition if Shareholder and regulatory approval is not obtained.

### 2.3 Capital Raising

In connection with the Proposed Acquisition, the Company is seeking to raise \$20,190,203 by issuing up to 33,650,338 Shares at an issue price of \$0.60 per Share (**Capital Raising**).

No lead manager has been appointed for the purposes of the Capital Raising, however the Company reserves the right to appoint a lead manager (on terms which would be considered standard for an agreement of that nature) if deemed necessary at a later date.

The purpose of the Capital Raising is to raise capital, which the Company intends to apply towards the Proposed Acquisition and for the construction of villas on each of those plots of land at the TELLUS Project. Further details of the use of funds is set out in the table below.

Activity	Amount
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Activity	Amount
Consideration for the Proposed Acquisition of the TELLUS Project	\$6,354,730
Associated transaction costs for the TELLUS Project	\$635,473
Construction costs	\$11,988,588
Fund raising costs (6% of funds raised under Capital Raising) <sup>1</sup>	\$1,211,412
<b>Total</b>	<b>\$20,190,203</b>

#### Notes

1. While no lead manager has been appointed, the Company has taken a conservative position to include full costs should one be appointed at a later date. Any amount which is not incurred as costs of the Capital Raising will be attributed to general working capital and the items listed above.

The Company is seeking Shareholder approval for the Capital Raising pursuant to Resolution 5 (including approval for participation of Director Jonathan Cheng, Jessica Sook Boon Loh and ICG Australia in the Capital Raising pursuant to Resolutions 6, 7 and 8 respectively).

## 2.4 Summary of Resolutions

This Notice of Meeting sets out the Resolutions necessary to complete the Proposed Acquisition and associated transactions, being Resolutions 3, 4 and Resolution 5 (**Essential Resolutions**). Each of the Essential Resolutions are conditional upon the approval by Shareholders of each of the other Essential Resolutions. If any of the Essential Resolutions are not approved by Shareholders, all of the Essential Resolutions will fail, and completion of the Proposed Acquisition will not occur.

A summary of the Essential Resolutions is as follows:

- (a) **Resolution 3:** the Proposed Acquisition, if successfully completed, will represent a significant change in the nature and scale of the Company's operations, for which Shareholder approval is required under Listing Rule 11.1.2;
- (b) **Resolution 4:** ICGJ (being the vendor of the Proposed Acquisition) is deemed to be:
  - (i) a related party of the Company by virtue of being an entity controlled by Mr Jonathan Cheng for the purpose of Listing Rule 10.1; and
  - (ii) an associate of ICG Australia by virtue of having the same parent company. ICG Australia is a substantial holder of the Company, currently holding 4,483,690 Shares, representing a relevant interest in the Company of 12.23%.

As the value of the consideration for TELLUS Project exceeds 5% of the equity interests of the Company, Shareholder approval is required for the purpose of Listing Rule 10.1; and

- (c) **Resolution 5:** the Company will need successfully undertake a capital raising by issuing up to 33,650,338 Shares at an issue price of \$0.60 per Share to raise up to \$20,190,203 to fund the Proposed Acquisition.

In addition, the Company is seeking Shareholder approval for various other non-Essential Resolutions.

Resolutions 1 and 2 (which relates to ratification of Shares under the November Placement) have not been denoted as an Essential Resolutions.

## 2.5 Business Model

The Company will continue with its stated growth strategies and property development activities. Following completion of the Proposed Acquisition, the Company's proposed business model will be to market and sell the TELLUS Project upon completion of construction, which it expects will generate a substantial profit, given the parties have negotiated a substantial discounted price to market value for the acquisition of the TELLUS Project.

The Company's main objectives on completion of the Proposed Acquisition are:

- (a) To expand the Company's business beyond Australia and into the Asia-Pacific, thereby bringing about new and greater opportunities for the Company in the future;
- (b) To generate profit for the Company; and
- (c) To enable the Company to be recognised beyond Australia and into the regional scale.

## 2.6 Key Dependencies of the Business Model

The key dependencies influencing the viability of the Proposed Acquisition are:

- (a) Timely completion of the Proposed Acquisition;
- (b) Execution of the Acquisition Agreement; and
- (c) Completion of capital raising for the Proposed Acquisition.

## 2.7 Indicative timetable

An indicative timetable for completion of the Proposed Acquisition and the associated transactions set out in this Notice is set out below:

Event	Date*
Notice of Meeting for the Proposed Acquisition sent to Shareholders	14 <sup>th</sup> April 2021
Shareholder Meeting to approve the Proposed Acquisition	14 <sup>h</sup> May 2021
Completion of Capital Raising	17 <sup>th</sup> May 2021
Execution of Acquisition Agreements	26 <sup>th</sup> May 2021
Settlement of Proposed Acquisition	9 <sup>h</sup> June 2021

\*Please note this timetable is indicative only and the Directors reserve the right to amend the timetable as required.

## **2.8 Financial effect of the Proposed Acquisition**

The pro-forma balance sheet of the Company following completion of the Proposed Acquisition and issues of all Shares contemplated by this Notice is set out in Schedule 1. The historical and pro-forma information is presented in an abbreviated form, insofar as it does not include all of the disclosure required by the Australian Accounting Standards applicable to annual financial statements.

The pro forma balance sheet sets out the principal effect of the Proposed Acquisition on the consolidated total assets and total equity interests of the Company.

The Company does not expect to generate revenues or profits from operations or sale of assets during the relevant period.

The effect of the Proposed Acquisition on the Company's expenditure will be to increase expenditure as contemplated by the use of funds table set out above. Please refer to Section 2.7 for the Company's proposed use of funds and Schedule 1 for the pro forma balance sheet.

## **2.9 Composition of the Board of Directors**

There will be no change to the composition of the Directors of the Company as a result of the Proposed Acquisition.

## **2.10 Advantages of the Proposed Acquisition**

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Essential Resolutions:

- (a) the Company will expand its business beyond Australia and into Japan, thereby bringing about more and greater opportunities for the Company in the future;
- (b) the Proposed acquisition is intended to generate a profit for the Company given the parties are negotiating a substantial discounted price to market value for the Proposed Acquisition; and
- (c) the Company can be recognised beyond Australia and into the regional scale in the Asia Pacific.

## **2.11 Disadvantages of the Proposed Acquisition**

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Essential Resolutions:

- (a) the Company will be changing the scale of its activities which may not be consistent with the objectives of all Shareholders;
- (b) as noted above, the Company does not expect to generate revenues or profits from the operations or sale of assets during the relevant period; and

- (c) the Proposed Acquisition and associated transactions the subject of this Notice will result in the issue of a significant number of Shares and new investors which will have a dilutionary effect on the holdings of Shareholders;

## **2.12 Directors' interests in the Proposed Acquisition**

None of the Directors, other than Jonathan Cheng, have any interest in the Proposed Acquisition, other than as disclosed in this Notice.

## **2.13 ICGJ's interests in the Company**

ICGJ is a related party of the Company by virtue of being an entity controlled by Mr Jonathan Cheng.

ICGJ is an associate (the entities have the same parent company) of ICG Australia who is a substantial shareholder in the Company.

ICGJ does not have any interest in the Company, other than as disclosed in this Notice.

## **2.14 Related Parties**

Pursuant to Resolutions 6, 7 and 8, the Company is seeking Shareholder approval under ASX Listing Rule 10.11 to enable Director, Jonathan Cheng, Jessica Sook Boon Loh and ICG Australia the opportunity to participate in the Capital Raising.

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## **3. RESOLUTION 3 – CHANGE TO NATURE AND SCALE OF ACTIVITIES – PROPOSED ACQUISITION**

### **3.1 General**

Resolution 3 seeks the approval of Shareholders for a change in the nature and scale of the Company's activities via the Proposed Acquisition pursuant to ASX Listing Rule 11.1.2.

A detailed description of the Proposed Acquisition is outlined in Section 2 above.

### **3.2 Listing Rule 11.1**

Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable (and before making the change) and comply with the following:

- 11.1.1 provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- 11.1.2 if ASX requires, obtain the approval of holders of its shares and comply with any requirements of ASX in relation to the notice of meeting; and
- 11.1.3 if ASX requires, meet the requirements of Chapters 1 and 2 of the Listing Rules as if the entity were applying for admission to the Official List.

ASX has indicated to the Company that the change in the nature and scale of the Company's activities as a result of the Proposed Acquisition requires the Company, in accordance with Listing Rule 11.1.2, to obtain Shareholder

approval and the Company must comply with any requirements of ASX in relation to the Notice of Meeting.

### **3.3 Listing Rule 11.1.2**

Listing Rule 11.1.2 empowers ASX to require a listed company to obtain the approval of its shareholders to a significant change to the nature or scale of its activities. The Proposed Acquisition will involve a change to the nature or scale of the Company's activities for these purposes and, as its usual practice, ASX has imposed a requirement under Listing Rule 11.1.2 that the Company obtain shareholder approval to the Proposed Acquisition.

Resolution 3 seeks the required Shareholder approval for the Proposed Acquisition for the purposes of Listing Rule 11.1.2.

### **3.4 Technical information required by Listing Rule 14.1A**

If Resolution 3 is passed, the Company will be able to proceed with the Proposed Acquisition, which will allow the Company to change the nature and scale of its activities.

If Resolution 3 is not passed, the Company will not be able to proceed with the Proposed Acquisition, nor will it proceed with the Capital Raising (as Resolutions 3, 4 and 5 are the Essential Resolutions). As a result, the Company will be unable to undertake the change of nature and scale of its activities.

### **3.5 Technical information required by Guidance Note 12, Section 7.2**

Pursuant to and in accordance with Guidance Note 12, Section 7.2, the following information is provided in relation to Resolution 3:

- (a) ICGJ is the vendor of the Proposed Acquisition. The material terms of the Lol for the Proposed Acquisition are set out in Section 2.1 of this Notice. Subject to obtaining Shareholder approval for the Proposed Acquisition, the Company intends to enter into formal acquisition agreements;
- (b) an assessment of the financial effect of the Proposed Acquisition on the Company is set out in Section 2.8 and Schedule 1 of this Notice;
- (c) details of any changes the Company will be making to its business model in light of the Proposed Acquisition are set out in Section 2.5;
- (d) the Company intends to fund the Proposed Acquisition by completing the Capital Raising (being the subject of Resolution 5). Refer to Section 2.3 for further details on the Capital Raising and the application of the funds to the Proposed Acquisition;
- (e) there are no changes to the board or senior management of the Company in connection with, or as a consequence of the Proposed Acquisition;
- (f) the indicative timetable for implementing the Proposed Acquisition is set out in Section 2.7; and
- (g) the Company notes that ASX takes no responsibility for the contents of this Notice.

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## 4. RESOLUTION 4 – ACQUISITION OF A SUBSTANTIAL ASSET FROM ICGJ – PROPOSED ACQUISITION

### 4.1 General

As outlined in Section 2 above, the Company has entered into a letter of intent with vendor ICGJ to acquire three (3) lots of land at a real estate development project known as TELLUS Villas located in Niseko, Japan (being the Proposed Acquisition).

In consideration for the Proposed Acquisition, the Company has agreed to pay \$6,354,730 to ICGJ. The key terms of the Lol are summarised in Section 2.1.

ICGJ is a related party of the Company by virtue of being an entity controlled by Mr Jonathan Cheng. ICGJ is also an associate of ICG Australia by virtue of having the same parent company. ICG Australia is a substantial holder of the Company, currently holding 4,483,690 Shares, representing a relevant interest in the Company of 12.23%.

Accordingly, ICGJ is deemed to be a:

- (a) “related party” in the Company; and
- (b) an associate of a substantial shareholder,

for the purpose of Listing Rule 10.1. As the value of the consideration for TELLUS Villas exceeds 5% of the equity interests of the Company, Shareholder approval is required for the purpose of Listing Rule 10.1. This approval is sought pursuant to Resolution 4.

### 4.2 Independent Expert’s Report

Listing Rule 10.5.10 requires a notice of meeting containing a resolution to approve a transaction under Listing Rule 10.1 to include a report on the transaction from an independent expert.

The Independent Expert’s Report accompanying this Notice, prepared by Bentleys Corporate Finance (WA) Pty Ltd (ABN 58 627 405 350) (Australian Financial Services Licence No: 512495) (**Independent Expert**), sets out a detailed independent examination of the Proposed Acquisition to enable non-associated Shareholders to assess the merits and decide whether to approve Resolution 4. The Independent Expert has concluded that the Proposed Acquisition is fair and reasonable to the non-associated Shareholders.

The non-associated Shareholders for the purpose of Resolution 4 are all Shareholders other than ICGJ Australia, Mr Jonathan Cheng and Jessica Sook Boon Loh.

Shareholders are urged to carefully read the Independent Expert’s Report in its entirety to understand its scope, the methodology of the valuation and the sources of information and assumptions made. The Independent Expert’s Report is also available on the Company’s website [www.ultimaunited.com/recent-asx-announcements](http://www.ultimaunited.com/recent-asx-announcements). If requested by a Shareholder, the Company will send to the Shareholder a hard copy of the Independent Expert’s Report at no cost.

### **4.3 Listing Rule 10.1**

Listing Rule 10.1 provides that a listed entity must not acquire or agree to acquire a substantial asset from, or dispose of or agree to dispose of a substantial asset to:

- 10.1.1 a related party;
- 10.1.2 a child entity;
- 10.1.3 a person who is, or was at any time in the 6 months before the transaction or agreement, a substantial (10%+) holder in the entity;
- 10.1.4 an associate of a person referred to in Listing Rules 10.1.1 to 10.1.3; or
- 10.1.5 a person whose relationship to the entity or a person referred to in Listing Rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the transaction should be approved by shareholders,

unless it obtains the approval of its shareholders.

The Proposed Acquisition falls within Listing Rule 10.1 given that:

- (a) ICGJ is a related party of the Company by virtue of being an entity controlled by Mr Jonathan Cheng;
- (b) ICGJ is an associate of ICG Australia by virtue of having the same parent company. ICG Australia is a substantial holder of the Company, currently holding 4,483,690 Shares, representing a relevant interest in the Company of 12.23%; and
- (c) the value of the consideration for the TELLUS Project under the Proposed Acquisition exceeds 5% of the equity interests of the Company and is therefore deemed a substantial asset.

Accordingly, the Proposed Acquisition requires Shareholder approval under Listing Rule 10.1.

### **4.4 Technical Information required by Listing Rule 14.1A**

If Resolution 4 is passed, the Company will be able to proceed with the Proposed Acquisition.

If Resolution 4 is not passed, the Proposed Acquisition will not proceed, nor will it proceed with the Capital Raising (as Resolutions 3, 4 and 5 are the Essential Resolutions).

### **4.5 Technical Information required by Listing Rule 10.5**

Pursuant to and in accordance with Listing Rule 10.5, the following information is provided in relation to Resolution 4:

- (a) the Company is acquiring the substantial asset (being the TELLUS Project) from ICGJ;
- (b) ICGJ is:

- (i) a related party of the Company by virtue of being an entity controlled by Mr Jonathan Cheng for the purpose of Listing Rule 10.1; and
- (ii) an associate of ICG Australia by virtue of having the same parent company. ICG Australia is a substantial holder of the Company, currently holding 4,483,690 Shares, representing a relevant interest in the Company of 12.23%.

Accordingly, ICGJ falls within the category of persons in Listing Rule 10.1.3 and 10.1.4;

- (c) the asset being acquired by the Company from ICGJ is the TELLUS Project, being the three (3) lots of land at the real estate development project TELLUS Villas;
- (d) in consideration for the Proposed Acquisition, the Company has agreed to pay \$6,354,730 to ICGJ. The Company intends to fund the Proposed Acquisition by completing the Capital Raising (being the subject of Resolution 5). Refer to Section 2.3 for further details on the Capital Raising and the application of the funds to the Proposed Acquisition;
- (e) it is intended that the Proposed Acquisition will be completed in accordance with the timetable set out at Section 2.7;
- (f) the acquisition will occur pursuant to the Lol. The key terms of the Lol are set out in Section 2.2. Subject to obtaining Shareholder approval, the Company intends to enter into formal Acquisition Agreements for the sale which will be consistent with the terms of the Lol;
- (g) a voting exclusion statement is included for Resolution 4; and
- (h) the Independent Expert's Report is attached to this Notice at Annexure A.

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## 5. RESOLUTION 5 – APPROVAL TO ISSUE SHARES – CAPITAL RAISING

### 5.1 General

As set out in Section 2.3, the Company is proposing to complete a capital raising to raise \$20,190,203 in connection with the Proposed Acquisition. The purpose of the Capital Raising is to raise funds to be applied towards the Proposed Acquisition and for the construction of villas on each of those plots of land at the TELLUS Project.

Accordingly, the Company is proposing to issue up to 33,650,338 Shares at an issue price of \$0.60 per Share to raise up to \$20,190,203 (**Capital Raising Shares**).

No lead manager has been appointed for the purposes of the Capital Raising, however the Company reserves the right to appoint a lead manager (on terms which would be considered standard for an agreement of that nature) if deemed necessary at a later date. Refer to Section 2.3 for further detail on the lead manager.

The Company is also seeking Shareholder approval under ASX Listing Rule 10.11 for Mr Jonathan Cheng, Jessica Sook Boon Loh and ICG Australia to participate in the Capital Raising. Of the total 33,650,338 Capital Raising Shares:

- (a) 732,704 Capital Raising Shares are to be issued to Mr Cheng (or his nominee) subject to Shareholder approval being sought under Resolution 6;
- (b) 408,466 Capital Raising Shares are to be issued to Jessica Sook Boon Loh (or her nominee) subject to Shareholder approval being sought under Resolution 7; and
- (c) 6,265,627 Capital Raising Shares are to be issued to ICG Australia (or its nominee) subject to Shareholder approval being sought under Resolution 8.

Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Capital Raising Shares does not fall within any of the exceptions set out in Listing Rule 7.2 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

## **5.2 Technical information required by Listing Rule 14.1A**

If Resolution 5 is passed, the Company will be able to proceed with the issue of the Capital Raising Shares. In addition, the issue of the Capital Raising Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 5 is not passed, the Company will not be able to proceed with the issue of the Capital Raising Shares or the Proposed Acquisition (as Resolutions 3, 4 and 5 are the Essential Resolutions). In addition, the time, resources and costs spent in relation to the Proposed Acquisition cannot be recovered. The Company may enter into new rounds of negotiations with the parties involved in the Proposed Transaction, and additional costs may incur. Resolution 5 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Capital Raising Shares.

In addition, the Company will need to raise a minimum of \$20,000,000 under the Capital Raise in order to proceed with the Proposed Acquisition.

## **5.3 Technical information required by Listing Rule 7.1**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 5:

- (a) the Capital Raising Shares will be issued to retail, professional and sophisticated investors, and a priority offer will be made available to the Company's existing shareholders. The Company will allocate Shares on a first come first served basis, and the board will determine any final allocations should the Capital Raise be oversubscribed. The directors of the Company intend to participate (subject to Shareholders approving Resolutions 6, 7 and 8.
- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that:
  - (i) The Company's existing substantial holders; ICG Australia intend to participate in Capital Raising for 6,265,627 Shares (being 17% of the Company's total Shares on issue prior to the completion

of the Capital Raising) and Wing Kiong Anthony Loh intends to participate in the Capital Raising for 2,692,028 (being 7.3% of the Company's total Shares on issue prior to the completion of the Capital Raising);

- (ii) Director Mr Jonathan Cheng is seeking Shareholder approval to participate in the Capital Raising pursuant to Resolution 6. Subject to Shareholder approval, Mr Cheng will be issued 732,704 Capital Raising Shares (being equal to 2.0% of the Company's total number of Shares on issue as at the date of this Notice); and
  - (iii) Jessica Sook Boon Loh (spouse of Mr Cheng) is seeking Shareholder approval to participate in the Capital Raising pursuant to Resolution 7. Subject to Shareholder approval, Ms Loh will be issued 408,466 Capital Raising Shares (being equal to 1.11% of the Company's total number of Shares on issue as at the date of this Notice);
- (c) other than the parties identified above at Section 5.3(b), the Company confirms that none of the recipients of the Capital Raising Shares will be:
- (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
  - (ii) issued more than 1% of the issued capital of the Company;
- (d) the maximum number of Capital Raising Shares to be issued is 33,650,338. The Capital Raising Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Capital Raising Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Capital Raising Shares will occur on the same date;
- (f) the issue price of the Capital Raising Shares will be \$0.60 per Capital Raising Share. The Company will not receive any other consideration for the issue of the Capital Raising Shares;
- (g) the purpose of the issue of the Capital Raising Shares is to raise capital, which the Company intends to apply towards the Proposed Acquisition as set out in Section 2.3, and for the construction of villas on each of those plots of land. Refer to Section 2.3 for a detailed break down on the use of funds;
- (h) the Capital Raising Shares are not being issued under an agreement; and
- (i) the Capital Raising Shares are not being issued under, or to fund, a reverse takeover.

## 5.4 Dilution

Assuming no other Shares issued and the maximum number of Capital Raising Shares are issued, the number of Shares on issue would increase from 36,657,186 (being the number of Shares on issue as at the date of this Notice) to 70,307,524 Shares and the shareholding of existing Shareholders would be diluted by approximately 47.86%.

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## 6. RESOLUTIONS 6-8 – ISSUE OF SHARES TO RELATED PARTIES – CAPITAL RAISING PARTICIPATION

### 6.1 General

As set out in Section 5.1 above, Director Jonathan Cheng, his spouse Ms Loh and CGJ Australia wish to participate in the Capital Raising on the same terms as unrelated participants in the Capital Raising.

Accordingly, Resolutions 6, 7 and 8 respectively seek Shareholder approval for the issue of:

- (a) up to 732,704 Shares to Mr Jonathan Cheng (or his nominee);
  - (b) up to 408,466 Shares to Ms Jessica Sook Boon Loh, the spouse of Mr Cheng (or her nominee); and
  - (c) up to 6,265,627 Shares to ICG Australia (or their nominee),
- (together, **Related Party Shares**).

### 6.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issues of the Related Party Shares would constitute giving a financial benefit and Mr Cheng is a related party of the Company by virtue of being a Director, Ms Loh is a related party of the Company by virtue of being the spouse of Director Jonathan Cheng and ICG Australia is a related party of the Company by virtue of being an associate of ICG (an entity controlled by Jonathan Cheng).

The Directors (other than Jonathan Cheng who abstained) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 6 because the Shares to be issued to Jonathan Cheng (or his nominee) are on the same terms as Shares issued to non-related party participants in the Capital Raising and as such the giving of the financial benefit is on arm's length terms, an exception under section 210 of the Corporations Act.

The Directors (other than Jonathan Cheng who abstained) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 7 because the Shares to be issued to Ms Loh (or her nominee) are on the same terms as Shares issued to non-related party participants in the Capital Raising and as such the giving of the financial benefit is on arm's length terms, an exception under section 210 of the Corporations Act.

The Directors (other than Jonathan Cheng who abstained) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 8 because the Shares to be issued to ICG Australia (or its nominee) are on the same terms as Shares issued to non-related party participants in the Capital Raising and as such the giving of the financial benefit is on arm's length terms, an exception under section 210 of the Corporations Act.

### **Listing Rule 10.11**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issues of the Related Party Shares fall within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12, and accordingly, approval of Shareholders under Listing Rule 10.11 is required.

