

IPCO INTERNATIONAL LIMITED

(Company Registration No. 199202747M)
(Incorporated in the Republic of Singapore)

FALLING WATER PRELIMINARY PLAT / PLANNED DEVELOPMENT DISTRICT FOURTH TRI-ANNUAL REVIEW AND TWENTY-FIRST YEAR TIME EXTENSION OUTCOME OF HEARING HELD ON 14 FEBRUARY 2018

The Board of Directors (the “**Board**”) of Ipco International Limited (the “**Company**”) wishes to announce that on 28 March 2018, it received notice that the Company’s 100% owned subsidiary Capri Investments LLC (“**Capri**”) application for the Falling Water Preliminary Plat / Planned Development District fourth tri-annual review and the twenty-first year time extension has been granted subject to conditions.

As background and to clarify earlier statements made by the Board, Capri is engaged in property development and is currently in the planning stage of its next phase of its Falling Water Project which is located near the cities of Seattle and Tacoma in the state of Washington, USA.

The Falling Water planned preliminary plat/planned development district (“**PDD**”), originally approved in 1997, granted Capri entitlements to develop 979 residential lots and commercial uses subject to conditions set out in a 2003 Major Amendment and yearly extensions of the preliminary plat approval. These conditions included a traffic mitigation limiting development to 592 residential lots before a second access road be built. There is no definite timeline for this second road access to be built by Pierce County and would be cost prohibitive for Capri to fund construction itself. The Falling Water development anticipated a development build-out of 20 years and this year being the twenty-first year from the original approval in 1997, Capri was not guaranteed a further extension. Capri therefore is not able to wait for this road to be built to allow additional residential development beyond 592 lots. Capri is still entitled to non-residential development as per the underlying zoning.

It was also originally thought that Falling Water would be annexed to the City of Bonney Lake however this is unlikely to happen based on changes that Pierce County made to its zoning codes over the past twenty years to comply with Washington state’s Growth Management Act requirements. The significance of not being annexed is that Falling Water cannot access municipal sewers and must develop its own sewerage treatment solution for the next development phase which is subject to approval by the Washington Department of Health.

In May 2017, former Executive Director and Sole Manager of Capri, Mr. Carlson Clark Smith submitted via Capri’s engineering firm documentation for the tri-annual Review and twenty-first extension which included a Master Application in which Mr. Smith proposed to reduce the overall project density from 979 to 592 residential lots. The decision was made unilaterally without Board Approval nor appropriate disclosure made to shareholders relating to the status of the application.

Capri was informed via a memorandum from Pierce County Planning and Public Works dated 17 August 2017 that Pierce County staff would be recommending denial of the application which was confirmed in its Staff Report dated 11 October 2017.

The Pierce County Staff Report stated that “*staff has reviewed the requested twenty-first year time extension and compliance with Condition No. 60 of the 1997 original approval and Condition No. 70 of the 2003 major amendment. The County recommends denial of this preliminary plat time extension and finds that allowing more than the existing 357 recorded single-family lots in Falling Water would be inconsistent with the rural land use designations and zone classifications that have been in place since January 1, 1995, and the likelihood of the Falling Water plat being shifted into the Bonney Lake Urban Growth and Urban Service Areas in the foreseeable future is unlikely.*” In essence, recommending cessation of the remaining entitlements and the land reverting back to its underlying rural zoning with considerable less value.

On or about 20 October 2017, Capri engaged legal counsel to prepare submissions and represent Capri before the Pierce County Hearing Examiner who has the authority to approve the extension. The proposed hearing dates (19/10/2017, 8/11/2017 and 6/12/2017) were adjourned to allow both Capri and Pierce County to prepare their submissions and the hearing was finally held on 14 February 2018.

On 28 March 2018 Singapore time, the Hearing Examiner released his decision granting the twenty-first annual extension of the preliminary plat, with conditions. The major conditions imposed by the Hearing Examiner are:

1. Residential lots capped at 592 units, all of which are single-family detached
2. Compliance timeline for completion of Phases 1-10 of the Preliminary Plat/PDD approval for Falling Water consisting of 261 residential lots; future annual extensions will be granted through buildout as long as compliance with the timeline is achieved.
3. Tracts designated for future development shall be evaluated for non-residential uses permitted in the underlying zone at the time of application

Further details can be found on Pierce County’s website.

<https://palsonline.co.pierce.wa.us/palsonline/#/permitSearch/permit/documents?applPermitId=862506>

The Board has reviewed the decision and based on legal advice will not appeal the decision. However, a party may move for the Hearing Examiner for reconsideration within seven working days or appeal the decision to superior court under the Land Use Petition Act within 21 days.

The Company will engage an independent valuer to assess whether there is any material impact on the Company’s financials.

In the meantime, the Board wishes to advise shareholders and investors to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

Allan Tan Poh Chye
Company Secretary
29 March 2018