Resolution 6, 7 and 8 seek Shareholder approval for the issues of Related Party Shares under and for the purposes of Listing Rule 10.11.

### **6.3 Technical information required by Listing Rule 14.1A**

If Resolutions 6, 7 and 8 are passed, the Company will be able to proceed with the issue of the Related Party Shares within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and will raise additional funds (of \$4,444,078) which will be used in the manner set out in Section 2.3 above. As approval pursuant to Listing Rule 7.1 is not required for the issue of the Related Party Shares (because approval is

being obtained under Listing Rule 10.11), the issue of the Related Party Shares will not use up any of the Company's 15% annual placement capacity.

If Resolutions 6, 7 and 8 are not passed, the Company will not be able to proceed with the issue of the Related Party Shares and the corresponding \$4,444,078 from the related parties will not be raised as part of the Capital Raising. If Shareholders do not approve the Directors' participation, the \$4,444,078 will need to be raised by Shareholder and public participation. If the Company is unable to raise the necessary funds, the Company may seek to acquire a reduced number of lots for a smaller purchase price.

#### **6.4 Technical Information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolutions 6, 7 and 8:

- (a) the Related Party Shares will be issued to Mr Jonathan Cheng, Ms Jessica Loh and ICG Australia (or their respective nominees) each of whom falls within the category set out in Listing Rule 10.11. Ms Loh and Mr Cheng each fall within the category set out in Listing Rule 10.11.1, Ms Loh is a related party by virtue of being the spouse of Director Jonathan Cheng and Mr Jonathan Cheng is a related party of the Company by virtue of being a Director. In addition, ICG Australia (as noted above) is also a substantial shareholder. Therefore, ICG Australia falls within the categories set out in Listing Rule 10.1.3 and 10.1.4, by virtue of being an associate of Infinity Capital Group (an entity controlled by Jonathan Cheng);
- (b) the maximum number of Related Party Shares to be issued is 7,406,797 in the following proportions:
  - (i) 732,704 Shares to Mr Jonathan Cheng (or his nominee) (being the subject of Resolution 6);
  - (ii) 408,466 Shares to Ms Jessica Sook Boon Loh (or her nominee) (being the subject of Resolution 7); and
  - (iii) 6,265,627 Shares to ICG Australia (or their nominee) (being the subject of Resolution 8);
- (c) the Related Party Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Related Party Shares will be issued no later than one (1) month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Shares will be issued on the same date;
- (e) the issue price will be \$0.60 per Related Party Share, being the same issue price as all other Shares issued to other participants in the Capital Raising. The Company will not receive any other consideration for the issue of the Shares;
- (f) the purpose of the issue of Related Party Shares is to raise up to \$4,444,078 (before costs) under the Capital Raising, which the Company intends to use in the manner set out in Section 2.3 of this Notice;

- (g) the Related Party Shares to be issued are not intended to remunerate or incentivise the Mr Jonathan Cheng;
- (h) the Related Party Shares are not being issued under an agreement; and
- (i) a voting exclusion statement is included in respect of Resolutions 6, 7 and 8 of the Notice.

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## GLOSSARY

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**\$** means Australian dollars.

**Acquisition Agreements** has the meaning given in Section 2.1.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Capital Raising** has the meaning given in Section 2.3.

**Chair** means the chair of the Meeting.

**Company** means Ultima United Limited (ACN 123 920 990).

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Essential Resolutions** has the meaning given in Section 2.4.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**ICG Australia** means Infinity Capital Group Australia Development Pty Ltd.

**ICGJ** means Infinity Capital Group *Japan Development Godo Kaisha*.

**Independent Expert** means Bentleys Corporate Finance (WA) Pty Ltd (ABN 58 627 405 350) (Australian Financial Services Licence No: 512495).

**Independent Expert's Report** means the report prepared by the Independent Expert in relation to the Proposed Acquisition annexed to this Notice at Annexure A.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Listing Rules** means the Listing Rules of ASX.

**LoI** means the binding letter of intent between the Company and ICGJ dated 24 December 2020.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**November Placement** has the meaning given in Section 1.1.

**November Placement Participants** means participants in the November Placement.

**Option** means an option to acquire a Share.

**Proposed Acquisition** has the meaning given in Section 2.1.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**TELLUS Project** has the meaning given in Section 2.1.

**TELLUS Villas** has the meaning given in Section 2.1.

**WST** means Western Standard Time as observed in Perth, Western Australia.

## SCHEDULE 1 – PRO-FORMA BALANCE SHEET

	31 December 2020 (auditor reviewed)	Capital raising	Capital raising costs	Acquisition and construction – TELLUS PROJECT	Pro Forma post transaction
<b>ASSETS</b>	\$				
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	3,013,318	20,190,203	(1,211,412)	(18,978,791)	3,013,318
Trade and other receivables	24,949				24,949
Inventory	2,810,839				2,810,839
<b>TOTAL CURRENT ASSETS</b>	5,849,106	20,190,203	(1,211,412)	(18,978,791)	5,849,106
<b>NON-CURRENT ASSETS</b>					
Inventory (property development)	1,181,610			18,343,318	19,524,928
Financial Assets	17,294				17,294
<b>TOTAL NON-CURRENT ASSETS</b>	1,198,904	-	-	18,343,318	24,337,838
<b>TOTAL ASSETS</b>	7,048,010	20,190,203	(1,211,412)	(635,473)	25,391,328
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Trade and other payables	368,601				368,601
Provisions	127,881				127,881
Borrowings	1,684,422				1,684,422
<b>TOTAL CURRENT LIABILITIES</b>	2,180,904	-	-	-	2,180,904
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	717,213				717,213
<b>TOTAL NON-CURRENT LIABILITIES</b>	717,213	-	-	-	717,213
<b>TOTAL LIABILITIES</b>	2,898,117	-	-	-	2,898,117
<b>NET ASSETS</b>	4,149,893	20,190,203	(1,211,412)	(635,473)	22,493,211
<b>EQUITY</b>					
Issued Capital	10,842,816	20,190,203	(1,211,412)		29,821,607
Option Reserve	482,267				482,267
Accumulated losses	(7,175,190)			(635,473)	-
<b>TOTAL EQUITY</b>	4,149,893	20,190,203	(1,211,412)	(635,473)	(7,810,663)

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**ANNEXURE A – INDEPENDENT EXPERT’S REPORT**

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## ULTIMA UNITED LIMITED

Independent expert's report  
Opinion: Fair and reasonable

24 March 2021



 Advisors

 Accountants

 Auditors

## Financial Services Guide

### What is a Financial Services Guide?

This Financial Services Guide ('FSG') provides important information to assist you, as a retail client, in making a decision as to your use of the general financial product advice provided by Bentleys Corporate Finance (WA) Pty Ltd ABN 58 627 405 350 Australian Financial Services Licence No: 512495 ('us', 'our', 'we' or 'Bentleys Corporate Finance').

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence;
- how we are remunerated;
- any relevant associations or relationships we have; and
- how complaints are being handled, our dispute resolution process and how you can access them.

### Financial services we are licensed to provide

Bentleys Corporate Finance holds an Australian Financial Services Licence which authorises us to provide general financial product advice in relation to securities to retail and wholesale clients. An authorised representative is authorised by Bentleys Corporate Finance to provide general financial product advice on Bentleys Corporate Finance's behalf.

### General financial product advice

We have been engaged by Ultima United Limited ('Client') to provide general financial product advice in the form of an independent expert's report ('Report') in relation to the proposed acquisition of three lots of land at a real estate development project, Tellus Villas, located in Niseko, Japan, from a related party.

We have been engaged to provide this Report in connection with a financial product of another person/entity. Our Report includes details of the nature and circumstances of our engagement and the identity of the person/entity who has engaged us. Although you have not engaged us directly, a copy of the Report is provided to you as a retail client because of your connection to the Client either as a security holder or for other reasons for which you have been provided a copy of this Report. We are not acting for any person other than the Client.

Our Report contains only general financial product advice. We do not provide personal financial product advice. Accordingly, this advice does not take into account your personal objectives, financial situation or needs. You should consider whether our advice is appropriate for you, having regard to your own personal objectives, financial situation or needs before you act on the general financial product advice contained in our Report.

### Remuneration and other benefits for our services

Bentleys Corporate Finance charges fees for preparing reports. These fees are agreed with and paid by the Client. Fees are agreed either on a fixed fee or time cost basis. In this case, we will receive a fee of approximately A\$15,000 (exclusive of GST) for preparing this Report. This fee is not contingent upon the success or otherwise of the proposed transaction.

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Our contact details are:

Complaints Officer  
Bentleys WA  
PO Box 7775  
Cloisters Square WA 6000  
Phone: (08) 9226 4500

If you are not satisfied with how we respond to your complaint, you may contact the Australian Financial Complaints Authority ('AFCA'). Bentleys Corporate Finance is a member of AFCA. AFCA is an external dispute resolution scheme that provides an alternative avenue for the investigation of complaints lodged against financial services providers who provide services to retail and small business clients.

The contact details for AFCA are:

GPO Box 3, Melbourne, Victoria, 3001  
Phone: 1800 931 678  
Website: [www.afca.org.au](http://www.afca.org.au)  
Email: [info@afca.org.au](mailto:info@afca.org.au)

24 March 2021

The Independent Directors  
Ultima United Limited  
Suite 14, 11 Preston Street  
COMO WA 6152

Bentleys Corporate Finance  
(WA) Pty Ltd

London House  
Level 3,

216 St Georges Terrace  
Perth WA 6000

PO Box 7775

Cloisters Square WA 6850

ACN 627 405 350

AFS Licence No. 512495

T +61 8 9226 4500

F +61 8 9226 4300

[bentleys.com.au](http://bentleys.com.au)

Dear Independent Directors

## Independent Expert's Report

### Introduction

On 30 December 2020, Ultima United Limited ('UUL' or 'the Company') announced that it had entered into a binding letter of intent with Infinity Capital Group Japan Development Godo Kaisha ('ICGJ') for the proposed acquisition of three plots of land ('the Lots') at a real estate development project known as TELLUS Villas ('the Development') located in Niseko, a popular ski resort town in Hokkaido, Japan ('Proposed Transaction').

TELLUS Villas is owned by ICGJ and ICGJ is an affiliated company of Infinity Capital Group Australia Development Pty Ltd ('ICG Australia'), which is a current substantial shareholder of UUL. In addition, ICGJ is controlled by Mr Jonathan Cheng who is also a Director of UUL. The acquisition of the Lots from ICGJ is a transaction with a related party. Therefore, the Proposed Transaction is subject to shareholders' approval under Australian Securities Exchange ('ASX') Listing Rules 10.1.

Bentleys Corporate Finance (WA) Pty Ltd ('us', 'our', 'we' or 'Bentleys Corporate Finance') has prepared an independent expert's report ('this Report') to provide an opinion on whether the Proposed Transaction is fair and reasonable to the non-associated shareholders of UUL.

This Report is to be included in the notice of meeting and explanatory memorandum ('Notice of Meeting'), which will be distributed to the shareholders of the Company, to assist the non-associated shareholders of the Company ('Shareholders') in their decision whether or not to approve the Proposed Transaction.

All dollar amounts are in Australian dollars unless otherwise indicated.

### Purpose of this Report

ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor its child entities, acquires or agrees to acquire a substantial asset from, or disposes of or agrees to dispose of a substantial asset to a related party or a substantial holder (10%+) without obtaining its shareholders' approval, unless any of the exceptions in ASX Listing Rule 10.3 apply. A substantial asset is 5% or more of the equity interests of the Company at the date of the last audited accounts.

The requirement of an independent expert to report on the transaction is stated under ASX Listing Rule 10.5.10. The report provided by the independent expert is required to state the expert's opinion as to whether the transaction is fair and reasonable to holders of the entity's ordinary securities whose votes are not be disregarded.

This Report is prepared pursuant to the requirements of ASX Listing Rule 10.1 and in accordance with the guidance of Australian Securities Investments Commission's ('ASIC') Regulatory Guide 111 Content of expert report ('RG 111'), Regulatory Guide 112 Independence of experts ('RG 112') and Regulatory Guide 76 Related party transactions ('RG 76').

This Report is to be included in the Notice of Meeting, which will be distributed to all shareholders of the Company, and has been prepared to assist the non-associated shareholders of the Company in their decision whether or not to approve the Proposed Transaction.

### Basis of assessment

RG 111 provides guidance to experts on how to draft an expert report that satisfies the requirements of the Corporations Act. Whilst RG 111 focuses on reports prepared for transactions under Chapters 2E, 5, 6 and 6A of the Corporations Act, whether they are required by the Corporations Act or are commissioned voluntarily, the principles may also be relevant to independent expert reports commissioned for other purposes, including independent expert reports required under the ASX Listing Rules.

Paragraphs RG 111.52 to RG 111.63 of RG 111 provide guidance on related party transactions under Chapter 2E of the Corporations Act or for a transaction with a person in a position of influence that requires member approval under ASX Listing Rule 10.

The regulatory guide states that when analysing related party transactions, an expert needs to focus on the substance of the related party transaction rather than the legal mechanism. In analysing a related party transaction, the expert is required to express an opinion on whether the transaction is 'fair and reasonable' from the perspective of non-associated members. This analysis is specifically required where the report is also intended to accompany meeting materials for member approval of an asset acquisition or disposal under ASX Listing Rule 10.1.

RG 111.56 states that, where an expert assesses whether a related party transaction is 'fair and reasonable', this should not be applied as a composite test. There should be a separate assessment of whether the transaction is 'fair' and 'reasonable'.

A proposed related party transaction is 'fair' if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

A proposed related party transaction is 'reasonable' if it is 'fair' but it might also be 'reasonable' if, despite being 'not fair', the expert believes there are sufficient reasons for members to vote for the proposal.

### Conduct of our assessment

Accordingly, we have assessed the Proposed Transaction as being:

- 'fair' if the fair market value of the Lots acquired by UUL is equal to or greater than the value of the consideration paid for the Lots; and
- 'reasonable' if it is fair, or despite not being fair, after considering other significant factors, we believe there are sufficient reasons for shareholders to approve the Proposed Transaction, in the absence of any alternative offers.

This engagement is conducted in accordance with Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

## Summary of opinion

In our opinion, in the absence of a more superior alternative, the Proposed Transaction is **fair and reasonable** to Shareholders.

Notwithstanding that we provide a summary of our conclusion below, it should be noted that our opinion should be read in conjunction with this Report in its entirety.

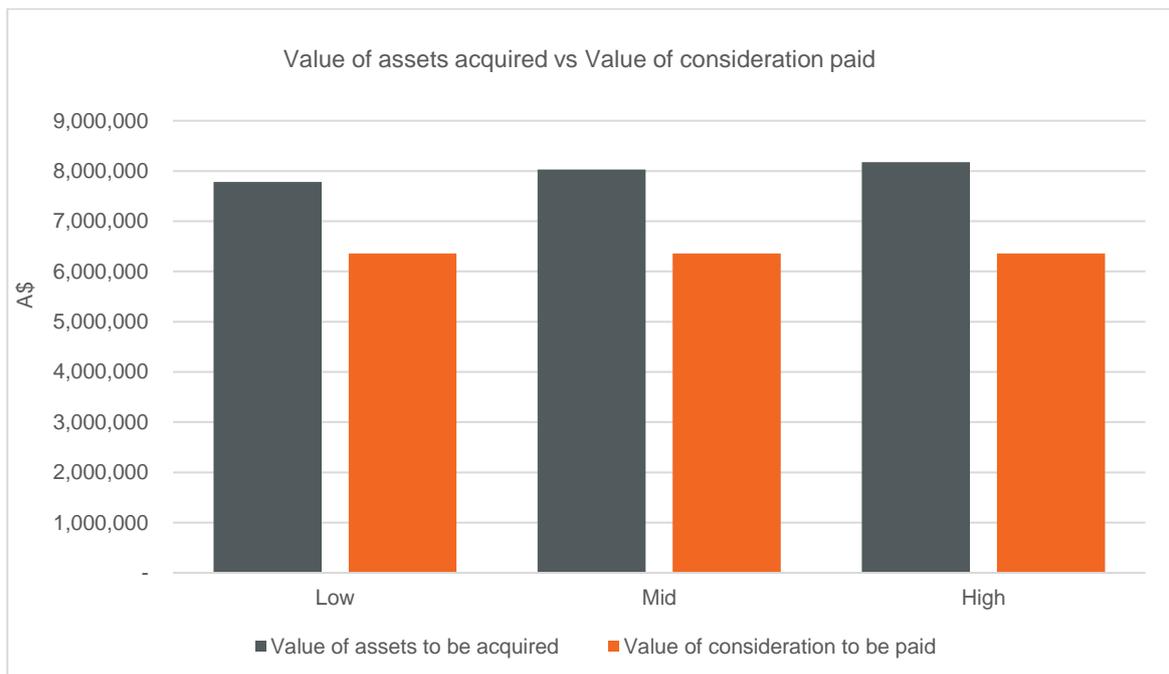
### Fairness

In assessing the fairness of the Proposed Transaction, we compared fair market value of the Lots acquired by UUL with the value of the consideration paid for the Lots.

The fair market values of the Lots are predicated on the independent valuation conducted by Colliers International Consultancy & Valuation (Singapore) Pte Ltd ('Colliers International') set out in its independent valuation report dated 26 February 2021 ('Colliers' Valuation').

The aggregated fair market values for the Lots 'As is' is assessed by Colliers International to be in Japanese Yen ('JPY') 844,000,000, which after conversion to Australian Dollars ('AUD') at the range of JPY:AUD exchange rates as described later in this report, the aggregate market value of the Lots in AUD is in the range of A\$7,781,240 to A\$8,177,740.

The total consideration to be paid by UUL for the Lots is A\$6,354,730.



Source: Colliers' Valuation, Bentleys' analysis

The **total fair market value** of Lots 8, 9 and 10 to be acquired is higher than the total value of the consideration payable by UUL.

Since the value of the assets to be acquired by UUL is higher than the value of the consideration to be paid by UUL, we conclude that the Proposed Transaction in relation to Resolution 4 is fair.

### Reasonableness

We summarise the following significant factors which provide sufficient reasons for Shareholders to approve the Proposed Transaction, in the absence of any alternative offers:

- the Proposed Transaction is reasonable because it is fair;
- there has not been much business activity in UUL (and minimal to no trading volume of its shares) over an extended period of time so the Proposed Transaction will inject new activity to the Company and possibly re-inject investor market interest in UUL's shares. The proposed capital raising in conjunction with the Proposed Transaction is expected to further increase market interest in the Company;
- the Proposed Transaction is aligned with the Company's strategy of investing in Asia-Pacific and is anticipated to bring about new and greater opportunities for UUL. As the Company proves itself in undertaking a variety of projects in different markets, starting from smaller scale projects, it will gradually be able to undertake larger scale projects in the future as investors also gain more confidence in the Company's capabilities; and
- in connection with the Proposed Transaction, UUL is seeking to raise \$20,190,203 by issuing up to 33,650,338 Shares at an issue price of \$0.60 per share. The Proposed Transaction gives the Company a purpose to tap the capital markets for funds and, in doing so, increases UUL's visibility in Australia's capital markets. This may also be a form of messaging to the market that the Company is active in pursuing and developing opportunities as well as in undertaking projects.

Shareholders should also consider the following disadvantages:

- the Proposed Transaction is a cash transaction which does not involve a direct issue of shares to the vendor. However, the Proposed Transaction will indirectly bring about a dilution in the interests of existing shareholders if the shareholders do not participate equally in the proposed capital raising that is planned for the Proposed Transaction. Based on the current number of shares of 36,657,186 and assuming that none of the existing shareholders participate in the proposed capital raising which will involve the issue of 33,650,338 shares, existing shareholders will, on aggregate, dilute their shareholding from 100% to 52.1%; and
- the Proposed Transaction will involve the first project to be undertaken outside of Australia. Whilst it brings about new and greater opportunities for the Company and is aligned with UUL's strategy of investing in Asia-Pacific, there is an inherent project risk that shareholders will need to be aware of, and bear, to reap the benefits of this opportunity. This change in risk profile may not be consistent with the objectives of all its Shareholders. Therefore, Shareholders need to assess and decide for themselves if the potential returns of the Proposed Transaction commensurate with the risks that the Company will be exposed to.

Considering all of the above, we are of the opinion that the advantages of the Proposed Transaction outweigh the disadvantages of the Proposed Transaction. **Accordingly, we conclude that the Proposed Transaction is reasonable.**

## Other matters

This Report has been prepared specifically for the non-associated shareholders of the Company, at the request of the directors of the Company, and we consent for this Report to be included in the Notice of Meeting which will be distributed to all shareholders of the Company. Apart from such use, this Report must not be used, whether wholly or in part, nor may any reference to them be included in or with, or attached to any document, statement or letter without our prior written consent which we may provide (conditionally or unconditionally) or withhold at our discretion.

This Report provides only general financial product advice and does not take into consideration the individual circumstances of Shareholders when making their decision whether or not to approve the Proposed Transaction, which is an individual matter. Shareholders should consider the advice in the context of their own circumstances, preferences and risk profiles. Shareholders should consult their own professional advisers (financial advisers and/or tax advisers) when considering these matters and how they relate to their own individual circumstances.

Please refer to the Financial Services Guide ('FSG') provided by Bentleys Corporate Finance, which is included in this Report.

Yours faithfully

BENTLEYS CORPORATE FINANCE (WA) PTY LTD



Evelyn Tan  
Director



Chris Nicoloff  
Authorised Representative

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## 1 The Proposed Transaction

On 30 December 2020, Ultima United Limited ('UUL' or 'the Company') announced that it had entered into a binding letter of intent ('LoI') with Infinity Capital Group Japan Development Godo Kaisha ('ICGJ') for the proposed acquisition of three plots of land ('the Lots') at a real estate development project known as TELLUS Villas ('the Development') located in Niseko, a popular ski resort town in Hokkaido, Japan ('Proposed Transaction').

TELLUS Villas is owned by ICGJ and ICGJ is an affiliated company of Infinity Capital Group Australia Development Pty Ltd ('ICG Australia'), which is a current substantial shareholder of UUL. The acquisition of the Lots from ICGJ is a transaction with a related party on the basis that ICGJ is affiliated to a party who is a substantial holder in the Company, and Mr Jonathan Cheng who controls ICGJ is also a Director of the UUL. Therefore, the Proposed Transaction is subject to shareholders' approval under Australian Securities Exchange ('ASX') Listing Rules 10.1.

Summary terms of the Proposed Transaction are highlighted below:

- the consideration for all three land plots (or the Lots as defined in this Report) payable by the Company is \$6,354,730;
- a deposit of A\$1,270,946 is to be paid by the Company to ICGJ on or before the expiration of 30 days from the date of acceptance of the terms of the LoI;
- settlement of the Proposed Transaction is to be completed on or before 30 June 2021; and
- the Company will appoint ICGJ as project managers to the development of the Lots and ICGJ will be responsible for sourcing and managing the construction of the acquired Lots.

Subject to obtaining shareholders' approval for the Proposed Transaction, the Company intends to enter into formal agreements for the sale of the Lots (one agreement for each of the land lots).

In conjunction with the Proposed Transaction, UUL also plans to seek shareholders' approval for the issue of up to 33,650,338 ordinary shares at A\$0.60 per share to raise A\$20,190,203. Of these funds raised, A\$6,354,730 will be used for the acquisition of the Lots and A\$11,988,588 will be used for the construction of villas on each of the Lots. The remaining funds raised will be used to meet associated transaction costs for the Proposed Transaction and fund raising costs.

## 2 Ultima United Limited

### 2.1 The business

UUL is a Perth-based property development and investment company that was listed on the ASX since 2007. It engages in property development business in Australia and specialises in apartment units in Western Australia. UUL was formerly United Uranium Limited which changed its activities and name in 2014 (following approval by shareholders on 15 September 2014) from uranium focussed junior resource company to a property development company. To enable the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules, it lodged a prospectus to raise a minimum of \$1 million and up to \$1.5 million. UUL raised a total of \$1,226,422 in funds from this process.

UUL announced its successful completion of the development of its first property (under a 50% joint venture arrangement with S&A Holding (Aust) Pty Ltd) comprising three two-storey townhouses located at 295 Canning Highway, Como, on 9 October 2015 ('Como Property'). All three townhouses were sold. Two of the townhouses settled on or around 19 January 2016 and 22 January 2016 while the third settled on 16 December 2016.

UUL acquired vacant land (of 1,256 square metres) for its second property development at 3 Oak Street, Cannington ('Cannington Property'), on 3 July 2014 for \$1.3 million. Shareholders' approval for the acquisition was obtained on 15 September 2014 and settlement of the property occurred on 8 October 2014. Development of the property, which comprised 12 apartments, was completed in December 2018.

The development of UUL's third property at 19 & 21 Tate Street, Bentley, Western Australia ('Bentley Property') had been on hold as a result of the inability to sell the units at the Cannington Property. The land (of 1,622 square metres) at 19 & 21 Tate Street was acquired in August 2015 for \$1.35 million. It has been approved for the development of 14 apartments with 10 apartments having two bedrooms and two bathrooms while the remaining four apartments having one bedroom and one bathroom.

The board of UUL recently considered a change of plan for this project and is now looking into the viability of developing special disability accommodation units under the National Disability Insurance Scheme. UUL is working with a number of reputable National Disability Insurance Scheme approved service providers and builders to finalise the project design and construction cost.

Although the projects of UUL have so far been located in Australia, the Company is seeking to pursue property development opportunities in the Asian market as part of its overall strategy going forward. The Company has been assessing potential new sites to pursue either residential, commercial or mixed developments in multiple jurisdictions including Australia, Indonesia and Japan.

## 2.2 Bank loans

### 2.2.1 Loan with Westpac

UUL announced on 26 September 2017 that it had secured a loan for \$2,289,000 and an additional overdraft facility of \$85,000 from Westpac for the development of the Cannington Property ('Loan'). This Loan was secured by a first registered mortgage of 3 Oak Street, Cannington and a first registered mortgage over a property owned by S&A Holdings (Aust) Pty Ltd, together with a personal guarantee from Mr Xing Yan and S&A Holdings (Aust) Pty Ltd for the loan amount plus interest. At the time of the announcement, the Company stated that Mr Xing Yan would not be provided with any financial benefit for the security he had personally offered to Westpac.

The ability to repay the Westpac facility is dependent on the successful sale of the units at the Cannington Property. The Company had been marketing the units of the Cannington Property for sale but whilst it is working to sell all the 12 units of the Cannington Property, it has been leasing the units as its transition plan. To-date, only two of the 12 units of the Cannington Property have been sold.

The Loan has since been varied from a construction loan to a two-year variable rate investment (interest-only) loan of \$1,790,000 (as at 31 December 2019) with an expiry date of 30 November 2021. However, due to the Company's inability to sell more units at the Cannington Property, it had negotiated with Westpac to increase the Loan by an additional \$189,000 to \$1,979,000 on 12 February 2020 and to adjust the expiry date to 1 December 2021.

The outstanding balance of the Loan as at 31 December 2020 was \$1,684,422 currently bearing interest at a variable rate of bank bill swap bid rate plus a business loan margin of 2.46% per annum.

### 2.2.2 Loan with National Australia Bank

UUL has a 30-year variable rate interest-only loan with National Australia Bank for \$945,000 currently bearing interest at approximately 4.70% per annum, secured by a first registered mortgage over the property at 19 & 21 Tate Street, Bentley. The outstanding balance of this loan as at 31 December 2020 was \$717,213.

## 2.3 Capital raising

In connection with the Proposed Transaction, UUL also plans to seek shareholders' approval for the issue of up to 33,650,338 ordinary shares at A\$0.60 per share to raise A\$20,190,203. Of these funds raised, A\$6,354,730 will be used for the acquisition of the Lots and A\$11,988,588 will be used for the construction of villas on each of the Lots.

The purpose of the capital raising is to raise capital to apply towards the Proposed Transaction and for the construction of villas on each of those Lots. The use of funds is summarised in the table below.

Uses of funds	A\$
Consideration for the proposed acquisition of the Lots	6,354,730
Associated transaction costs for the Proposed Transaction	635,473
Construction costs	11,988,588
Fund raising costs (6% of funds raised under the proposed capital raising)	1,211,412
<b>Total</b>	<b>20,190,203</b>

Source: UUL management

## 2.4 Directors and management

The board of directors of UUL are:

- Jonathan Cheng (Executive Chairman and Managing Director)
- Eric Kong (Executive Director)
- Yew Seng Lo (Non-Executive Director)
- Piers Lewis (Non-Executive Director)

Mr Jonathan Cheng was first appointed to the board of UUL on 24 June 2020 as a Non-Executive Director. He was subsequently appointed to Executive Chairman and Managing Director on 21 July 2020. Jonathan's wealth of experience spans two decades in starting up new enterprises with the last 15 years spent focussing on private equity. He has spearheaded many successful projects, particularly in the Asia-Pacific region. Mr Cheng sits on multiple boards across various industries. He holds a double Masters degrees in Business Administration and Economics.

Mr Eric Kong has extensive corporate experience with Fortune 500 companies. He is an experienced manager with intricate knowledge of global business models, trends, and high-level expertise in both eastern and western management styles.

Mr Lo Yew Seng is founder and director of Capella Capital and Capella Management, providing advisory services and international venture capital funding. He currently sits on the board of Ban Leong Technologies Ltd (since 2015), a publicly listed company on the Singapore Stock Exchange, and CWT Pte Ltd, a market leader in cross industry logistic services. Mr Lo holds a Bachelor's degree in Arts and Social Sciences from the National University of Singapore, majoring in Economics.

Mr Piers Lewis is an experienced executive, board director and team leader, with a diverse background in the resources, banking and technology sectors. In 2011, Mr Lewis founded Smallcap Corporate, a corporate and advisory services company. He currently serves as chairman Lustrum Minerals Limited (ASX: LRM), and is company secretary for Grange Resources. Mr Lewis is a Chartered Accountant and fellow of the Governance Institute.

## 2.5 Share price information

The historical share price movements and trading volumes for UUL for the 12-month period up to the approximate date of this Report are shown in the graph below.



Source: Capital IQ and Yahoo Finance

Price sensitive announcements made to the market by UUL during this period are highlighted as follows.

Date	Summary of announcements
17-Apr-20	Release of Appendix 4C and Quarterly Report
30-Apr-20	Re-release of Quarterly Report
16-Jul-20	Response to ASX price and volume query
20-Jul-20	Pause in trading and trading halt pending the release of an announcement
21-Jul-20	Suspension of shares from official quotation pending queries from the ASX Response to ASX price query
31-Jul-20	Release of Appendix 4C and Quarterly Report
6-Aug-20	Following UUL's response to an ASX query letter, the suspension of trading in the securities of UUL was lifted and reinstated to official quotation.
17-Aug-20	UUL signs letter of intent to enter into a two-year master lease agreement with Rhinox Steel Pte Ltd (a Singapore-based company) for all 10 units of its Cannington property at 3 Oak Street, Cannington.
21-Aug-20	UUL released a market update on its Bentley project, new projects and outlook, stating that as a property developer, the Company is constantly reviewing and assessing potential new sites in residential, commercial or mixed developments in multiple jurisdictions including Australia, Indonesia and Japan.
31-Aug-20	Release of Appendix 4E and Annual Report to Shareholders

Date	Summary of announcements
30-Sep-20	UUL released its September 2020 investor and market update presentation. The Company also announced a trading halt pending the release of an announcement.
2-Oct-20	The board of UUL announced a proposed fixed price placement to issue up to 7,331,437 shares at A\$0.40 per share to raise up to \$2,932,574 (before costs) which is expected to be completed by 30 October 2020. Use of these funds are intended for the Company's Bentley project. The Company also re-released its investor and market update presentation that it first released on 30 September 2020.
21-Oct-20	UUL announced that the master lease agreement in relation to the Company's property situated at 3 Oak Street, Cannington has been executed with Rhinox Property Management Pty Ltd on 20 October 2020 which will provide A\$7,800 weekly rental income for the Cannington property.
30-Oct-20	Release of Appendix 4C and Quarterly Activities Report
29-Dec-20	UUL announced a pause in trading followed by a trading halt ahead of a pending announcement
30-Dec-20	UUL announced that it had entered into a binding letter of intent with Infinity Capital Group Japan Development Godo Kaisha for the proposed acquisition of three plots of land at a real estate development project known as TELLUS Villas located in Niseko, a popular ski resort town in Hokkaido, Japan.
21-Jan-21	UUL provided a market update on the proposed capital raising that it had announced on 30-Dec-20 including expressions of interest, from directors and current shareholders, to participate in the capital raising, which together represented 36.37% of the total amount to be raised.
29-Jan-21	Release of Appendix 4C and Quarterly Activities Report
1-Mar-21	Release of Half Yearly Report and Accounts
18-Mar-21	Response to ASX price query
23-Mar-21	Re-release of Quarterly Activities Report

Source: ASX announcements

An analysis of the trading activity of the Company's shares for the 12-month period up to the approximate date of this Report is summarised in the table below.

Period	Volume weighted average price (VWAP)	Average number of shares outstanding (million)	Total shares traded over the period (million)	% of shares traded	% traded per week
1 week	\$0.8328	36.657	0.612	1.67%	1.67%
1 month	\$0.8848	36.657	0.811	2.21%	0.55%
2 months	\$0.7190	36.657	1.729	4.72%	0.52%
3 months	\$0.6654	36.657	2.615	7.13%	0.55%
6 months	\$0.5492	34.780	5.617	16.15%	0.62%
12 months	\$0.3398	32.010	12.475	38.97%	0.75%

Source: Capital IQ, Bentleys' analysis

From our analysis in the table above, we note that the percentage of the Company's shares traded per week over most periods up to 12 months was below 1% per week. Although there had been a notable increase in trading volumes and movement in share price since July 2020, we still conclude that UUL's share is not a liquid stock.

## 2.6 Financial information

### 2.6.1 Statement of profit or loss and other comprehensive income

The table below summarises the historical audited statements of profit or loss and other comprehensive income (also referred to as 'income statement' or 'P&L') of UUL for the financial years ('FY') ended 30 June 2018 ('FY18'), 30 June 2019 ('FY19'), 30 June 2020 ('FY20') and for the half year to 31 December 2020.

Statement of Profit or Loss and Other Comprehensive Income	Financial year ended 30-Jun-18 A\$	Financial year ended 30-Jun-19 A\$	Financial year ended 30-Jun-20 A\$	Half year 6 months to 31-Dec-20 A\$
<b>Revenue</b>				
Sale of inventories	-	-	735,990	-
Rental revenue	-	33,327	205,603	168,962
Interest revenue	219	-	3	-
<b>Total revenue</b>	<b>219</b>	<b>33,327</b>	<b>941,596</b>	<b>168,962</b>
Cost of sales from sale of inventories	-	-	(595,609)	-
Cost of sales of rental properties	-	(35,906)	(78,183)	(48,688)
<b>Gross profit</b>	<b>219</b>	<b>(2,579)</b>	<b>267,804</b>	<b>120,274</b>
Other revenue	-	-	46,685	29,134
<b>Expenses</b>				
Employee benefit expenses	(277,144)	(307,299)	(298,629)	(171,945)
Occupancy expenses	(11,438)	(11,561)	(13,231)	(6,222)
Depreciation expense	(720)	(546)	(309)	-
Consultancy expenses	(42,015)	(41,138)	(76,855)	(44,627)
Legal and compliance expenses	(40,022)	(51,162)	(56,627)	(32,140)
Net gain on financial assets held at fair value	4,151	(1,556)	(1,730)	11,241
Finance expenses	(46,636)	(106,565)	(113,396)	(38,433)
Impairment loss on property development	-	-	-	-
Administration expenses	(5,293)	(15,693)	(21,750)	(8,563)
<b>Total expenses</b>	<b>(419,117)</b>	<b>(535,520)</b>	<b>(582,527)</b>	<b>(290,689)</b>
<b>Loss before income tax</b>	<b>(418,898)</b>	<b>(538,099)</b>	<b>(268,038)</b>	<b>(141,281)</b>
Income tax expense	-	-	-	-
<b>Loss after income tax</b>	<b>(418,898)</b>	<b>(538,099)</b>	<b>(268,038)</b>	<b>(141,281)</b>

Source: UUL's audited financial statements for the years ended 30 June 2018, 30 June 2019, 30 June 2020 and for the half year to 31 December 2020

An emphasis of matter in relation to material uncertainty related to going concern was included in the independent auditor's report for UUL for the financial year ended 30 June 2020. UUL's auditors drew attention to a note in the financial reports stating the ability of the Company to continue as a going concern was principally dependent upon the successful sale of the units at the 3 Oak Street, Cannington project and/or the completion of an equity raising. These conditions indicated material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern. However, the auditors did not modify their opinion in the auditor's report for the financial year ended 30 June 2020.

For the half-year financial report for the period ended 31 December 2020, the auditors included an emphasis of matter in relation to cash in transit as 'cash and cash equivalents' as there was \$2,932,575 that was held in transit by intermediary banks pending the completion of compliance procedures such as anti-money laundering and fraud checks, which the Company expected to be released in due course. The auditors did not modify their opinion in the auditor's report for the half year ended 31 December 2020.

We note the following in relation to the income statement of the Company:

- Sale of inventories in the financial year ended 30 June 2020 represented revenue from the sale of two units at the Cannington Property. There have been no further sale of units at the Cannington Property since the 30 June 2020 financial year end.
- Rental revenue in the financial year ended 30 June 2020 represented rental income from the leasing out of the unsold units at the Cannington Property. As at 30 June 2020, only two of the 12 units of the Cannington Property had been sold. Revenue for the six-month period to 31 December 2020 represented only rental income from the leasing out of the unsold units at the Cannington Property.
- The Company recorded losses for all the periods reported above, but a substantial reduction in loss for the financial year ended 30 June 2020 (relative to the other financial years) attributed to the sale of two units of the Cannington Property.

## 2.6.2 Statement of financial position

The table below summaries the historical audited statements of financial position (also referred to as 'balance sheet') of UUL as at 30 June 2018, 30 June 2019, 30 June 2020 and 31 December 2020.

Statement of Financial Position	As at 30-Jun-18 A\$	As at 30-Jun-19 A\$	As at 30-Jun-20 A\$	As at 31-Dec-20 A\$
<b>Current assets</b>				
Cash and cash equivalents	438,625	289,611	97,873	3,013,318
Trade and other receivables	69,929	9,769	26,713	24,949
Inventory (works in progress)	3,030,478	3,398,390	2,810,839	2,810,839
<b>Total current assets</b>	<b>3,539,032</b>	<b>3,697,770</b>	<b>2,935,425</b>	<b>5,849,106</b>
<b>Non-current assets</b>				
Property development (inventory)	1,169,221	1,173,421	1,181,610	1,181,610
Financial assets	9,338	7,782	6,052	17,294
Plant and equipment	854	309	-	-
<b>Total non-current assets</b>	<b>1,179,413</b>	<b>1,181,512</b>	<b>1,187,662</b>	<b>1,198,904</b>
<b>Total assets</b>	<b>4,718,445</b>	<b>4,879,282</b>	<b>4,123,087</b>	<b>7,048,010</b>
<b>Current liabilities</b>				
Trade and other payables	60,098	40,126	45,253	368,601
Provisions	83,597	109,099	121,045	127,881
Borrowings	112,501	2,161,753	58,931	1,684,422
<b>Total current liabilities</b>	<b>256,196</b>	<b>2,310,978</b>	<b>225,229</b>	<b>2,180,904</b>
<b>Non-current liabilities</b>				
Borrowings	2,492,927	754,571	2,352,163	717,213
<b>Total non-current liabilities</b>	<b>2,492,927</b>	<b>754,571</b>	<b>2,352,163</b>	<b>717,213</b>
<b>Total liabilities</b>	<b>2,749,123</b>	<b>3,065,549</b>	<b>2,577,392</b>	<b>2,898,117</b>
<b>Net assets</b>	<b>1,969,322</b>	<b>1,813,733</b>	<b>1,545,695</b>	<b>4,149,893</b>
<b>Equity</b>				
Contributed equity	7,714,827	8,097,337	8,097,337	10,842,816
Share-based payment reserve	482,267	482,267	482,267	482,267
Accumulated losses	(6,227,772)	(6,765,871)	(7,033,909)	(7,175,190)
<b>Total equity</b>	<b>1,969,322</b>	<b>1,813,733</b>	<b>1,545,695</b>	<b>4,149,893</b>

Source: UUL's audited financial statements for the years ended 30 June 2018, 30 June 2019, 30 June 2020 and for the half year to 31 December 2020

An emphasis of matter in relation to material uncertainty related to going concern was included in the independent auditor's report for UUL for the financial year ended 30 June 2020. UUL's auditors drew attention to a note in the financial reports stating the ability of the Company to continue as a going concern was principally dependent upon the successful sale of the units at the 3 Oak Street, Cannington project and/or the completion of an equity raising. These conditions indicated material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern. However, the auditors did not modify their opinion in the auditor's report for the financial year ended 30 June 2020.

For the half-year financial report for the period ended 31 December 2020, the auditors included an emphasis of matter in relation to cash in transit as 'cash and cash equivalents' as there was \$2,932,575 that was held in transit by intermediary banks pending the completion of compliance procedures such as anti-money laundering and fraud checks, which the Company expected to be released in due course. The auditors did not modify their opinion in the auditor's report for the half year ended 31 December 2020.

We note the following in relation to the statement of financial position of the Company:

- The cash position of the Company has gradually declined over the years as cash has been tied up in inventory relating to the Cannington Property and the Bentley Property. However, the Company completed a fixed price placement in November 2020 with the issue of 7,331,437 shares at A\$0.40 per share to raise \$2,932,574 (before costs) for the Bentley project, resulting in the cash balance increasing to approximately \$3 million as at 31 December 2020.
- Inventory carried in current assets represents the costs carried in respect of UUL's interest in the Cannington Property plus capitalised borrowing costs. Inventory carried in non-current assets represents the costs carried in respect of UUL's interest in the Bentley Property.
- UUL's inventory is funded by borrowings from Westpac and National Australia Bank as described in section 2.2. With the sale of two units at the Cannington Property, the total loan balance stood at \$1,684,422 as at 31 December 2020. The non-current borrowings from National Australia Bank, which were taken for the Bentley Property, stood at \$717,213 as at 31 December 2020.
- Total equity of the Company has gradually declined over the years as accumulated losses increased over the corresponding periods. However, equity was boosted to \$4.15 million as at 31 December 2020 following the fixed price placement that the Company completed in November 2020.

## 3 Overview of the Lots

### 3.1 The Development

The Lots are part of TELLUS Villas, which is a larger high-end residential development located at the established and growing ski destination located at 22-4 Aza Kabayama, Kutchan-cho, Abuta-gun, Niseko, Hokkaido, Japan. The Development is currently vacant forested lands between Hirafu Station, Niseko Village and Niseko Mt Resort Grand Hirafu. The Development is located in Hirafu Village with unobstructed views of Mount Yotei.

Plans currently being considered for the Development include the development of 17 lots into high-end residential villas to make it a 'prestigious address'. It is intended that homes within the larger development can have a gross floor area of between 4,000 to 6,000 square feet, with four to six en-suite bedrooms, outdoor terraces, balconies, private lap pools, garage parking and private onsen (natural hot spring) baths.

We understand that planning permission has been secured for the proposed development and villas will be sold off-the-plan. Villas that are not occupied by the owner can be let through a 'hotel style rental pool'.

### 3.2 The Lots

The Lots are adjacent to one another with a total estimated area of 4,155 square metres. This area is located within the site of TELLUS Villas which has an approximate area of 34,120 square metres. Each plot is intended to be developed into a ultra-luxe multi-storey residential villa with approximately 460 square metres of living space featuring four bedrooms, living spaces and lifestyle amenities such as wine cellars, private onsen (natural hot spring) and rotenburo (outdoor natural hot spring).

The sizes of each of the Lots are broken down in the table below.

Land size	Square metres
Lot 8	1,340.55
Lot 9	1,313.40
Lot 10	1,501.18
	4,155.13

Source: Colliers' Valuation

Further details of the Development and of the Lots can be found in Colliers' Valuation attached to this Report in Appendix 4.

## 4 Economy of Japan

Prior to the 2008 global financial crisis, savings by both households and businesses were high despite a low to negative interest rate environment that the Bank of Japan created to encourage lower savings and increase investments. A large portion of Japanese investment moved abroad where interest rates were higher. The export-centric economic model, strong yen and deflation contributed to economic stagnation in Japan.

The 2008 global financial crisis exacerbated the two-decade-long decline in domestic business environment. Various stimulus packages and expansionary monetary and fiscal policies helped provide spurts of growth over the years but the recent effects of COVID-19 will continue to present a challenge to Japan's economy into the future.

Over the five years to 2026, Japan's economy is forecast to expand slowly, growing at an estimated annualised rate of 1.3% due to systemic problems evident in pre-recessionary Japan continuing to persist for the foreseeable future. GDP is expected to recover from the postponement of the 2020 Tokyo Olympics and benefit from increases in infrastructure investment due to construction projects. It appears that systematic issues that plague Japan may mean that growth will likely to be marginal as the country struggles to improve its economy.

However, as the tourism industry has become an international trend, Japan is now particularly focussed on its tourism industry which is on the verge of becoming a major economic engine in Japan. According to Japan National Tourism Organisation, Japan's tourists' number have increased significantly in the last decade. There were over 31.8 million international visitors in 2019 which in part was contributed by Japan's hosting of the Rugby World Cup 2019. Sports tourism is also a fast-growing sector, with growing numbers of people travelling to participate in or view sports events.

In response to the COVID-19 impacts on the tourism industry, the Japanese government launched an emergency economic package and a travel campaign to induce more travels within the country.

Source: IBISWorld 'GDP of Japan' October 2020, Japan National Tourism Organisation, other industry sources

## 5 The tourism market in Hokkaido

Tourism in Hokkaido has been largely dependent on its nature assets such as nature, hot springs and spas. Exploring these attractions always seems to be top reasons for tourist visits to Hokkaido.

Often overlooked, Hokkaido also has indigenous culture. In July 2020, a national museum and park opened with the theme of the culture of the Ainu, the aboriginal people of Hokkaido. Named UPOPOY, the national museum in Shiraoi allows visitors to participate in a range of programmes to experience the indigenous culture.

With sports tourism being a fast-growing sector, another attraction for Hokkaido will be a baseball park. Hokkaido Baseball Park, a baseball field with an entertainment zone, is planned to be completed in March 2023 in Kita-Hiroshima City. In addition to catering for the housing a Japanese baseball team, the plan includes a farmer's market, glamping facilities, concert halls, hotels, and hot springs and spas. The Baseball Park can attract additional tourists to Hokkaido to watch baseball games and also serve as a new tourist spot for existing Hokkaido visitors.

Skiing is the most advanced sports tourism sector in Hokkaido and Niseko's internationally well-known ski resort is very popular with international visitors. Australians have been attracted to Niseko as a tourism spot since the late 1990s. In 2006, visitors from Australia accounted for 64% of foreign visitors (around 74,000) staying in Niseko and Kutchan.

By 2018, the number of Australian visitors grew by 91% compared to 2006 but tourists from many other countries grew to such an extent that Australian visitors accounted for only 21% of the total foreign visitors in that year. The government policy of promoting tourism in the 2010s, resulted in an influx of tourists to Hokkaido. The composite of visitors is now made up of with ski lovers from China, Hong Kong, Singapore and other Asian countries. Visitors from the United States have spent more than 41,000 nights in Niseko. Visitors from the United Kingdom have spent 14,000 nights in Niseko.

Niseko's ski resorts have historically been the primary driver of its real estate market, with the epicentre being the Hirafu area. With the growing demand in the area, several luxury hotel brands have proposed plans to enter Niseko. Park Hyatt Niseko in the Hanazono area opened in January 2020. The Hirafu area will have a new Pavilion hotel in 2020. Moreover, three hotel brands from Marriott International and Aman Resorts' fourth facility in Japan are also entering into to Niseko Village area.

Source: 'Emerging Tourism Segment Japan' by Cushman & Wakefield

Further details of the real estate market in Niseko can be found in Colliers' Valuation attached to this Report in Appendix 4.

## 6 Our approach

In assessing the fairness of the Proposed Transaction, we compared fair market value of the Lots acquired by UUL with the value of the consideration paid for the Lots.

### 6.1 Value of the consideration

The consideration to be paid by UUL for the acquisition of the Lots is cash. The value of the cash consideration for the Lots is A\$2,450,000 for Lot 8, A\$2,320,000 for Lot 9 and A\$2,720,000 for Lot 10. The total cash consideration is A\$6,354,730.

Being cash consideration, no further valuation of the consideration is necessary.

## 6.2 Fair market value of the Lots

To enable us to determine the fair market value of the assets to be disposed of, Colliers International was engaged to prepare an independent valuation report for the Lots. We relied on the independent valuation report prepared by Colliers International in determining the fair market value of the Lots.

Colliers' Valuation was carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Global Valuation Professional Standards, incorporating the International Valuation Standards of the International Valuation Standards Council (IVSC). Mr Govinda Singh, who prepared the report, is a member of the Royal Institution of Chartered Surveyors and a registered valuer.

Colliers International has considered typical valuation approaches appropriate for valuing property and we are satisfied with the valuation methodology adopted by Colliers International.

## 7 Colliers' Valuation

Colliers International has valued the Lots at market value, which is the 'estimated amount for which an interest in property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after property marketing and where the parties had each acted knowledgeably, prudently and without compulsion'. The market value is assessed on an 'As is' basis. Given the stage of development of the Lots, the 'As is' value equates to the land value.

After considering different valuation approaches for land properties, Colliers International adopted the 'Income (residual) Land Value' ('Income Approach') and 'Market (comparable)' approaches ('Market Approach') in valuing the Lots as it found these to be the most appropriate approaches to use.

The Income Approach is equivalent to the sale price of the development less construction costs, sales and marketing costs, other costs and developer profit.

The Market Approach is based on comparing the property to be valued against the prices obtained for similar properties in recent transactions in the open market.

In applying the Income Approach, on the assumption that title and planning permission has been granted for the Development, Colliers International estimated a selling price per square metre based on recent sales and asking prices for high-end apartments in Niseko, applied it to a saleable gross floor area of 460 square metres and deducted the estimated construction costs per square metre after accounting for sales and hold costs, contingencies and developer's profit.

After each approach is considered in the valuation process, Colliers International performs a reconciliation to arrive at a final value based on judgements made to applicability, reliability and the quantity and quality of its data.

A summary of the independent valuation of the Lots is as follows.

Colliers' Valuation		JPY
Lot 8		274,000,000
Lot 9		264,000,000
Lot 10		306,000,000
		844,000,000

Source: Colliers' Valuation

Colliers' Valuation was provided in the JPY currency so we were required to convert the valuation into AUD. Colliers' Valuation also did not provide a range of values but only a single value estimate. In order to provide for a range in values, and given the variability in exchange rates, we calculated a low to high value range using:

- the JPY:AUD exchange rate of 103.2070 on or around the transaction date of 31 December 2020 as the 'low' exchange rate for our 'high' value;
- the JPY:AUD exchange rate of 105.1031 being the average rate between 31 December 2020 and 11 March 2021 as the 'mid' exchange rate for our 'mid' value; and
- the JPY:AUD exchange rate of 108.4660 on 11 March 2021, being the current exchange rate on or around the date of this Report as the 'high' exchange rate for our 'low' value.

Note that the 'mid' value does not equate to the midpoint value of our 'low' value and 'high' value.

Based on the assumptions above, we arrived at the AUD equivalent valuation as follows.

Value of the Lots	Low A\$	Mid A\$	High A\$
	Current	Average	Transaction
<i>JPY:AUD exchange rate</i>	<i>108.4660</i>	<i>105.1031</i>	<i>103.2070</i>
Lot 8	2,526,137	2,606,965	2,654,859
Lot 9	2,433,942	2,511,820	2,557,966
Lot 10	2,821,161	2,911,428	2,964,915
	<u>7,781,240</u>	<u>8,030,212</u>	<u>8,177,740</u>

Source: Colliers' Valuation, Bentleys' analysis

Based on Colliers' Valuation, the aggregate market value of the Lots is JPY844,000,000. When converted at the range of JPY:AUD exchange rates as described above, the aggregate market value of the Lots in AUD is in the range of A\$7,781,240 to A\$8,177,740.

Further details are set out in Colliers' Valuation which is included in Appendix 4.

## 8 Fairness and reasonableness assessments

### 8.1 Fairness assessment

The aggregated fair market value for the Lots, as assessed by Colliers International, converted to AUD is calculated to be in the range of A\$7,781,240 to A\$8,177,740 with a mid-value of A\$8,030,212. Note that the 'mid' value does not equate to the midpoint value of our 'low' value and 'high' value due to our exchange rate assumptions above.

The total consideration to be paid by UUL for the Lots is A\$6,354,730.

The table below identifies the fair market value for each of the Lots as per Colliers' Valuation. We have compared this with the consideration to be paid by UUL for the Lots.

Fairness assessment	Low A\$	Mid A\$	High A\$
Value of assets to be acquired			
Lot 8	2,526,137	2,606,965	2,654,859
Lot 9	2,433,942	2,511,820	2,557,966
Lot 10	2,821,161	2,911,428	2,964,915
	<u>7,781,240</u>	<u>8,030,212</u>	<u>8,177,740</u>

Fairness assessment	Low A\$	Mid A\$	High A\$
Value of consideration to be paid Lots 8, 9 and 10	6,354,730	6,354,730	6,354,730
Aggregate value of assets to be acquired	7,781,240	8,030,212	8,177,740
Aggregate value of consideration to be paid	6,354,730	6,354,730	6,354,730
Difference (in \$ terms)	1,426,510	1,675,482	1,823,010
Difference (in % terms)	22.45%	26.37%	28.69%

Source: Colliers' Valuation, Bentleys' analysis

We assessed that the **total fair market value** of Lots 8, 9 and 10 to be acquired is higher than the total value of the consideration payable by UUL.



Source: Colliers' Valuation, Bentleys' analysis

Since the value of the assets to be acquired by UUL is higher than the value of the consideration to be paid by UUL, both on an individual and aggregate basis, we conclude that the Proposed Transaction in relation to Resolution 4 is fair.

## 8.2 Reasonableness assessment

We have considered the following factors in assessing the reasonableness of the Proposed Transaction.

### 8.2.1 The Proposed Transaction is fair

The Proposed Transaction is reasonable because it is fair.

### 8.2.2 The Proposed Transaction injects new activity to the Company

As a property developer, UUL has thus far only undertaken three property development projects. The first was the Cannington Property which involved the development of three two-storey townhouses under a 50% joint venture arrangement with S&A Holding (Aust) Pty Ltd, a related party of the Company.

The second project was the Cannington Property on which it developed 12 apartments on vacant land that the Company purchased. Since the completion of its development in December 2018, UUL has only sold two units with the rest being leased. Movement on sales have been slower than expected on the Cannington Property.

The third project is the Bentley Property which has been on hold as a result of the inability to sell the units at the Cannington Property. Therefore, there has not been much business activity in UUL (and minimal to no trading volume of its shares) over an extended period of time until the first half of FY21 and Mr Jonathan Cheng was appointed to Executive Chairman and Managing Director of the Company on 21 July 2020.

The Proposed Transaction will inject new activity to the Company and possibly re-inject investor market interest in UUL's shares. Strong equity markets in recent months may have contributed to the success of UUL's recent capital raising for its Bentley Project and increased trading volumes and the share price of UUL. The proposed capital raising in conjunction with the Proposed Transaction is expected to further increase market interest in the Company.

### 8.2.3 The Proposed Transaction is aligned with its strategy of investing in Asian markets

The Proposed Transaction is aligned with UUL's strategy of investing in Asia-Pacific. As noted in its ASX announcement dated 21 August 2020, the Company has been assessing potential new sites to pursue either residential, commercial or mixed developments in multiple jurisdictions including Australia, Indonesia and Japan.

As announced by UUL on 30 December 2020, the proposed development of the Lots is an exciting first step of the Company's expansion plans beyond Australia and into the Asia-Pacific market. The Proposed Transaction will also further its stated ambitions as a property developer.

The Proposed Transaction is anticipated to bring about new and greater opportunities for UUL. As the Company proves itself in undertaking a variety of projects in different markets, starting from smaller scale projects, it will gradually be able to undertake larger scale projects in the future as investors also gain more confidence in the Company's capabilities.

### 8.2.4 The Proposed Transaction reignites UUL's visibility in the investor markets

In connection with the Proposed Transaction, UUL is seeking to raise \$20,190,203 by issuing up to 33,650,338 Shares at an issue price of \$0.60 per share. The Proposed Transaction gives the Company a purpose to tap the capital markets for funds and, in doing so, increases UUL's visibility in Australia's capital markets. This may also be a form of messaging to the market that the Company is active in pursuing and developing opportunities as well as in undertaking projects.

### 8.2.5 The key disadvantages are the potential dilution and in the inherent risk of the Proposed Transaction

#### Potential dilution

The Proposed Transaction is a cash transaction which does not involve a direct issue of shares to the vendor. However, the Proposed Transaction will indirectly bring about a dilution in the interests of existing shareholders if the shareholders do not participate equally in the proposed capital raising that is planned for the Proposed Transaction. Based on the current number of shares of 36,657,186 and assuming that none of the existing shareholders participate in the proposed capital raising which will involve the issue of 33,650,338 shares, existing shareholders will, on aggregate, dilute their shareholding from 100% to 52.14%.

Dilution	A\$	%
Current number of shares	36,657,186	52.14%
Issue of shares under proposed capital raising	33,650,338	47.86%
Total	70,307,524	100.0%

Source: UUL's Appendix 3B, Appendix 2A, Bentleys' analysis

### Project risk

The Proposed Transaction involves undertaking expansion plans beyond Australia and into the Asia-Pacific market. It will result in the first project to be undertaken outside of Australia. Whilst it brings about new and greater opportunities for the Company and is aligned with UUL's strategy of investing in Asia-Pacific, there is an inherent project risk that shareholders will need to be aware of, and bear, to reap the benefits of this opportunity. This change in risk profile may not be consistent with the objectives of all its Shareholders. Therefore, Shareholders need to assess and decide for themselves if the potential returns of the Proposed Transaction commensurate with the risks that the Company will be exposed to.

#### 8.2.6 The advantages outweigh the disadvantages

Considering all of the above, we are of the opinion that the advantages of the Proposed Transaction outweigh the disadvantages of the Proposed Transaction. **Accordingly, we conclude that the Proposed Transaction is reasonable.**

## 9 Summary & conclusions

In our opinion, in the absence of a more superior alternative, the Proposed Transaction in relation to Resolution 4 is fair and reasonable to Shareholders.

## Appendices

### Appendix 1: Glossary of terms

Reference	Definition
A\$ or \$ or AUD	Australian Dollars
%	Percent
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Bentley Property	19 & 21 Tate Street, Bentley, Western Australia
Bentleys Corporate Finance	Bentleys Corporate Finance (WA) Pty Ltd
Cannington Property	3 Oak Street, Cannington comprising 12 apartments
Colliers International	Colliers International Consultancy & Valuation (Singapore) Pte Ltd
Colliers' Valuation	The independent valuation report for the Lots, prepared by Colliers International dated 26 February 2021
Como Property	295 Canning Highway, Como comprising three two-storey townhouses
the Company	Ultima United Limited
Corporations Act	Corporations Act 2001 Cth
the Development	TELLUS Villas located in Niseko, a popular ski resort town in Hokkaido, Japan
FSG	Financial Services Guide
FY	Financial year(s)
FY18	Financial year ended 30 June 2018
FY19	Financial year ended 30 June 2019
FY20	Financial year ended 30 June 2020
ICG Australia	Infinity Capital Group Australia Development Pty Ltd
ICGJ	Infinity Capital Group Japan Development Godo Kaisha
Income Approach	Income (residual) land valuation approach that is equivalent to the sale price of the development less construction costs, sales and marketing costs, other costs and developer profit
JPY	Japanese Yen
Loan	A loan for \$2,289,000 and an additional overdraft facility of \$85,000 from Westpac for the development of the Cannington Property
Lol	Binding letter of intent entered into between UUL and ICGJ for the proposed acquisition of the Lots at a real estate development project, TELLUS Villas
the Lots	Three plots of land (Lots 8, 9 and 10) at a real estate development project known as TELLUS Villas located in Niseko, a popular ski resort town in Hokkaido, Japan
m	million

Reference	Definition
Market Approach	Market (comparable) valuation approach that is based on comparing the property to be valued against the prices obtained for similar properties in recent transactions in the open market
Notice of Meeting	Notice of meeting and explanatory memorandum to be distributed to the shareholders of Ultima United Limited
our	Bentleys Corporate Finance (WA) Pty Ltd
Proposed Transaction	The acquisition of three plots of land (Lots 8, 9 and 10) at a real estate development project known as TELLUS Villas located in Niseko, a popular ski resort town in Hokkaido, Japan, to Infinity Capital Group Japan Development Godo Kaisha
this Report	This independent expert's report prepared to provide an opinion on whether the Proposed Transaction is fair and reasonable to the non-associated shareholders of Ultima United Limited
RG 76	ASIC Regulatory Guide 76 Related party transactions
RG 111	ASIC Regulatory Guide 111 Content of expert reports
RG 112	ASIC Regulatory Guide 112 Independence of experts
Shareholders	Non-associated shareholders of Ultima United Limited
us	Bentleys Corporate Finance (WA) Pty Ltd
UUL	Ultima United Limited
VWAP	Volume weighted average price
we	Bentleys Corporate Finance (WA) Pty Ltd

## Appendix 2: Important Notice

### Sources of information

This Report has been based on the following information:

- Draft Notice of Meeting and Explanatory Memorandum of UUL
- Audited financial statements for UUL for the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020
- Reviewed financial statements for UUL for the half year ended 31 December 2020
- Unaudited management accounts for UUL for the period from 1 January 2021 to 28 February 2021
- Independent valuation report prepared by Colliers International
- UUL’s ASX announcements
- Other publicly available information; and
- Discussions with directors and/or management of UUL.

### Important notice to shareholders

This Report has been prepared specifically for the non-associated shareholders of the Company, at the request of the directors of the Company, to assist the non-associated shareholders of the Company in their decision whether or not to approve the Proposed Transaction.

This Report provides only general financial product advice and does not take into consideration the individual circumstances of Shareholders when making their decision whether or not to approve the Proposed Transaction, which is an individual matter. Shareholders should consider the advice in the context of their own circumstances, preferences and risk profiles. Shareholders should consult their own professional advisers (financial advisers and/or tax advisers) when considering these matters and how they relate to their own individual circumstances.

Please refer to the Financial Services Guide (‘FSG’) provided by Bentleys Corporate Finance, which is included in this Report.

### Independence

Bentleys Corporate Finance (WA) Pty Ltd has considered its independence in preparing this Report in accordance with ASIC’s Regulatory Guide RG 112 and is of the opinion that it is independent of Ultima United Limited, Infinity Capital Group Japan Development Godo Kaisha and Infinity Capital Group Australia Development Pty Ltd and their associates.

### Limitations, declarations and qualifications

#### Limitations

The procedures to be performed in relation to the independent expert’s report is limited exclusively to those which are set out in this Report. Neither an audit nor a review has been conducted and, accordingly, no assurance has been expressed. This Report cannot be relied upon to disclose irregularities, including fraud, other illegal acts and errors that may occur.

Bentleys Corporate Finance is also not implied to have conducted any due diligence procedures on behalf of the Company or Shareholders and provides no warranty or assurance in this regard.

#### Use of report

This Report has been prepared specifically for the non-associated shareholders of the Company and we consent to the issue of this Report in the form and context to which it is included the Notice of Meeting, which will be distributed to all shareholders of the Company. Apart from such use, this Report must not be used, whether wholly

or in part, nor may any reference to them be included in or with, or attached to any document, statement or letter without our prior written consent which we may provide (conditionally or unconditionally) or withhold at our discretion.

Bentleys Corporate Finance does not take any responsibility for the contents of the Notice of Meeting other than this Report.

Neither Bentleys Corporate Finance, Bentleys (WA) Pty Ltd, Bentleys, nor any member or employee thereof, undertakes responsibility to any person, other than to the Company and the Shareholders, in respect of this Report, including any errors or omissions howsoever caused.

Unless used for the purpose specified herein, this Report (or any part of them) must not be distributed or disclosed to any other third party without our prior written consent.

### Reliance

Where our engagement requires us to form or express an opinion, provide an analysis or provide advice, the opinion, analysis or advice will relate to the information, events and circumstances at the date on which it is given, unless we expressly state otherwise.

This Report will be provided solely for the purpose set out in this document and may not be relied upon by any other third party outside of the objectives of our engagement above.

While we are responsible for forming and expressing an opinion based on information that has been prepared and provided by the management of the Company, with the oversight of those charged with governance, it does not relieve management or those charged with governance of their responsibilities.

Our engagement has been conducted on the basis that the Company's management, and those charged with governance, acknowledge and understand that they have responsibility for the completeness and accuracy of the information supplied to us, and without the intention of providing misleading information, or information that a reasonable person would consider likely to mislead, so as to influence our opinion or analysis in any way.

The statements and opinions included in this Report are provided in good faith and in the belief that they are not false, misleading or incomplete. In preparing this Report, Bentleys Corporate Finance has relied upon and considered the information provided to us after due inquiry to be reliable and accurate. We have no reason to believe that any of the information supplied to us was false or that any material information had been withheld from us.

### Forecasts

Any forecast information used in the formation of our opinion, analysis are based on assumptions about events and circumstances that have not yet occurred, having regard to information available at the date of the forecast. These events and circumstances will be expected to take place, but there cannot be any assurance that they will occur as anticipated or at all given that many of the events are outside of our control.

Whilst we may have reviewed such forecast information with a reasonable level of enquiry or rigour, we do not provide any assurance that the forecasts will be representative of the results that will ultimately be achieved or events that will occur. We disclaim any possible liability in respect of any forecast information.

### Qualifications

Bentleys Corporate Finance holds an Australian Financial services Licence to issue this Report. Bentleys Corporate Finance is owned by Bentleys (WA) Pty Ltd. The persons primarily involved in preparing and reviewing this Report were Evelyn Tan, Director and Representative of Bentleys Corporate Finance, and Chris Nicoloff, Authorised Representative of Bentleys Corporate Finance, and supported by other staff within Bentleys Corporate Finance. Both Evelyn and Chris have the necessary experience and professional qualifications appropriate for the preparation of this Report.

## Appendix 3: Valuation methodologies

### Intrinsic value methodologies

#### Discounted cash flow

Intrinsic value methodologies look at the inherent value of an asset or a business on its own. The most fundamental analysis used in assessing the inherent value of an asset or business is the discounted cash flow ('DCF') analysis.

The DCF analysis is used to place a value on an asset or a business based on the future free cash flows of the business. The future free cash flows are discounted to their present value at an appropriate discount rate. This approach is particularly applicable to assets or businesses with finite lives, experiencing growth, in a start-up phase, or experiencing irregular cash flows.

Usually, a cash flow forecast is provided for a limited period of time during the period of growth and uncertainty. Often, a terminal value for the asset or business may be calculated at the end of the forecast cash flow period, and is also discounted to its present value using the appropriate discount rate.

This discount rate, which is often called the weighted average cost of capital, represents the opportunity cost of capital, reflecting the expected rate of return that investors require from investments having equivalent risks. The weighted average cost of capital ('WACC') is commonly used in determining the market rates of return to both debt and equity holders.

The value obtained directly from the DCF analysis is a controlling interest value.

#### Sum-of-parts

At times, a sum-of-parts ('Sum-of-Parts') analysis is necessary for larger or more complex businesses where different business units or assets are modelled individually and added together.

A variant of the sum-of-parts analysis is also used when different business units or assets require the adoption of different valuation methodologies (not all necessarily valued using the DCF analysis) and requires the aggregation of the fair market values of the various assets and liabilities of the company.

The value obtained directly from the Sum-of-Parts analysis is usually a controlling interest value if all individual values modelled separately and added together are also on a controlling interest basis.

### Market based methodologies

Market based methodologies estimate the fair market value of an asset or a business using precedent transactions, trading history or comparable company analyses. Market based methodologies are a form of relative valuation. They include:

- Capitalisation of maintainable earnings analysis;
- Trading history analysis of quoted market price of securities; and
- Precedent transactions analysis.

#### Capitalisation of maintainable earnings

The capitalisation of maintainable earnings ('Capitalisation of Earnings') analysis places a value on the business by estimating the maintainable earnings of a business, capitalised at an appropriate rate or earnings multiple, which reflects the business outlook, business risk, investor expectations, future growth prospects and other entity specific factors.

The Capitalisation of Earnings methodology is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

Maintainable earnings used in the valuation can be based on net profit after tax, earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or

earnings multiple is adjusted to reflect which base is used for the maintainable earnings. This approach relies on the availability and analysis of comparable market data.

The value obtained from the Capitalisation of Earnings analysis is usually a controlling interest value if based on EBITDA or EBIT maintainable earnings and multiples.

### Trading history

Trading history analysis of quoted market price of securities ('Trading History') is used where there is a ready market through which securities are publicly traded in an informed and liquid market. The most recent trading history of such securities provides evidence of the fair market value of the securities of a company and, in an efficient and liquid market, reflects all publicly available information.

The quoted market prices of securities used in the Trading History analysis usually reflect a minority interest value of a security.

### Precedent transactions

Precedent transactions analysis is a form of relative valuation where the sale price evidence of other businesses or assets that have been recently sold or acquired in the same industry is used to place a value on a business or asset. As the sale prices obtained under this approach tend to represent the 'en-bloc' value of a business or asset, it may not be as applicable for larger and more complex businesses or businesses and assets that are not identical. Sale price evidence from precedent transactions can also become dated and may no longer reflect the current market over time.

Sale prices used in the precedent transactions analysis usually reflect a take-over premium and a controlling interest value.

### Asset based methodologies

Asset based methodologies estimate the fair market value of a company based on the realisable value of its identifiable net assets. They include:

- Orderly realisation of assets method;
- Liquidation of assets method; and
- Net assets on a going concern method.

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to security holders after payment of all liabilities (including realisation costs and taxation charges that may arise), assuming that the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except that the liquidation method assumes that the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate.

The 'net assets on a going concern basis' method estimates the market values of the net assets of an entity but does not take into account any realisation costs. The 'net assets on a going concern basis' approach is usually appropriate where the majority of the assets are cash, passive investments or for investment holding companies. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

## Appendix 4: Colliers International Valuation Report



Colliers International Consultancy &  
Valuation (Singapore) Pte Ltd  
**Valuation & Advisory Services**  
RCB No: 198105965E

MAIN 65 6223 2323  
FAX 65 6438 6826  
EMAIL govinda.singh@colliers.com

12 Marina View, #19-02  
Asia Square Tower 2  
Singapore 018961



26 February 2021

Bentleys Corporate Finance (WA) Pty Ltd

London House, Level 3

216 St Georges Terrace

Perth, WA 6000

Attn: Evelyn Tan

Dear Sirs,

**Re: Valuation of three (3) land plots at TELLUS Villas, Niseko, Japan (the “Property”)**

In accordance with our terms of engagement and your instruction dated 10 February 2021, we attach this valuation report for three land plots located at TELLUS Villas Aza Kabayama, Kutchan-cho, Abuta-gun, Niseko, Hokkaido, Japan.

The report and its conclusions are based on our knowledge of demand sources, economic and growth data as well as the status of the competitive market at the completion of our desktop research as at February 2021. Thus, they do not make provision for any unforeseen rise or decline in local or general economic conditions.

The market and financial estimates in this report have been prepared with reference to:

- the performance characteristics of other residential real estate in Hokkaido and Japan;
- our estimates of the way in which the market may be anticipated to develop; and
- the expected performance of the proposed development and its components within its market.

We do not guarantee that these estimates will be attained but they have been conscientiously prepared on the basis of information furnished to us and our knowledge of the international real estate market.

As in all studies of this type, our estimates of future performance assume competent and efficient management and that no significant change will occur in the competitive market except as set out in this report.

It is expressly understood that the scope of this study, and report thereon, except where stated, does not include the possible impact of planning regulations, licensing requirements or other restrictions concerning the development under review.

The work which we have undertaken has been tailored to your particular purpose as agreed in our proposal dated 2 February 2021 and your instruction dated 10 February 2021. We understand that our report will be used as part of an independent expert report to be prepared by Bentleys Corporate Finance (WA) Pty Ltd (“Bentleys”), which is required under ASX Listing Rule 10.1 and will be a public report.

It is not suitable for any other purpose or for use by any other person. Accordingly, this report is for your sole use and for the purpose indicated only and no liability to any third party can be accepted for the whole or any part of the contents of the document. The whole nor any part of this report nor any reference thereto may not be included in any published documents, circular or statement, nor published in any way whatsoever except with the prior written approval of Colliers International Consultancy & Advisory (Singapore) Pte Ltd as to the form and context in which it may appear.

If you have any queries concerning the report, please feel free to contact Govinda Singh ([govinda.singh@colliers.com](mailto:govinda.singh@colliers.com)) who would be most pleased to help.

Yours faithfully,

For and on behalf of

**Colliers International Consultancy & Advisory (Singapore) Pte Ltd**

A handwritten signature in black ink, appearing to read "G. Singh".

---

Govinda Singh  
*FCCA, FCMA, MRICS*  
Executive Director  
Valuation and Advisory Services



# MARKET VALUE OF THREE (3) LAND PLOTS LOCATED AT TELLUS VILLAS NISEKO

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PREPARED BY: Govinda Singh  
Colliers International Consultancy & Advisory  
(Singapore) Pte Ltd

PREPARED FOR:  
Bentleys Corporate Finance (WA) Pty Ltd

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# 1 Introduction

## 1.1 Our instructions

We understand Bentleys have been engaged by Ultima United Limited (“UUL”) to prepare an independent expert’s report for the proposed acquisition of three lots of land (‘Niseko Lots’) at a real estate development project known as TELLUS Villas located in Niseko, a popular ski resort town in Hokkaido, Japan, from Infinity Capital Group Japan Development Godo Kaisha (“ICGJ”) (“Proposed Transaction”). TELLUS Villas is owned by ICGJ and ICGJ is an affiliated company of Infinity Capital Group Australia Development Pty Ltd (“ICG Australia”), which is a current substantial shareholder of UUL.

The independent expert’s report is required under ASX Listing Rule 10.1. Colliers has been engaged as the specialist to provide an independent fair market valuation of the Niseko Lots for the purpose of the independent expert’s report.

The TELLUS Villas development is a high-end residential project located at the established and growing ski-destination that is Aza Kabayama, Kutchan-cho, Abuta-gun, Niseko, Hokkaido, Japan. Plans includes the development of 17 lots into high-end villas. The site is currently vacant land, and upon completion, the proposed development is set to become a highly desirable winter and summer destination for high net worth individuals.

## 1.2 Valuation date

Our valuation date is at 26 February 2021. Due to possible changes in market conditions and circumstances in relation to the Property the report can only be regarded as representing our opinion of the value of the Property as at the valuation date.

We have assumed, and have been instructed by UUL, that the Property is in good condition given its current vacant state and properties of similar nature.

## 1.3 Basis of valuation

We have prepared a market valuation on the basis of use as appropriate, based on our instructions. Our methodology has followed the principles embodied in the ‘Practice Statements’ of the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual (the Red Book) and, where required applicable local standards.

The principle of a market valuation is that certain types of property are designed for a particular purpose. Such properties change hands in the open market at prices based directly on trading potential for existing use. We have assumed that the property holds all the necessary permits, statutory consents, trade licences and health and safety certificates necessary for trade, if applicable.

Market value is defined as “the estimated amount for which an interest in property should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

In undertaking this valuation, we have adopted the income (residual) land value and market (comparable) approaches.

It should be noted that market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes to inform opinions of value. Indeed, we further note that the current response to COVID-19 means that we are faced

with an unprecedented set of circumstances on which to base a judgement and a such would recommend that the valuation is kept under review as the situation evolves.

#### 1.4 Valuation standards adopted

This valuation has been carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Global Valuation Professional Standards, incorporating the International Valuation Standards of the International Valuation Standards Council (IVSC). Colliers International Valuation and Advisory Services department is also accredited under ISO 9001:2015.

#### 1.5 Caveats and assumptions

This report is subject to and includes our Standard Caveats and Assumptions as set out in the appendices at the end of this report, as well as our agreed terms of our engagement.

#### 1.6 Confidentiality

Colliers International shall at all times keep all information relating to this report confidential and not release it to third parties, without the written consent of the client.

The work which we have undertaken has been tailored to your particular purpose. It is not suitable for any other purpose or for use by any other person. Accordingly, this report is for your sole use and for the purpose indicated only and no liability to any third party can be accepted for the whole or any part of the contents of the document. The whole nor any part of this report nor any reference thereto may not be included in any published documents, circular or statement, nor published in any way whatsoever except with the prior written approval of Colliers International Consultancy & Advisory (Singapore) Pte Ltd as to the form and context in which it may appear.

#### 1.7 The valuer

This valuation has been prepared by Govinda Singh who is a Member of the Royal Institution of Chartered Surveyors, and a Registered Valuer. He is suitably qualified to carry out the valuation and has over 10 years' experience in the valuation of properties of this magnitude and nature, globally.

He is also a qualified, chartered certified accountant and a Fellow of both the Association of Chartered Certified Accountants (ACCA) and Chartered Institute of Management Accountants (CIMA).

He has been supported by a team of local (Japan) valuers and research personnel across the geographic region where the Property is located.

They and Colliers International have no pecuniary interest that could reasonably be regarded as being capable of affecting their respective abilities to give an unbiased opinion of the values or that could conflict with a proper valuation of the Property.

## 2 Valuation Summary

<b>Property Address</b>	: TELLUS Villas 22-4 Aza Kabayama, Kutchan-cho, Abuta-gun, Niseko, Hokkaido, Japan
<b>Description</b>	: <p>The Property is currently vacant forested lands located between Hirafu Station, Niseko Village and Niseko Mt Resort Grand Hirafu. It is also within close proximity to a number of bars, restaurant and shopping areas in Lower Hirafu.</p> <p>Encompassing 3 plots of circa 4,154 sqm (lots 8,9, and 10 of the master plan), the site is undulated, offering uninterrupted views of Mount Yotei, whilst set back into an area that offers some of the best views in Niseko. It is conveniently located within close proximity to the established ski slopes of Hirafu.</p> <p>Plans are currently being considered for a high-end residential villa project. Each plot of land will be developed into an ultra-luxe multi-storey residential villa with approximately 460 sqm of living space, featuring four bedrooms, appointed living spaces and lifestyle amenities such as wine cellars, private onsen (natural hot spring), and rotenburo (outdoor natural hot spring). The architecture is created by Riccardo Tossani, a well renowned Japanese architect.</p> <p>Upon commencement of construction, the villas will be marketed off-plan.</p> <p>Titles for each plot were still in the process of being registered with the local authorities as at the valuation date. Planning permission was granted in December 2018.</p>
<b>Registered Owner</b>	: Infinity Capital Group Japan Development
<b>Interest Valued</b>	: Freehold
<b>Land Area</b>	: <p>Entire site: 34,120.25 sqm</p> <p>Of which subject property:</p> <ul style="list-style-type: none"> <li>• Lot 8: 1,340 sqm</li> <li>• Lot 9: 1,313 sqm</li> <li>• Lot 10: 1,501 sqm</li> </ul>
<b>Gross Floor Area</b>	: Circa 1,500 sqm (circa 460 sqm each)
<b>Purpose of Valuation</b>	: To support independent experts report
<b>Valuation Approach</b>	: Income (residual land value) approach

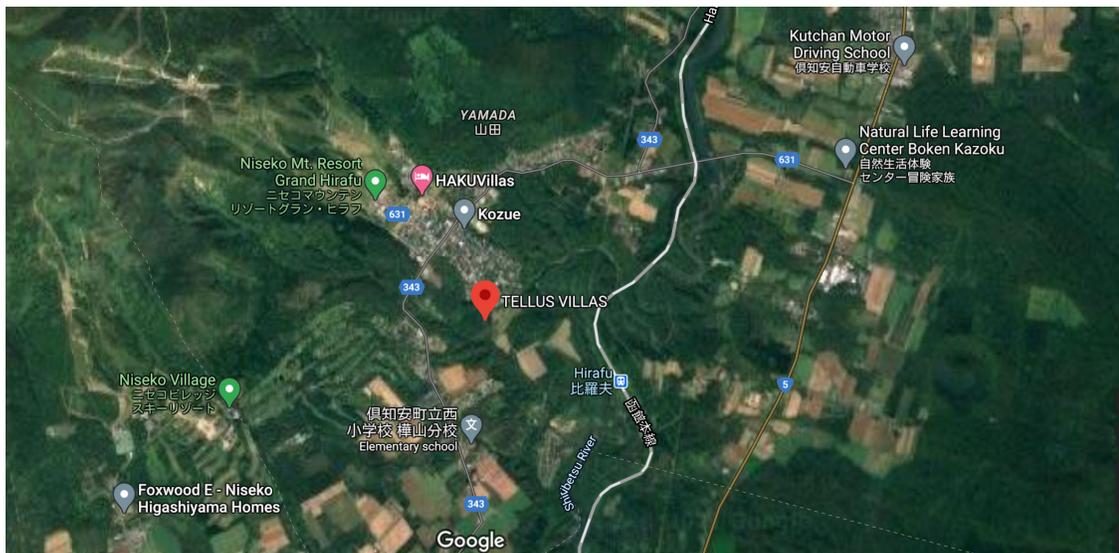
<b>Valuation Date</b>	:	26 February 2021												
<b>Valuation and Other information</b>	:	<p><b>Market Value of the Property 'As is':</b></p> <table border="1" data-bbox="727 422 1321 583"> <thead> <tr> <th></th> <th>JPY</th> <th>JPY per sqm</th> </tr> </thead> <tbody> <tr> <td>Lot 8</td> <td>274,000,000</td> <td>204,734</td> </tr> <tr> <td>Lot 9</td> <td>264,000,000</td> <td>200,929</td> </tr> <tr> <td>Lot 10</td> <td>306,000,000</td> <td>203,922</td> </tr> </tbody> </table> <p>Note: The 'as is' value given the stage of development as at the valuation date equates to the land value.</p>		JPY	JPY per sqm	Lot 8	274,000,000	204,734	Lot 9	264,000,000	200,929	Lot 10	306,000,000	203,922
	JPY	JPY per sqm												
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Lot 9	264,000,000	200,929												
Lot 10	306,000,000	203,922												
<b>Assumptions, Disclaimers, Limitations &amp; Qualifications</b>	:	<p>This opinion is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout this letter, and in our engagement proposal dated 2 February 2021, which are made in conjunction with those included within the Assumptions, Qualifications, Limitations &amp; Disclaimers section located within this summary. Reliance on this letter and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. This opinion is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this opinion.</p>												
<b>Prepared By</b>	:	<p>Govinda Singh FCCA FCMA MRICS Executive Director and Registered Valuer Colliers International</p> <p>He has been supported by a team of local valuers and research personnel across the geographic region where the Property is located.</p> <p>They and Colliers International have no pecuniary interest that could reasonably be regarded as being capable of affecting their respective abilities to give an unbiased opinion of the values or that could conflict with a proper valuation of the subject Property.</p>												

### 3 Property and site description

#### 3.1 The Property – location and description

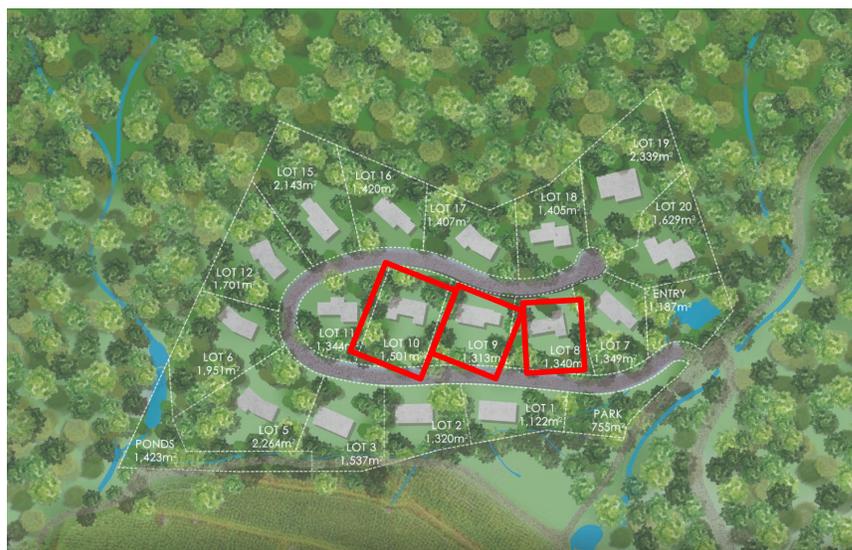
The Property is currently vacant forested lands located in Lower Hirafu, close to Hirafu Village and within proximity to Hirafu Station and Niseko Village.

##### Map showing site location

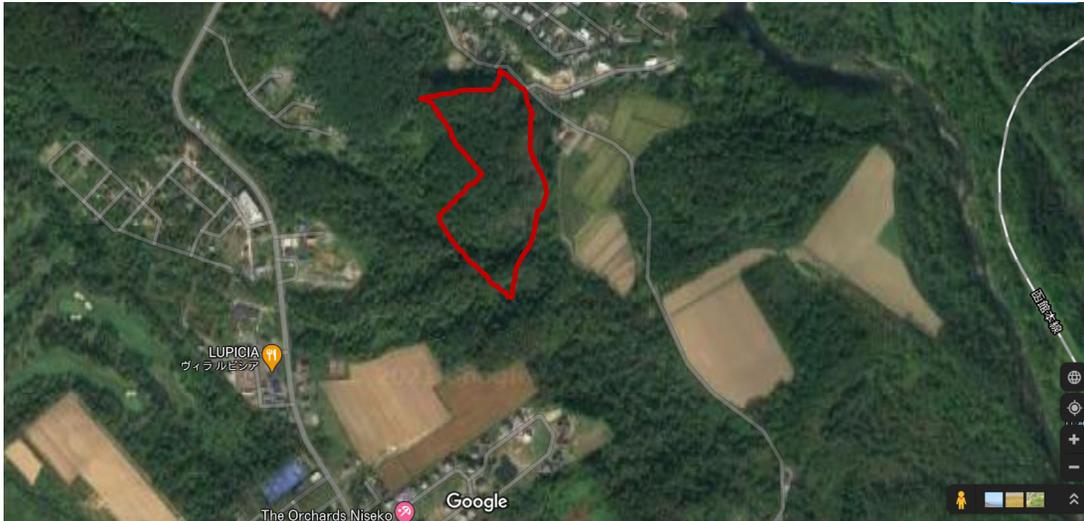


Encompassing 3 plots of circa 4,155 sqm, the site is undulated, offering uninterrupted views of Mount Yotei whilst set back into an area that offers some of the largest river frontage in Niseko. It is conveniently located within close proximity to the ski slopes of Hirafu, Higashiyama and Annapuri Village.

##### Site map showing location of plots 8, 9 and 10



**Aerial view of the site**



The entire site is 34,120.25 sqm of which the subject property:

- Lot 8: land area - 1,340.55 sqm; GFA -
- Lot 9: 1,313.40 sqm
- Lot 10: 1,501.18 sqm

**Proposed Development plans**

We understand that plans are currently being considered to develop the site into a high-end residential villa development. Villas can then be let when not in use by the owners. Plans however, remain in their design stage with a master plan developed and concepts created by the world renowned Japanese based architect, Riccardo Tossani.

Located in Hirafu Village, the breath-taking bespoke infrastructure development comprises a 17 lot, ultra-high-end sub-division overlooking Niseko's pristine protected farmland region, with majestic views of Mount Yotei. Homes within the larger development can boast a gross floor area of between 4,000 to 6,000 square feet, with four to six en-suite bedrooms, outdoor terraces, balconies, private lap pools, garage parking and private onsen baths. TELLUS Villas is a truly extraordinary place to live in, and only 17 buyers will get the exclusive opportunity to own a piece of this prestigious address.

An illustrative scheme and artist concept that is being proposed is as below:



We understand that planning permission has been secured for the proposed development, with villas sold off plan and can be entered into a hotel style rental pool during the year.

### 3.2 Access and transportation

The site has good transport links and it is located within eight minutes of the JR Hirafu Railway Station and 90 minutes from Oshamambe Station which links to the Hokkaido Shinkansen high-speed rail network. Currently, the Hokkaido Shinkansen is being extended to Sapporo, which is expected to be completed by 2030, with the estimated journey time from Tokyo to Sapporo will be at most 5 hours and 1 minute, but the goal is for it to be below 4 hours. It is also within 15 minutes of JR Niseko Station.

From New Chitose Airport, the journey time by car is just over two hours following routes 276 and 16. The site is located within proximity to route 5, connecting to the expressway, major thoroughfares, which in turn links it to the rest of the city.

#### Map showing access to site



In terms of location, accessibility and visibility we believe the site is an excellent destination for residents and visitors, both local and foreign.

### 3.3 Ownership particulars of the Property

We have undertaken a title search in respect of the three vacant lands. We understand that the strata titles were in the process of being registered by the owner and as such are not available as at the valuation date.

We have, however, seen the title deed for the overall site, numbered 4334001134057, in the name of Infinity Capital Group Japan Development.

### 3.4 Environmental and planning issues

According to investigation at the Ward Office, subject land is located in out of town planning area and planning permission for the development of hotels and inns was granted on 25 December 2018 to Infinity Capital Group Japan Development.

The site is not designated as land containing cultural property in the subject ground. It is located within an earthquake zone.

Since the subject was not used as building site which generates land pollution, it is considered that the possibility of soil pollution is low. Therefore, in performing this appraisal evaluation, the influence of soil pollution is excluded from price formation factor.

According to the information provided, there was no record that shows existence of embedded obstacles. And if there should be embedded obstacles, they had been removed during the construction of the subject building. Therefore, influences of such items were not considered during our valuations.

The meets and bounds were clearly defined. They were confirmed with information provided during the onsite investigation. As a result, there was no issue which affects the valuation process.

In line with current norms for the area, it is assumed that the land will be subject to a plot ratio of 2 times, with a coverage ratio of 40%.

### 3.5 Highest and Best Use

Land: Combining all information and considering present common land use in the neighborhood, future use trend and individual factors of the subject, we have assessed that the highest and best use of the subject land is for the development of a high-end residential project such as that envisaged.

### 3.6 Inspections and investigations

We have not been instructed to undertake a site visit. We have made assumptions as to the surroundings, nature, appearance, quality and condition of the Property. If on eventual inspection our assumptions turn out to differ from reality, we reserve the right to review our valuation accordingly. As such, we have therefore relied on the Client's representations as to the condition of the Property as at the valuation date.

## 4 Background – the economic environment

### 4.1 Introduction

The demand for hotel accommodation and prime (second-home) residential is strongly linked to levels of disposable income in key source markets. This in turn is generally strongly linked to consumer confidence and general economic conditions both locally and abroad. As such, as the economy grows, generally we can expect the demand for hotel accommodation and prime residential to grow, which given the right conditions will also generally lead to investment in the sector. Inherently, the hotel and residential sectors are cyclical and generally lags wider economic performance on the demand side, and the real estate investment cycle. This is particularly true in Hokkaido and Japan.

### 4.2 Economic overview of Japan

After years of stagnation, the Japanese economy recorded an average annual growth rate of 1.2% between 2012 and 2017, making this one of the longest periods of economic growth. The country has managed to weather the global financial crisis in the West and demand for its exports has driven expansion. This is combined with increasing domestic consumption in addition to a number of infrastructure projects to support the rapidly growing tourism industry.

Japan's gross domestic product ("GDP") is set to grow at an annualized rate of circa 2.2% over the next five years. This relatively robust growth will be mostly driven by domestic consumption, tourism arrivals and significant investment in the country's tourism infrastructure. As such, as the country continues to grow, this is likely to drive demand in the services and real estate sectors in particular thereby underpinning consumer confidence. In the short-term, downside risks remain geo-political, any sharp rises in interest rates and fluctuations in the exchange rate.

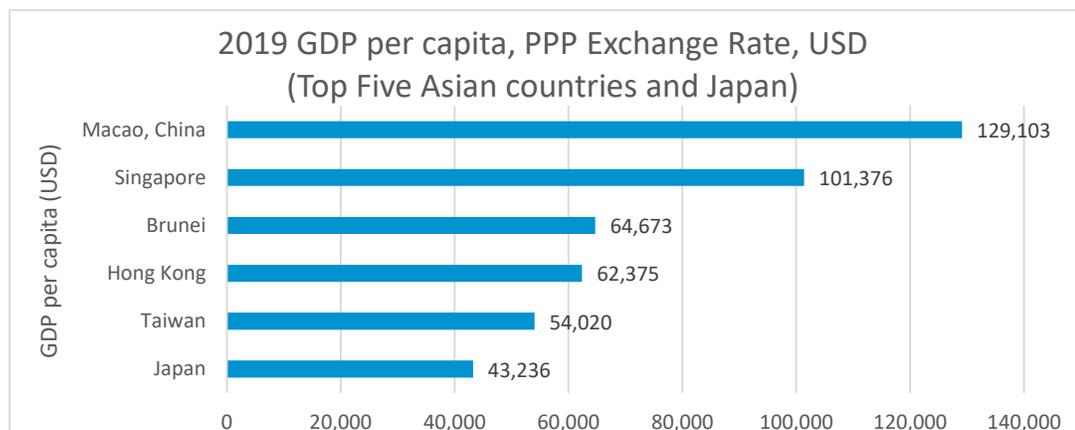
However, the onset of the novel coronavirus (COVID-19) pandemic in 2020 – has resulted in a softer consumer demand, weak sentiment and a deceleration in economic activities – and amidst a challenging global environment, this has weighed heavily on Japan's economy while the slew of fiscal and monetary stimulus help cushion some of the economic fallout. According to Oxford Economics, Japan's GDP is forecast to contract by approximately 6.5% in 2020 before expanding by approximately 3.3% in 2021 following the containment of the pandemic, with the Tokyo Olympics providing a modest boost. On average, Japan's economy is expected to grow at an average of approximately 2.2% annually between 2022 and 2025.

The outlook for Japan remains cautiously optimistic as the country gears up to host a number of high-profile international sporting events including the rescheduled 2020 Olympic Games and its proposed integrated resorts (IR) circa 2023 through 2025. Foreign direct investment is relatively high compared to its neighbours and this will be a key pillar for future growth.

	2015	2016	2017	2018	2019	2020f	2021f	2022f	2023f	2024f
GDP growth (%)	1.3	0.5	2.2	0.3	0.7	-6.5	3.3	2.2	2.2	2.2
CPI (%)	0.8	-0.1	0.5	0.9	1.0	1.3	0.7	1.2	1.3	1.3

*Source: IMF WEO April 2020, Oxford Economics*

Japan's GDP per capita on a per purchasing power parity basis (PPP) remains amongst the highest in Asia, with the country's GDP per capita standing at US\$40,247 in 2019. However, the country's GDP per capita has remained relatively flat over the past few years due to the ageing population and a shrinking economically active population.



Source: World Bank

While GDP per capita has stagnated in recent years, the average household income in Japan has been on a modest upward trajectory since 2013 amid the growing shortage in labour across Japan. Underpinning the modest increase in household income includes the decrease in the unemployment rate, low inflation and rising part-time employment in recent years. Notably, the country’s labour market has achieved a full employment situation since 2016, and the unemployment rate had remained below the 3% mark for three consecutive years, the lowest level since the Japanese economic crisis in the 1990s.

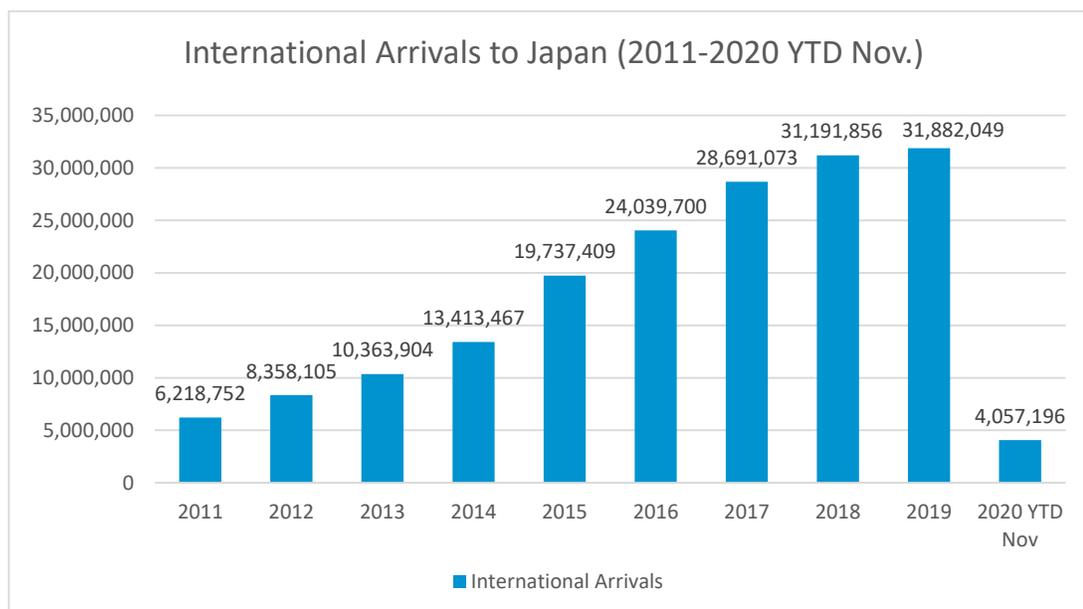
Alongside, the average wage growth (albeit slowing) is noted to have generally exceeded the record-low rate of inflation which had remained below 1% since 2015. However, due to the economic slowdown as a result of the pandemic, the average household income in Japan is expected to moderate downwards at an average of approximately 1.6% annually in 2020 and 2021 before resuming to a growth trajectory between 2022 and 2025. As a result of the economic slowdown, unemployment rate in Japan is expected to reach 3.1% in 2020 before improving to 2.5% in 2021, as consumption and service exports will be supported by the Tokyo Olympic Games which has been rescheduled to summer 2021.

### 4.3 Japan – Tourism performance

Visitation to Japan has increased dramatically in recent years. This is mainly due to a combination of factors including:

- Increased flight connectivity with the presence of low cost airlines
- Easing of visa restrictions
- Weak yen
- Domestic tourism ('staycation')

The government’s decision to liberalize the low cost carrier sector in 2012, has led to a significant increase in domestic and intra-regional destinations being served. This combined with the easing of visa restrictions particularly for China, and the weak yen compared to the US dollar historically, also had a large influence on the increase in inbound travel to Japan. Further, it was the weak yen that also led to an increase in the number of Japanese holidaying at home, the so-called staycation effect.

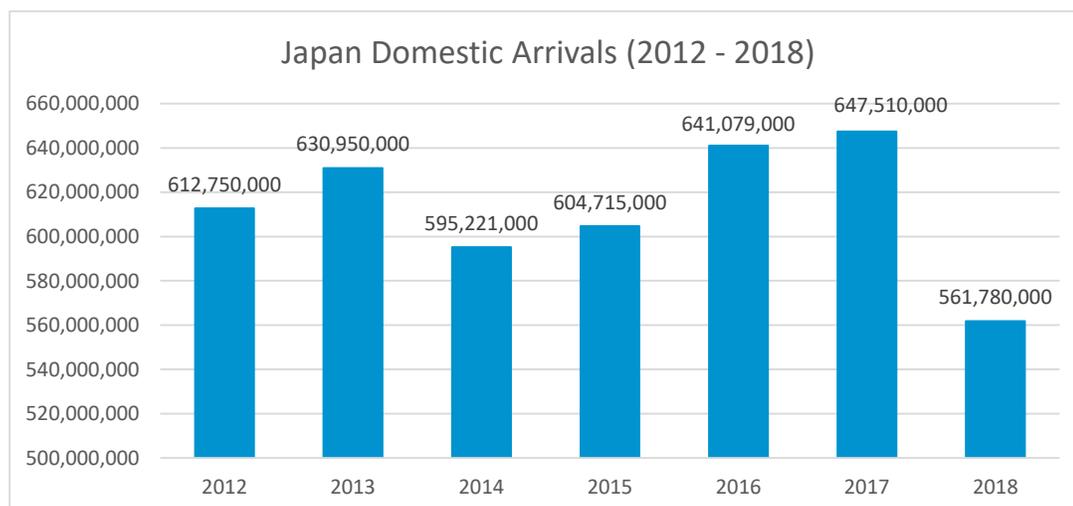


Source: Japan National Tourism Organization

Tourism has been a key source of economic growth and foreign revenue in Japan over the past decade or so. According to Japan National Tourism Organization (JNTO), total international arrivals to Japan rose from circa 6.2 million in 2011 to 31.2 million in 2018, registering a compound annual growth rate (CAGR) of 25.9% during the period, placing Japan as one of the countries with the fastest inbound tourism growth rates globally. Since 2013, the number of tourists from Asian countries such as China, Korea, Hong Kong, Thailand and Taiwan have been increasing steadily. We note that it is these source markets, in addition to domestic, that are also highly likely to own a second-home in Japan. Underpinning this growth includes a favorable exchange rate as a result of the depreciation of the Japanese yen, the growing outbound Chinese tourism market, an increase in number of cruise ships, the easing of visa requirements, and the increased flight connectivity facilitated by the growing low-cost carrier network within Asia. Compared to 2017, international tourism arrivals of 31.2 million to Japan in 2018 represented a year-on-year growth of 8.7%.

According to the World Bank, Japan's international tourism receipts were recorded at approximately US\$45.3 billion in 2018, a year-on-year growth of 22.4% as compared to the previous year. While tourism arrivals and receipts in Japan have been on an upward trajectory, travel expenditure per capita has been moderating downwards from 2016 to 2018. This was attributed to the rapid increase in the number of short-haul visitors with shorter trip durations, a trend that is consistent with that of the Asia region. In 2018, per capita spending by foreign tourist stood at circa US\$1,390, a decrease of 0.6% from 2017.

Data from JNTO has shown that tourism to Japan for 2019 has reached circa 31.9 million international arrivals, up 2.2% on the 31.2 million visitors recorded in 2018. For 2020, Japan is expected to fall short of achieving its target of receiving 40 million international visitors given the impact of the Covid-19 pandemic and the deferment and scaling down of the 2020 Summer Olympics that will be hosted in 2021.



Source: Japan Tourism Agency

As shown above, the Japanese domestic market is significant as compared to its international arrivals. From 2012 to 2018 (latest available), domestic visitation has been fluctuating between the 560 million to 650 million range. Although there were three consecutive increase of domestic travelers leading up to circa 648 million visitors in 2017, domestic visitation dropped by circa 14% in 2018 to approximately 562 million (latest available), mainly due to the severe typhoons and earthquakes recorded that year. With the aging population in Japan coupled with more Japanese venturing overseas for holidays, we do, however expect the downward trend to continue. Nevertheless, the increase in international visitation in Japan could mitigate some of the fall in domestic visitation.

Given the fluidity of the current pandemic situation, the path towards recovery for Japan's tourism sector remains uncertain in the near term. However, the government is committed to establish the tourism industry as a key growth sector for the country and achieve the target for 60 million international tourist arrivals by 2030. Japan offers a unique blend of cultural and modern attractions that has a certain appeal and durability. Combining this with the country-wide push by both public and private sectors, alongside the potential IR development, the transformation of the Japanese tourism economy should bode well for the tourism sector in the medium to longer term.

#### 4.4 Economic overview of Hokkaido

Hokkaido, formerly known as Ezo or Yeso, is Japan's second largest island and the largest, northernmost, and most sparsely populated of its 47 prefectures. With a total population of circa 5.28 million (as of May 2019) and a total land area of approximately 83,424 sq km, Hokkaido covers 21% of Japan's land area, with only 4.5% of Japan's inhabitants. Most of the population is concentrated largely in the west and southwest, around the cities of Sapporo, its capital and largest city, Hakodate and Otaru. The Tsugaru Strait separates Hokkaido from Mainland Japan, although the two islands are connected by the underwater Seikan Tunnel, the only land link to the rest of Japan.

Currently, Hokkaido prefecture is Japan's agricultural heartland, with an arable land area of approximately 970,000 hectares, nearly one-fourth of the country's total. Its agricultural output was approximately US\$12.7 billion, which accounted for 13.6% of national agricultural output. Hokkaido has large-scale and diverse farming, ranking first in the nation for its production of wheat, soybeans, potatoes, beets and other field crops such as onions, pumpkins, corn and other vegetables, fresh milk, beef and a number of other farm products. Most of Japan's milk and dairy products come from Hokkaido, and it is one of the world's major centers for fishing. Forests, covering 71% of the prefecture, are also a source of lumber, pulp, and paper (milled in Hokkaido), and the island contains the largest coal deposits in Japan.

Despite Hokkaido's agricultural importance to Japan, primary industries (i.e. agriculture, fisheries, and forestry) only account for 4.3% of Hokkaido's gross product. Hokkaido's 35,800 farming households in 2018 are half as many as in the 1990s, with this number continues to shrink. While Hokkaido's farmers' average age is less than in the rest of Japan, 41.2% are over the age of 65, as this number continues to increase.

Hokkaido's tertiary industries (i.e. wholesale, retail, and service industries) account for 78.1% of the region's economy, which is higher than the national average, underpinned by Hokkaido's thriving tourism industry. The prefecture has also long depended on infrastructure developments, with the construction industry accounting for 7.0% of gross regional product while its manufacturing sector accounts for only 10.3% of gross regional product, approximately half the national average.

In terms of infrastructure developments, the Shinkansen (bullet train) service extended to Hakodate in southern Hokkaido in March 2016, passing from Japan's main island of Honshu via the Seikan Tunnel under the Tsugaru Strait, the longest undersea tunnel in the world. The extension of Shinkansen construction is underway, with the intent to connect Hakodate to Sapporo, by 2035. The Hokkaido Prefectural Government, together with various local economic entities, have been lobbying the national government, and in particular the Ministry of Land, Infrastructure, Transport and Tourism, to shorten the construction period, with hopes of hosting the 2030 Winter Olympics and Paralympics to accelerate regional economic revitalization.

Hokkaido is blessed with an abundance of land and a rich natural environment. In order to make full use of resources to build a sustainable economy and society, the Hokkaido government has established three strategic plans to attract and develop businesses, create employment opportunities and livable environments. Some factors include:

#### 1) Realization of an open and competitive Hokkaido

The rapid growth of East Asia presenting a unique opportunity for Hokkaido to develop a vibrant economy that is self-reliant, stable and globally competitive. Two key industries that are poised for growth are food and tourism. Hokkaido has the largest food supply capability in Japan and will therefore have an increasingly important role to ensure the competitiveness of Japan's agricultural and marine products on the international stage.

Hokkaido's natural environment and climate is unique compared to that of temperate regions. Its scenery, history and culture are key tourism resources that continue to attract many domestic and international travelers into the region. The tourism industry is a key contributor to the revitalization of the regional economy as it has ripple down effects such as the creation of employment opportunities in food-related industries and other industrial sectors.

#### 2) Realization of a sustainable and beautiful Hokkaido

With the effects of global warming becoming more apparent than ever, it is vital that Hokkaido plays a leading regional role to address energy issues by capitalizing on its abundant natural resources. Having several meteorological, geographical and social characteristics allow the prefecture to generate sustainable energy via clean sources such as wind power, solar power and cryogenic energy.

To ensure that future generations will continue to reap the benefits from Hokkaido's unique landscape, efforts will be placed on the conservation and restoration of the natural environment. Recycling is also promoted through all phases of socioeconomic activities to minimize the amount of resources utilized and waste generated.

#### 3) Realization of a Hokkaido with Diverse and Distinct Regions

For Hokkaido to thrive despite its declining population, the government has to continue nurturing human resources through collaboration and exchanges across its decentralized local communities. The

reinforcement of transportation, information and personal networks will be essential to create synergetic effects in and outside the regional areas, with the rest of the nation and the world.

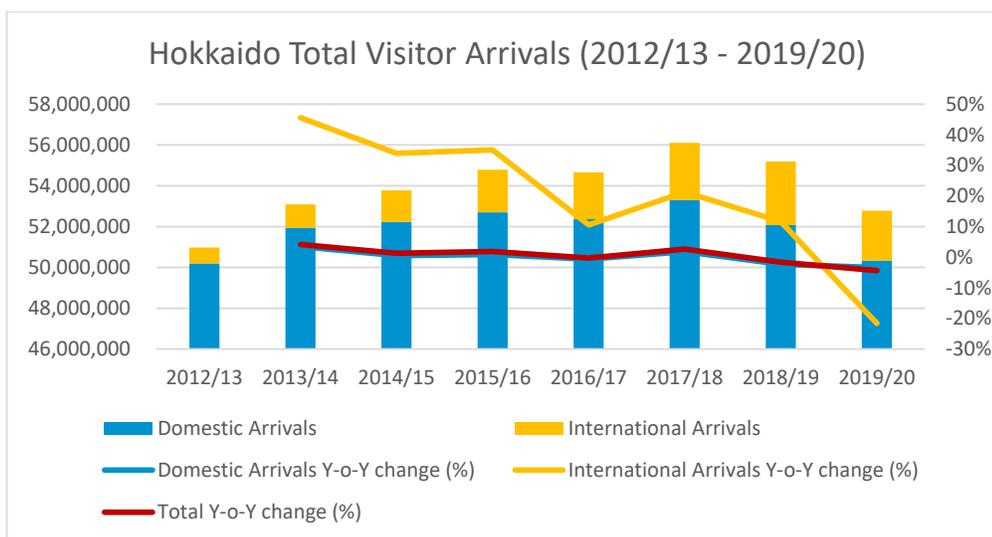
Community development in sparsely inhabited areas where people primarily engage in agriculture, forestry or fisheries, will be maintained and improved through the expansion of exchanges between local producers and residents. Furthermore, the housing system and urban infrastructure will be improved to ensure that citizens can work and raise their children in a comfortable environment.

On this front, these strategic goals will place Hokkaido as an attractive destination for investment and development and thereby drive its economic growth moving forward. However, downside risks including weak global trade, geo-political uncertainty, currency fluctuations and market risks amongst others remain. Further, as highlighted earlier, a key near-term downside risk to Hokkaido's economy will be the impact from the Covid-19 outbreak, which is still developing at the time of this report.

#### 4.5 Hokkaido – Tourism performance

With its abundant powder snow and top resorts such as Niseko, Rusutsu and Furano, Hokkaido is a popular destination for winter sports for domestic and international tourists alike. Hokkaido is also known for its vast and unspoiled nature, natural hot springs, volcanic lakes and increasingly sports tourism across the island. The tourism industry has been a key driver for Hokkaido's economy, especially in the last few years after the expansion of air and train routes coupled with successful promotional activities domestically and abroad. Looking ahead, the upward trend is set to continue as Hokkaido further develops into a MICE destination, with improving tourism and transportation infrastructure.

Hokkaido currently has 13 airports and 35 seaports, with ten airports providing access to Tokyo and other major cities, making it highly accessible to both international and domestic visitors. In particular, the 90-minute journey between New Chitose Airport and Haneda Airport handles approximately 54 flights a day, making it Japan's busiest domestic air route. In addition, the New Chitose Airport offers 30 domestic routes and 18 international routes, and is linked to 18 cities in China, South Korea, and Russia. With the Hokkaido Shinkansen route between Shin-Aomori Station and Shin-Hakodate Hokuto Station opened in March 2016, and the Sapporo extension of the Hokkaido Shinkansen due for completion in 2030, this will greatly reduce journey times and improve accessibility into the island. As such, Hokkaido offers a diverse transportation network comprising land, sea, and air routes.



Source: Hokkaido Government

As shown from the figures above, Hokkaido saw record growth in domestic and international tourist arrivals for a seventh consecutive year from financial year (which runs from April to March) FY2011 to FY2017 surpassing the 56 million mark for the first time ever. However, although international arrivals increased by 11.8% reaching 3.1 million for the first time in FY2018, domestic arrivals to Hokkaido dipped by 2.3% to 52.1 million, resulting in an overall fall in total tourist arrivals by 1.6% to 55.2 million. In FY2019, total tourist arrivals decreased further by 4.4% to approximately 52.8 million arrivals. Of all the visitors, circa 95.4% (50.3 million) were domestic tourists, a 3.4% decrease year-on-year, while international tourists were recorded at circa 2.4 million, a 21.8% decrease year-on-year.

The fall in international tourism was attributed by the huge drop in South Korean tourists by 40.2% to 436,900 visitors, a drop in market share from 23.5% in FY2018 to 17.9% in FY2019. This was caused by the court rulings dispute in South Korea over wartime labor compensation during Japan's colonial rule of the Korean Peninsula and tighter export controls from Japan, removing Seoul as Japan's favored trade partner status, which have strained relations between the two countries. This has led to South Koreans cancelling their holiday plans to Japan, following with the suspension and cancellation of flights by various airlines between Seoul or Busan to Sapporo. In addition, international demand in Hokkaido is also driven by other key source markets such as China (24.3%), Taiwan (20.0%), Hong Kong (7.3%) and increasingly Thailand (8.6%), which registered a drop in tourism arrivals by 16.2%, 17.7%, 13.3% and 10.5% in FY2019. The fall in tourism arrivals for both international and domestic travelers was mostly attributed to the onset of Covid-19 outbreak in December 2019, together with a ban on international visitors since March 2020 due to the travel restrictions implemented across Japan for overseas travel.

As Hokkaido has lifted restrictions for domestic travel around Japan, visitation has increased significantly to the prefecture since the month of June. In July, the government has budgeted JPY 1,680 billion for the 'Go To Travel Campaign' to encourage and boost domestic tourism around Japan, offering residents a 50% cost reduction on all forms of domestic travel (transportation, hotels, restaurants, tourist attractions and shopping) until early 2021. This was part of the JPY 1.35 trillion tourism scheme which the Japan National Tourism Organization intends to launch as soon as the Covid-19 pandemic is under control, in a bid to boost tourism in Japan.

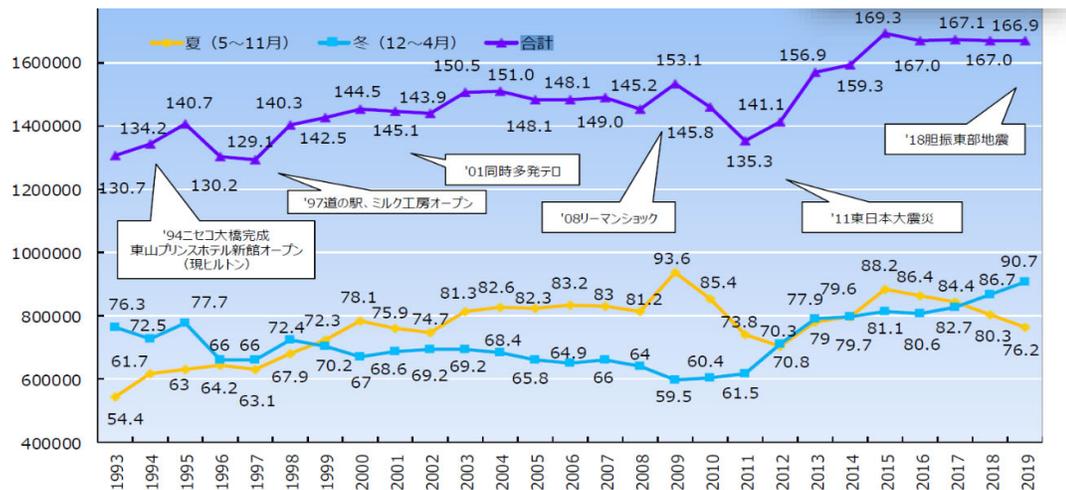
Looking ahead, notwithstanding the near term challenges, the government has been making efforts in developing Hokkaido into a major business and tourism hub in Asia through upgrading its tourism and transportation infrastructure. Together with the rescheduled 2021 Tokyo Olympic Games, this will likely have an impact on Hokkaido's tourism industry and underpin future demand. As such, whilst the outlook for tourism visitation to Hokkaido remains cautiously optimistic, much will depend on wider economic issues and geo-political events.

#### 4.6 Niseko – Tourism performance

The total number of foreign guests to Niseko has continued to rise, excluding the effects of the recession and disasters. According to the Niseko Town Statistical Data "Niseko by Numbers latest May 2020 digest (latest available), the total number of international tourists to Niseko Town has remained relatively stable between 2015 and 2019 at circa 1.7 million per annum. This follows a rapid increase witnessed after 2011 as accessibility to the destination improved, and following the Great East Japan Earthquake of 2011.

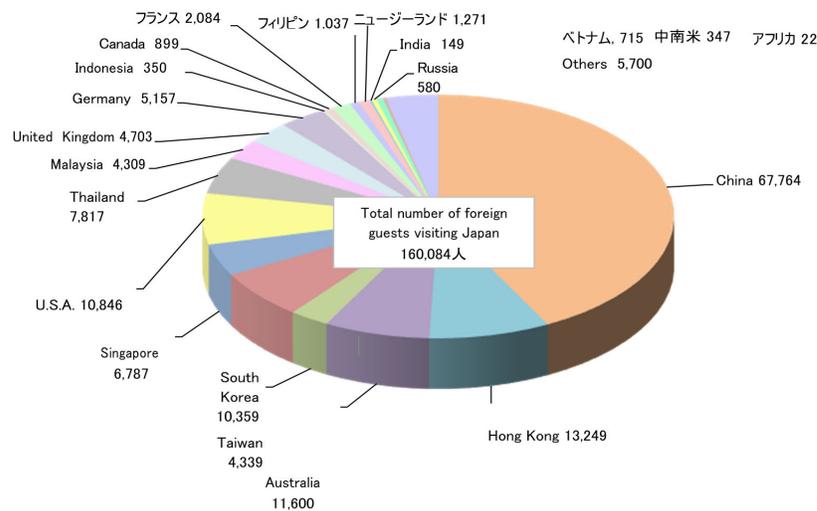
Interestingly, summer arrivals traditionally was the largest segment in recent years. However, visitation during the winter months has also improved considerably, with this outpacing summer arrivals in 2018 and 2019.

We note that visitation to Niseko is likely to be down in 2020 once the data is available, with travel bans in place between February and June. However, early indicators are that domestic visitation has since bounced back. We consider once international travel restrictions are removed, foreign visitation to Niseko is also expected to rapidly bounce back, underpinning the desirability of the destination.



Source: Niseko Town Survey May 2020

According to an overnight travel statistics survey by Niseko Town, in 2019, the largest source market was China (40% of foreign visitors), followed by Hong Kong, Australia, South Korea and the USA. Growing source markets include Singapore, Thailand, Malaysia, the UK and Germany.



Source: Niseko Town Survey May 2020

Niseko, with its increased promotion by the local government, has risen rapidly as a desirable ski-destination, particularly for visitors in Asia Pacific, where Europe and the US may be too far. It's improving world-class facilities and guaranteed quality winter powder has ensured that it continues to rank highly amongst the world's best ski destinations. This is likely to continue to the near term, especially as travellers may prefer to holiday closer to home. This bodes well for the proposed development.

## 5 The real estate environment

### 5.1 Introduction

In this section, we review the competitive environment for commercial real estate in Niseko and surrounds in order to evaluate the likely performance of the proposed development.

### 5.2 Niseko – high-end residential apartment market

Known for its quality powder snow against a spectacular backdrop, Niseko is currently considered to be the powder capital of the world and a world-renowned tourist destination. The city is also home to famous ski resorts, world-class facilities and numerous traditional onsens.

As economic policies of Prime Minister Shinzo Abe, also known as Abenomics were introduced in 2013, Niseko's property market was boosted. The positive economic influence resulted in a strong demand for luxury residential properties. Between 2014 to 2020, major overseas and Japanese developers have been entering the residential market, building high-end condominiums in the town of Niseko and Kutchan.

Niseko's ski resorts have historically been the primary driver of its real estate market, with the epicenter being the Hirafu area. Due to scarcity of prime development land in Niseko, the latent demand for luxury residential properties in Hirafu resulted in a spillover effect to peripheral areas, with developers expanding rapidly outwards to areas such as Higashiyama, Annupuri, Hanazono and Moiwa. Prices for luxury offerings continue to soar, ranging from US\$500 million (US\$12,255 per sqm) for a 40.8 sqm studio by Setsu Niseko to US\$5.18 million (circa US\$33,900 per sqm) for a 3-bedroom unit at Park Hyatt Residences. The 395 sqm penthouse of The Tellus Niseko was also recently sold for approximately US\$5.5 million (US\$14,000 per sqm), shortly after the apartment was launched. Interest in these luxury offerings exceeded the current supply, as apartments would only be left a few units or sell out after its initial sales launch. In addition, the launch of luxury hotel branded properties, namely Park Hyatt Niseko, Aman Niseko and Ritz-Carlton Reserve have achieved premiums over broader real estate offerings, as the hotel brands raise the profile of the destination.

The following table presents past transactions and current asking prices for luxury developments in Niseko.

<b>Recent sales and asking prices for high-end apartments in Niseko</b>				
<b>Property</b>	<b>Location</b>	<b>Unit Size (Sqm)</b>	<b>Price (US\$)</b>	<b>Price per sqm (US\$)</b>
Skye Niseko 356 - 2 Bedroom	Upper Hirafu	88.38	1,712,000	19,371
Skye Niseko - 2 Bedroom Ski View	Upper Hirafu	87.76	1,673,674	19,071
Skye Niseko 253	Upper Hirafu	126	2,677,878	21,253
Intuition 203	Upper Hirafu	148	2,343,143	15,832
Intuition Penthouse 605	Upper Hirafu	363	6,981,610	19,254
Ki Niseko Penthouse 702	Upper Hirafu	252	4,590,648	18,217
Muse 501	Middle/Lower Hirafu	172	2,505,728	14,568
Tellus Niseko Unit 502	Upper Hirafu	175	3,004,364	17,168
Tellus Niseko Unit 601 - Penthouse	Upper Hirafu	395	5,531,844	14,005
Setsu Niseko Studio	Grand Hirafu	40.8	500,000	12,255
Park Hyatt Residences Studio	Hanazono	72	1,440,000	20,000
Park Hyatt Residences 3BR	Hanazono	153	5,180,000	33,856
			<b>Average</b>	<b>18,737</b>

Source: Colliers Research

The rapid increase in demand for high-end properties in Niseko is mainly driven by investors from Hong Kong and Singapore, who have remained as major purchasers looking for luxury vacation homes, especially ski-in ski-out properties. Recently, there is a rise in emerging regional investors from Taiwan, Thailand and Malaysia. In terms of domestic demand, wealthy Japanese especially from outside Hokkaido are also targeting investment in family-friendly properties, as well as hotel branded residences which are comparatively cheaper than main cities like Tokyo and Kyoto. As such, this continues to drive demand for luxury properties in Niseko.

In addition, the popular ski town appeals to wealthy foreigners and locals alike, as returns on investment in Niseko properties can reach up to 7%, according to a local real estate company. This is higher than the global average of around 5% for ski resorts. According to the prefectural data, the town of Kutchan surged 66.7% in 2019, the fastest rise in Japan for a fourth year running. Nevertheless, ski resorts in Niseko are still relatively cheaper and affordable by global standards with its renowned powder snow. The area was ranked at 32nd place in Savills' Annual Ski Report for prime and super-prime residential properties in resorts, with an average price of circa US\$9,500 per sqm, but this still remains more than 60% lower than Courchevel 1850 in the French Alps, which topped the list at US\$26,910 per sqm, suggesting further room for growth.

Japan has extremely low borrowing costs, which makes properties attractive for buyers. Although lenders are becoming more cautious and selective, we note that proven investors or HNWI's are able to borrow at an all-in interest rate at or below 1%, where yield spreads are considered appealing compared to other global cities.

Whilst demand is expected to strengthen in the luxury condominium market, supply might also see an uptick in new properties around Niseko in the near to medium term. Although luxury properties tend to revolve in and around the Hirafu area, rapidly appreciating land prices and shortage of prime sites have led to developers consider neighboring ski destinations such as Annupuri, Hanazono, Higashiyama and Moiwa as previously mentioned. Meanwhile, the transactions for residential land, as well as land and house projects have also started to flourish in Hanacreek, Hanaridge and Odin Hills. Considering the new upcoming supply in various areas around Niseko and Kutchan, we expect some volatility in the luxury condominium market segment in the near term. Nevertheless, with the increase in international and

domestic demand, prices in Niseko luxury offerings will continue to rise. We foresee Niseko's luxury real estate market to evolve into a stable and mature marketplace, after the Covid-19 pandemic situation has stabilized. Having said that, the barrier to entry for this market is still considered high given its limited stock. The high cost of developing projects in Niseko could also prevent investors from building year-round resorts and massive integrated developments, which may be what the sector needs to evolve.

While the luxury residential market poses opportunities, demand dynamics could change depending on the economic climate. Underpinned by bullish capital markets, corporate and stock performance in Japan has been strong over the past few years, resulting in growth of the UHNW population. In addition, luxury real estate developers are catering to internationally minded buyers with more square footage, higher ceilings, and next-level amenities. There is a focus on a new class of product such as branded residences, and amenities like swimming pools, gyms, valet parking, and concierge services are becoming standard in luxury developments. High-end facilities and appliances are also increasingly popular (think marble tiles made and designed in Italy, and premium brand-name appliances from Gaggenau and Miele) - as well as full, en-suite bathrooms, which have traditionally been considered an enormous luxury.

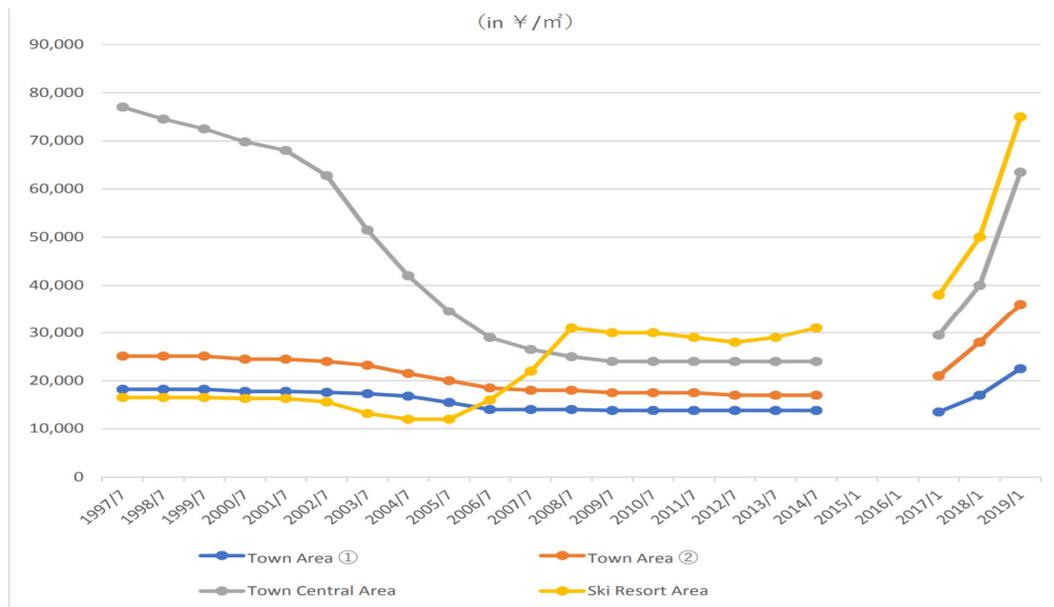
### 5.3 Niseko – recent land transactions

There has been a dearth of transactions in the Kutchan-cho, Abuta-gun, Niseko area especially as COVID-19 travel restrictions continue to impede deals. However, evidence suggests that the average value of land, particularly for the development of high-end residential condominium apartments, has witnessed rapid growth in recent years in areas such as Niseko as it is increasingly becoming a popular ski destination, globally. This has resulted in the transformation of the Niseko market over the past five years, leading to the development and sale of such high-end residential products as the Park Hyatt Residences, Setsu Niseko, Skye Niseko and Tellus Niseko.

As of 1<sup>st</sup> July 2020, information released by the National Tax Administration Agency has shown that Niseko continued to lead the way in Japan for land price increases. The biggest rise in both residential and commercial land prices can be seen in the town of Kutchan, increasing by 44.0% and 57.5% respectively. Prices of land near the top of Hirafu-zaka, the street leading up to the Grand Hirafu Resort, rose 50% over the past year to ¥720,000 yen (US\$6,877) per sqm. Currently, Niseko has shown the highest rates of growth in Japan in the past 6 years, with prices 14 times higher when compared to 2014.

With plans to revitalize Kutchan's town centre and main street of Ekimae-dori, together with the Shinkansen bullet train project which will link Hokkaido from Tokyo (featuring a Kutchan stop) by 2030, we expect land prices in the area to experience muted growth and remain competitive, despite the global pandemic situation. In addition, certain areas might experience a price surge when new high-end developments are completed, as prime development land remains limited.

According to the latest data from the Municipal Land Price Survey and Posted Land Price System, land values in Kutchan-cho continues to rapidly increase, from circa ¥30,000 per sqm at the end of 2014, to almost ¥80,000 per sqm by the end of 2019 an increase of over 267% over the last six years. Latest information release by the National Tax Administration Agency on 1st July 2020 shows that Niseko has continued to lead the way in Japan for land price increases. Prices of land near the top of Hirafu-zaka, the street leading up to the Grand Hirafu Resort, rose 50% over the past year to be 720,000 yen per sqm.



Source: Japan Posted Land Price System and Municipal Land Price Survey

Vacant land prices in the area can range from ¥80,856 (US\$785) to ¥473,952 (US\$4,601) per sqm, the latter representing the value of land with planning permission for a mixed-use commercial and residential development. From the registration documents, we understand this site was bought by ZEKKEI Investment Management Co., Ltd, a large developer with projects in China, Thailand, Japan, Hong Kong and the US (<https://www.zekkei-properties.com/about/>). This developer currently has two projects in Niseko including Intuition Niseko and Elevation Hirafu.

## Niseko land prices continue to surge

03 July, 2020 Greg Turner

### Highest increases in Japan for 6 years running

Information release by the National Tax Administration Agency on 1st July shows that Niseko has continued to lead the way in Japan for land price increases. Prices of land near the top of Hirafuzaka, the street leading up to the Grand Hirafu Resort, rose 50% over the past year to be 720,000 yen per square metre. Niseko has now shown the highest rates of growth in Japan in each of the past 6 years with prices now 14 times higher than in 2014.

Across the whole of Japan, land prices increased 1.6% continuing the upward trend of the past 5 years. The current data released is for land prices as of 1st January, 2020 so it is yet to be seen how COVID-19 impacts land prices going forward.

**South China Morning Post** | **In Niseko, Hong Kong developer banks on luxury hotels, bullet train an...**

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**Business**  
Hong Kong developer seeks HK\$3 million for car parking space  
15 Oct 2020



**Business**  
New World Development launches Hong Kong project at lower-than-expected prices  
9 Oct 2020



**Coronavirus**  
Small flats defy downturn, push Hong Kong home prices up

profitability as the Japanese ski resort town grows in popularity.

Odin Properties sold eight of the 88 plots at the Odin Hills residential project in the popular Hokkaido ski resort at the opening sales in Hong Kong on December 6, according to co-founder Chris Fjelddahl. They were snapped up by buyers from Hong Kong, Taiwan, and the Philippines.

The starting price for a plot, ranging from 900 to 1,000 sq m (10,763 sq ft), is US\$900,000 and building a 200-sq m house on the land would cost an estimated US\$1.2 million, the developer said.

Odin Properties is spending about US\$20 million to build the infrastructure in the first phase from April next year, before home construction can take place about a year

13

Post

Source: South China Morning Post published 11 December 2019

## 5.4 Development costs

Construction costs in Hokkaido and Niseko in particular have witnessed significant increases in recent years due a combination of upward pressure as a result of construction for the now postponed 2020 Olympic Games, and the influx of new developments, particularly, high-end residential and luxury hotel, in Niseko. This is coupled with the limited time period the weather allows for construction in Niseko i.e. mostly during the late Spring to early Autumn periods.

Recent news articles have indicated that construction costs per sqm for high-end/luxury apartments can range between US\$5,000 (¥527,745) and US\$6,000 (¥633,294) per sqm. This is consistent with data obtained from Japan Building Cost Information (JBCI) database, which indicates that construction costs, excluding fees and financing, for luxury apartments and hotels can range between ¥358,987 (US\$3,428) and ¥465,713 (US\$4,447) per sqm as of the beginning of 2020. At the top end of the range for both sources, the average is therefore circa ¥549,503 (US\$5,246) per sqm.

We are aware that this is also the range of construction costs being witnessed at comparable high-end developments such as the Park Hyatt Residences, Ritz Carlton Residences, Tellus Niseko and Setsu.

It should be noted, construction costs exclude sales and management fees, holding costs and contingency. All other costs are included including infrastructure, landscaping, professional fees and financing.

## 6 Valuation methodology, assumptions and approach

We have been instructed to provide an opinion of market value for three land plots at TELLUS Niseko. The development is currently vacant lands and as such our opinion of value therefore represents the land value as is. We set out our methodology and approach in the following section of the report, together with our opinion of value.

### 6.1 Valuation methodologies and approach

There are two methods of valuation which are in common usage: the market approach (comparable transactions), and income method (residual land value).

#### **Market approach**

This method is the simplest and most direct approach and is based upon comparing the property to be valued against the prices obtained for similar properties in recent transactions in the open market. The major problem, however, is to identify similar transactions in the same operating environment, which are recent enough to be relevant and for which sufficient relevant data relating to the sale and its conditions are available.

Colliers tracks the data relating to sales which enables us to sketch maximum and minimum parameters of value against certain criteria such as size of land/building, geographical location and type of product. This information, if sufficiently detailed can also provide an important insight into the range of returns that investors have viewed as acceptable when arriving at their decision to purchase.

#### **Income approach**

This approach is essentially the derivation of the gross development value assuming planning permission is granted for a highest and best use development. This is typically used to assess the value of land with planning permission.

The income approach to valuation takes into consideration the dynamic performance and earnings potential of an asset over an extended time frame. Furthermore, the process automatically gives a greater weighting and ascribed value to current anticipated earnings and those for the immediate future and attributes a lower value to earnings anticipated in the medium term and beyond.

We also took into consideration the residual land valuation and hope value approaches in undertaking valuations should there be any development opportunities. Residual land value gives an indication of the land value should planning permission be granted. This is the equivalent to the sale price of the development less construction, developer profit, sales and marketing and other costs. The appropriate approach or combination of methods will be adopted based on the scenario.

Hope value is an element of market value, which reflects the prospect of some more valuable future use or development in excess of the existing use. This exists where planning permission, whilst not granted as in the current case, can however be reasonably anticipated taking into consideration local authorities and developer intentions.

#### **Other assumptions**

It has been assumed that the current owner is the owner of the land and buildings (as advised to us) and that the land is not subject to any significant encumbrances. We have obtained copies of documents of title with regard to tenure and assume that good title can be proven in accordance with that information. We have assumed that the property is free of encumbrances, restrictions or other outgoing of an onerous

nature. We assume that you have instructed lawyers to verify the title to the property and that their conclusions are consistent with the description of tenure and interest set out in our report.

We have not made formal planning enquiries or reviewed original planning consents. We assume that the property has appropriate consents and that there are no outstanding statutory notices and that the property complies with all statutes, regulations and bylaws for its present use including a current fire certificate.

We have assumed that the building has been constructed in accordance with, and currently complies with, all statutory requirements, relevant National Standards and Codes of Practice and is in a condition fit for its existing use. We are not qualified to provide a technical opinion on structural and engineering matters and our comments should not be relied upon in this context.

We have not examined or tested any of the services installed or connected and assume that all such services are installed and connected in accordance with appropriate regulations and that they are in full working order and not in need of repair or replacement.

The Property has been valued on the assumption that neither high alumina cement concrete, asbestos nor any other deleterious or hazardous substances has been used in any part of the construction, and that the property is free from latent defects. We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction or any subsequent refurbishment of the property and are therefore unable to report that the property is free from risk in this respect.

In the following table, we set out our key assumptions in arriving at our assessment of residual land value, assuming title and planning permission has been granted for the proposed residential scheme, such as that envisaged.

	Lot 8	Lot 9	Lot 10
Saleable GFA (sqm)	460	460	460
Land plot (sqm)	1,340.55	1,313.40	1,501.18
Selling price (US\$ per sqm)	13,500	13,300	14,200
Selling price (JPY per sqm)	1,430,000	1,400,000	1,500,000
Construction costs (JPY per sqm)	564,746	564,746	564,746
Net (JPY per sqm)	865,254	835,254	935,254
Sales and hold costs	6.5% of gross development value (GDV)		
Contingency	10.0% of total construction costs		
Developer's profit	20.0% of total construction costs		

Notes:

- Absorption for the sales of residential lots is expected within a period of three years.
- Conversion USD to JPY – US\$1:¥105.56 as at 5 February 2021 per Bloomberg.

## 6.2 Recognition of risks

Our estimates have been prepared in the light of circumstances we consider most likely to prevail during the period under review. We consider it prudent, however, to conclude by highlighting the main risks associated with attaining the foregoing estimates. These are as follows:

- That an adverse change in political or economic conditions result in a decline in hotel and residential demand through reduced commercial visitation;
- That demand for hotel and residential facilities does not eventuate as estimated or the estimated demand levels are not captured by the project;
- That significant additions to the supply of international standard hotels and residential developments occur so as to create an oversupply in the city, resulting in a decline in market performance; and
- That the social or economic situation in Japan deteriorates or changes to such an extent that it impacts the long-term involvement of international investors in the country.

Our estimates are therefore based on the assumption that none of the above arises.

## 7 Opinion of market value

### Market Value for plots 8,9 and 10 at TELLUS Villas

Subject to the assumptions and limiting conditions of this report, we are of the opinion that the Market Value for the subject property, assuming it is free from any encumbrances, and as of the date of valuation is:

	JPY	JPY per sqm
Lot 8	274,000,000	204,734
Lot 9	264,000,000	200,929
Lot 10	306,000,000	203,922

### Reconciliation in values

After each approach is considered in the valuation process, a reconciliation is performed and a final value conclusion is reached. Each approach is judged based on its applicability, reliability, and the quantity and quality of its data.

We continually interact with numerous real estate buyers and sellers and we note that these participants typically base their purchase decisions on economic factors, such as cash on cash return, projected net income and return on investment. The procedures used in developing an opinion of market value by the Income Capitalization Approach are comparable to those employed by the pool of investors who are present in the marketplace. Accordingly, the Income Capitalization Approach produces the most supportable value opinion, and it is given the greatest weight in the residual land valuation process.

It is our opinion that the Sales Comparison Approach might provide a useful value opinion in the case of simple forms of real estate such as vacant land and residential units where such investments can be easily compared to one another and the adjustments are relatively simple to apply. In the case of complex investments such as mixed-use developments, operational characteristics are eccentric and labor intensive. The development such as that envisaged, with a rental pool potential, are highly localized, in that operational characteristics are governed by their specific markets. As such, adjustments to comparable sales are numerous and more difficult to quantify, and as such, this approach loses a significant degree of reliability.

Lastly, regarding the Cost Approach, it is our opinion that this approach does not reflect the aforementioned income-related considerations and requires a number of highly subjective estimates, such as depreciation, obsolescence and other factors. Even for newly-constructed facilities, this approach is generally secondary, and as a determinant for market value, is given minimal or no weight. We do note, however, that this approach is a useful tool in determining the value of any intangible components in real property and for insurance purposes.

## Appendices

## Appendix 1: Planning permission

後小建指第 836 号  
平成 30 年 9 月 3 日

Infinty Capital Group Japan Development 合同会社  
職務執行者 チェン・ジョナサン 様

北海道後志総合振興局長

都市計画法第 29 条第 1 項による開発行為の許可申請について

このことについては、先に申請のあったところですが、別紙のとおり許可したので、次の事項に留意し手続きを進めて下さい。

記

- 1 工事を行うときは、工事着手届を提出して下さい。
- 2 許可済の敷地並びに建築物の形態を変更するときは、直ちに許可を受け直して下さい（但し、軽微な変更は除きます）。

(小樽建設管理部建設行政室建設指導課建築住宅係)

住所 虻田郡倶知安町字山田169番地26 フォレストエ  
ステート1号棟  
氏名 Infinty Capital Group Japan Development 合同会社  
職務執行者 チェン・ジョナサン

平成 30 年 6 月 27 日 申請の開発行為は、都市計画法（昭和43年法律第100号）  
第 29 条第 1 項の規定により許可します。  
ただし、次の条件を守らなければなりません。

平成 30 年 9 月 3 日

北海道後志総合振興局長 勝木 雅嗣



- 1 許可の内容は、次のとおりとします。
  - (1) 開発区域に含まれる地域の名称  
虻田郡倶知安町字樺山22-4
  - (2) 開発区域の面積  
34,120.45 平方メートル
  - (3) 予定建築物の用途  
ホテル及び旅館
  - (4) 開発行為の期間  
許可の日から 平成 30 年 12 月 25 日 まで
- 2 許可の条件は、次のとおりとします。

別紙「一般条件」及び「工事の施工に伴う注意事項」

教 示

- 1 この処分について不服がある場合は、この処分のあったことを知った日の翌日から起算して60日以内に北海道開発審査会に審査請求することができます。
- 2 この処分について不服がある場合は、前項の審査請求をする裁決があったことを知った日の翌日から起算して6月以内に、北海道（訴訟において北海道を代表する者は、北海道知事となります。）を被告として、札幌地方裁判所に処分の取消しの訴えを提起することができます。  
ただし、裁決があったことを知った日の翌日から起算して6月以内であっても、裁決の日の翌日から起算して1年を経過すると処分の取消しの訴えを提起することができなくなります。
- 3 この処分については、第1項の審査請求の裁決を経た後でなければ、裁判所に処分の取消しの訴えを提起することができません（都市計画法第52条）。ただし、次の各号のいずれかに該当するときは、審査請求に対する裁決を経ないで処分の取消しの訴えを提起することができます。
  - (1) 審査請求があった日の翌日から起算して3月を経過しても裁決がないとき。
  - (2) 処分、処分の執行又は手続の続行により生ずる著しい損害を避けるため緊急の必要があるとき。
  - (3) その他裁決を経ないことにつき正当な理由があるとき。

## 一 般 条 件

1. 許可内容に変更が生じた場合は、変更工事を行う前に許可権者の指示を受け、変更許可申請を行うこと。
2. 防災工事については、次の事項を守り施工のこと。
  - (1) 防災工事が完了したときは、すみやかに許可権者に連絡し確認を受けること。
  - (2) 工事工程に変更が生じたときは、すみやかに許可権者に連絡し確認を受けること。
3. 既に工事に着手した工事を廃止するときは、防災措置等について許可権者の指示を受けること。
4. 工事中において、大雨警報等により災害が発生すると予想される場合は、災害防止のための措置をとること。  
なお、災害が発生したときは、すみやかにその状況と措置した内容について許可権者に報告すること。
5. 完了検査の際、明視できなくなる構造物の鉄筋組立等を施工するときは、すみやかに許可権者に連絡し、指示を受けること。
6. 申請区域の外郭境界を明示し、隣接地に支障ないよう工事を行うこと。
7. 各敷地境界杭を完了検査までに設置すること。

## 工事の施工に伴う注意事項

この許可工事に当っては、下記の点に注意し実施して下さい。

### 記

1. 工事に着手したときは、すみやかに着手届を提出すること。
2. 許可済標識を現場の見やすい箇所に掲示すること。
3. 許可にあたり附加された条件に違反した場合は、監督処分を受けることがあるので遵守すること。
4. 工事施工のため使用する道路は、使用中努めて汚損しないようにし、常に清掃、補修を実施すると共に、工事完了後は直ちに使用前の状態まで復旧すること。
5. 既設道路の横断管理施設又は道路沿いに工事を施工する場合は、道路管理者及び所轄警察署長の許可を受けること。なお、道路の通行止、片側通行等の必要がある場合は、所定の交通標識を設置し施工すること。
6. 工事の進行状況は、別添「現場写真撮影要領」により記録すること。
7. 工事が完了したときは、すみやかに完了届を提出すること。  
なお、完了届には工事施工状況写真、完了実測図（排水施設、道路の出来高と勾配、区画と公共施設用地の分割数値を表示したもの（分筆図））を添付すること。
8. 積雪時期の完了検査は、検査不能となるので検査時期は積雪時期を避けるよう計画すること。
9. 工事の完了公告があるまでは、建築物（特定工作物）は建築（建設）できない。

## Appendix 2: Titles

Title Deed

登記識別情報通知

次の登記の登記識別情報について、下記のとおり通知します。

【不動産】

虻田郡倶知安町字樺山2番4の土地

【不動産番号】

4334001134057

【受付年月日・受付番号（又は順位番号）】

平成30年5月10日受付 第2627号

【登記の目的】

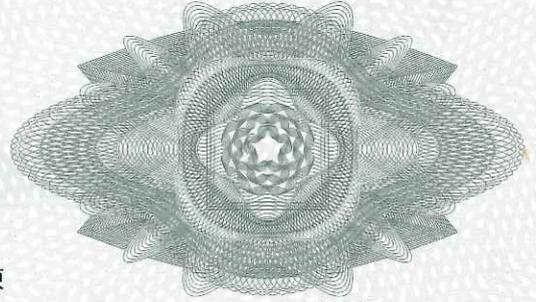
条件付所有権移転仮登記

【登記名義人】

虻田郡倶知安町字山田169番地26フォレストエステート1号棟

Infinity Capital Group Japan Development 合同会社

(以下余白)



\*下線のあるものは抹消事項であることを示す。

平成30年5月11日  
札幌法務局倶知安支局  
登記官

山田和博



登記識別情報はこの中に記載しています。開封方法は裏面をご覧ください。

↑ 折り返し線

ここを折り曲げてから切り取って開いてください

## Appendix 3: Caveats and Assumptions

### 1. DEFINITIONS

In these Caveats and Assumptions the following words or phrases shall have the meaning or meanings set out below:

'Confidential Information' means information that:

- (a) Is by its nature confidential.
- (b) Is designed by Us as confidential.
- (c) You know or ought to know is confidential.
- (d) Includes, without limitation: information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services.

'Currency Date' means, in relation to any valuation report, the date as at which our professional opinion is stated to be current.

'Fee' means the amount agreed to be paid for the Services as set out in the Quotation.

'Parties' means You or Us as the context dictates.

'Quotation' means the written quote provided by Us in relation to the Services.

'Services' means the valuation services provided pursuant to these Terms and Conditions and the Quotation, and includes any documents, reports or certificates provided by Us in connection with the Services.

'The Property' means the assets which are subject of our appointment as your advisor.

'We', 'Us', 'Our', 'Colliers' means Colliers International Limited.

'You', 'Your', 'Client' means the person, company, firm or other legal entity by or on whose behalf instructions are given, and any person, firm, company or legal entity who actually gave the instructions to us even though such instructions were given as agent for another.

'Professional Property Practice Standards' refers to RICS Valuation and Appraisal Handbook, or appropriate standards.

### 2. PERFORMANCE OF SERVICES

2.1 We have provided the Services in accordance with:

- (a) The Terms and Conditions contained herein; or
- (b) As specifically instructed by You for the purpose of the Services; and
- (c) Within the current provisions set by the prevailing Professional Property Practice Standards.

### 3. CONDITION OF THE PROPERTY

3.1 No allowance has been made in our report for any charges, mortgages or amounts owing on any of the properties valued nor for any expenses or taxation which may be incurred in effecting a sale. We have assumed that the Property is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value, whether existing or otherwise, unless otherwise stated. We assume no responsibility for matters legal in nature nor do we render any opinion as to the title which is assumed to be good and marketable. We are not aware of any easements or rights of way affecting the property and our valuation assumes that none exists.

3.2 We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of, all ordinances, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, any and all required licences, permits, certificates, and authorisations have been obtained, except only where otherwise stated.

3.3 We have assumed that any development sites are in a condition suitable for development; this has not been checked by us.

3.4 We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

3.5 We have assumed that there is no timber infestation, asbestos or any other defect (unless advised otherwise) and that the property is compliant with all relevant environmental laws. It is Your responsibility to provide reports to Us that are relevant to these issues.

3.6 An internal inspection has been made; no detailed on-site measurements have been taken.

3.7 While due care is exercised in the course of our inspection to note any serious defects, no structural survey of the Property will or has been undertaken, and We will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the property that are unexposed or inaccessible.

3.8 None of the services have been tested by Us and we are unable therefore to report on their present condition, but will presume them to be in good working order.

3.9 We have not undertaken a detailed inspection of any plant and equipment or obtained advice on its condition or suitability.

3.10 We recommend that You engage appropriately qualified persons to undertake investigations excluded from our Services.

3.11 No responsibility will be accepted either to You or to any third party for loss or damage that may result directly or indirectly from the condition of the property.

### 4. ENVIRONMENT AND PLANNING

4.1 We have obtained only verbal town planning information. It is your responsibility to check the accuracy of this information by obtaining a certificate under the appropriate legislation.

4.2 We do not hold ourselves to be experts in environmental contamination. Unless otherwise stated, our inspection of the site did not reveal any contamination or pollution affectation, and our valuation has been prepared on the assumption that the land is not contaminated and has not been affected by pollutants of any kind. We would recommend that this matter be checked by a suitably qualified environmental consultant. Should subsequent investigation show that the site is contaminated, our valuation may require revision.

### 5. BUILDING AREAS AND LETTABLE AREAS

5.1 Where a survey is provided to Us for consideration, We will assume that information contained in the survey is accurate and

- has been prepared in accordance with the prevailing Professional Property Practice Standards.
- 5.2 If you do not provide Us with a survey, We will estimate building and/or lettable areas based only upon available secondary information (including but not limited to building plans, deposited plans, and our own measurements). Such estimates do not provide the same degree of accuracy or certainty as would be provided by a survey prepared by an appropriately qualified professional in accordance with the prevailing Professional Property Practice Standards.
- 5.3 Where such a survey is subsequently produced which differs from the areas estimated then You will refer the valuation back to Us for comment or, where appropriate, amendment.
- 6. OTHER ASSUMPTIONS**
- 6.1 Unless otherwise notified by You, We will assume:
- (a) There are no easements, mortgages, leases, encumbrances, covenants, caveats, rights of way or encroachments except those shown on the Title.
- (b) All licences and permits can be renewed and We have not made any enquires in this regard.
- 6.2 Where third party expert or specialist information or reports are provided to Us or obtained by Us in connection with Services (including but not limited to surveys, quantity surveyors reports, environmental audits, structural/ dilapidation reports), we will rely upon the apparent expertise of such experts/ specialists. We will not verify the accuracy of this information or reports, and assume no responsibility for their accuracy.
- 6.3 Our services are provided on the basis that the client has provided us with a full and frank disclosure of all information and other facts which may affect the service, including all secrecy clauses and side agreements. We accept no responsibility or liability whatsoever for the valuation unless such a full disclosure has been made.
- 6.4 Any plans, sketches or maps included in this report are for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.
- 6.5 The study of possible alternative development options and the related economics are not within the scope of this report.
- 6.6 Our opinion about the Market Value of the property is free from any influence and/ or point of views of any other parties.
- 7. VALUATION FOR FIRST MORTGAGE SECURITY**
- 7.1 Where the Services are provided for mortgage purposes, You agree that You will not use the valuation report where the property:
- (a) Is used as security other than by first registered mortgage;
- (b) Is used as part of a group of securities (except where the property forms part of a trust); or
- (c) Is used as security for more than one loan.
- 7.2 We reserve the right, at Our absolute discretion, to determine whether or not to assign Our valuation to any third party. Without limiting the extent of Our discretion, We may decline a request for assignment where:
- (a) The proposed assignee is not a major recognised lending institution (such as a major bank);
- (b) The assignment is sought in excess of 3 months after the date of valuation;
- (c) We consider that there has been a change in conditions which may have a material impact on the value of the property.
- (d) The proposed assignee seeks to use the valuation for an inappropriate purpose (including in a manner inconsistent with Your agreement at Clause 7.1); or
- (e) Our fee has not been paid in full.
- 7.3 Where we decline to provide an assignment on either of the basis at 7.2(b) or (c), we may be prepared to provide an updated valuation on terms to be agreed at that time.
- 7.4 In the event that You request Us to assign Our valuation and We agree to do so, You authorize Us to provide to the assignee a copy of these Terms and Conditions, the Quotation and any other document, including instructions provided by You, relevant to the scope of Our Services.
- 8. ESTIMATED SELLING PRICE**
- 8.1 Where you instruct Us to provide an Estimated Selling Price, You agree that the Services:
- (a) Are limited to the provision of an opinion based on Our knowledge of the market and informal enquiries.
- (b) We are not required to carry out a full inspection of the property; any inspection of comparable properties; a search of Title(s) or other enquiries as to encumbrances, restrictions or impediments on Title(s); or other investigations which would be required for a formal valuation.
- (c) Provide an indicative figure only which is not suitable for use for any purpose other than as general information or guide as to sale expectations. It is not suitable to be relied upon for the purpose of entry into any transaction.
- 8.2 No responsibility will be accepted either to You or to any third party for loss or damage that may result from the issue of such an Estimated Selling Price.
- 9. CURRENCY OF VALUATION**
- 9.1 Due to possible changes in market forces and circumstances in relation to the property the Services can only be regarded as relevant as at the Currency Date.
- 9.2 Where You rely upon Our valuation report after the Currency Date, You accept the risks associated with market movements between the Currency Date and the date of such reliance.
- 9.3 Without limiting the generality of 9.2, You should not rely upon Our valuation:
- (a) After the expiry of 3 months from the Currency Date;
- (b) Where circumstances have occurred during that period which may have a material effect on the value of the property or the assumptions or methodology used in the valuation report.
- 10. MARKET PROJECTIONS**
- 10.1 Any market projections incorporated within our Services including, but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only and may prove to be inaccurate. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.
- 10.2 Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections.
- 10.3 Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of

variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parameters.

#### 11. YOUR OBLIGATIONS

- 11.1 You warrant that the instructions and subsequent information supplied by You contain a full and frank disclosure of all information that is relevant to Our provision of the Services.
- 11.2 You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Services are provided with the authority of the authors of those reports.
- 11.3 You authorise and license Us to incorporate Your intellectual property within Our report(s).
- 11.4 You will not release any part of Our valuation report or its substance to any third party without Our written consent. Such consent will be provided at Our absolute discretion and on such conditions as We may require including that a copy of these Terms and Conditions be provided to such third party. This clause shall not apply to persons noted as recipients in Your prior instruction to Us or in the Quotation provided that You shall provide any such recipient with a copy of these Terms and Conditions.
- 11.5 We reserve the right to reconsider or amend the valuation advice, or the Fee set out in Our Quotation to You, if;
  - (a) Certificates, surveys, leases, side agreements or related documentation that were not provided to Us prior to the provision of the Services are subsequently provided, and contain matters that may affect the value of the advice; or
  - (b) Where subsequent site inspections made in relation to any of the matters raised in Clause 3 materially affect or may alter the value of the property, the subject of the Services.
- 11.6 If You release any part of the valuation advice or its substance Our without written consent, You agree: a) to inform the other person of the terms of our consent; and b) to compensate Us if You do not do so. We have no responsibility to any other person even if that person suffers damage as a result of any other person receiving this valuation.

#### 12. CONFIDENTIALITY

- 12.1 This report and each part of it is prepared and intended for the exclusive use of the Client for the sole purpose outlined in Our agreement for internal reference purposes, and in accepting this report, the Client expressly agrees not to use or rely upon this report or any part of it for any other purpose. No person other than the Client shall use or rely upon this report or any part of it for any purpose unless we have given Our express written consent. Similarly, neither the whole nor any part of this report nor any reference there to may be included in any document, circular or statement nor published in any way without our written approval of the form and context in which it may appear.
- 12.2 If consent to disclose the Confidential Information is provided by Us, You agree to abide by any additional terms and conditions that We may apply to that disclosure.
- 12.3 You agree that You will indemnify, hold harmless and defend Us from and against any and all loss, liability, costs or expenses (including but not limited to professional or executive time) We may suffer or reasonably incur, directly or indirectly, as a result of a breach of this clause.
- 12.4 Unless otherwise directed in writing by Client, Colliers International retains the right to include references to the Services in its promotional material. Such references shall not contain confidential material.

#### 13. PRIVACY

- 13.1 We may obtain personal information about You in the course of performing Our Services. We respect your privacy and advise You that we will only obtain information that is necessary to assist us in the course of performing Our Services. If it is necessary for Us to engage third parties, we will inform these parties that they are not to disclose any personal information about You to any person or organization other than Us.

#### 14. SUBCONTRACTING

- 14.1 We may sub-contract or otherwise arrange for another person to perform any part of the Services or to discharge any of Our obligations under any part of these Terms and Conditions, with Your consent.

#### 15. LIMITATION OF COLLIERS LIABILITY

- 15.1 To the extent permissible under applicable laws, in no event shall Colliers International be liable to Client or anyone claiming by, through or under Client, including insurers, for any lost, delayed, or diminished profits, revenues, production, business, use or opportunities, or any incidental, special, indirect, or economic losses, wasted costs, diminution of value or consequential damages, of any kind or nature whatsoever, however caused.
- 15.2 All the costs and benefits forecasted will, ultimately, be determined by future market conditions. Forecasts of these elements are based on assumptions of certain variable factors, which, in turn, are extremely sensitive to changes in the market and economic contexts. For this reason, the figures mentioned in this report were not computed under any known or guaranteed conditions. Rather, these are forecasts drawn from reliable sources of data and information and made in the best judgment and professional integrity of Colliers International. Notwithstanding this, Colliers International reiterates that it will not accept any responsibilities in the face of damage claims that might result from any error, omission or recommendations, viewpoints, judgments and information provided in this report.
- 15.3 Colliers International, or any employee of Ours shall not be required to give testimony or to appear in court or any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we are properly reimbursed.
- 15.4 We are free from any possible legal and/ or non-legal issue which may attach to the Property's title documents.
- 15.5 The amount of aggregate liability of Colliers is limited to our public liability insurance coverage.

#### 16. ENTIRE AGREEMENT

- 16.1 No further agreement, amendment or modification of these Terms and Conditions shall be valid or binding unless made in writing and executed on behalf of the Parties by their duly authorised officers.
- 16.2 If there is inconsistency between these Terms and Conditions and the Quotation, any letter of instruction from You, or other specific request or information shall prevail to the extent of the inconsistency.

**Contact Details:**

Tel: 6223 2323

**Colliers International Consultancy & Valuation (Singapore) Pte Ltd**

Valuation & Advisory Services

RCB No. : 198105965E

12 Marina View

#19-02 Asia Square Tower 2

Singapore 018961

[www.colliers.com](http://www.colliers.com)



Accelerating success

**PROXY FORM**  
**ULTIMA UNITED LIMITED**  
**ACN 123 920 990**  
**GENERAL MEETING**

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

**OR:**  the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10:00am (WST), on 14 May 2021 at Conference Room Suite 1, 295 Rokeby Road, Subiaco WA 6008, and at any adjournment thereof.

**CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES**

**The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.**

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Ratification of Prior Issue of Shares – November Placement – LR 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of Prior Issue of Shares – November Placement – LR 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Change to Nature and Scale of Activities – Proposed Acquisition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Acquisition of a Substantial Asset from ICGJ – Proposed Acquisition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval to Issue Shares – Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Shares to Related Party – Capital Raising Participation – Jonathan Cheng	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Shares to Related Party – Capital Raising Participation – Jessica Sook Boon Loh	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Shares to Related Party – Capital Raising Participation – ICG Australia	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_ %

**Signature of Shareholder(s):**

**Individual or Shareholder 1**

Sole Director/Company Secretary

**Shareholder 2**

Director

**Shareholder 3**

Director/Company Secretary

**Date:** \_\_\_\_\_

**Contact name:** \_\_\_\_\_

**Contact ph (daytime):** \_\_\_\_\_

**E-mail address:** \_\_\_\_\_

**Consent for contact by e-mail in relation to this Proxy Form:** YES  NO

## Instructions for completing Proxy Form

### 1. **Appointing a proxy**

A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.

### 2. **Direction to vote**

A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.

### 3. **Compliance with Listing Rule 14.11**

In accordance to Listing Rule 14.11, if you hold Shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the Shares, you are required to ensure that the person(s) or entity/entities for which you hold the Shares are not excluded from voting on resolutions where there is a voting exclusion. Listing Rule 14.11 requires you to receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the Company that you are in compliance with Listing Rule 14.11.

### 4. **Signing instructions:**

- **Individual:** Where the holding is in one name, the Shareholder must sign.
- **Joint holding:** Where the holding is in more than one name, all of the Shareholders should sign.
- **Power of attorney:** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
- **Companies:** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.

### 5. **Attending the Meeting**

Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

6. **Lodgement of Proxy Form**

Proxy forms can be lodged:

- (a) by completing and signing the enclosed Proxy Form and returning by:
- (i) post to Ultima United Limited, Suite 14, 11 Preston Street, Como, Western Australia, 6152;
  - (ii) facsimile to the Company on facsimile number +61 8 9367 3311;
  - (iii) hand delivering to 110 Stirling Highway, Nedlands, WA 6009; or
  - (iv) email to the Company at enquiry@ultimaunited.com,

so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**