

Tuesday, 26 November 2019

Chairman's Address & Managing Director's Presentation

In accordance with Listing Rule 3.13.3, a copy of the Chairman's Address which will be presented at the Annual General Meeting commencing at 10:00am (Brisbane time) is attached.

A copy of the Managing Director's presentation will follow this announcement.

ENDS

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FY19 Performance

Velocity delivered an operating profit of \$3.07 million and an after tax net profit attributable to shareholders of \$0.6 million, representing an increase of 283% in net profit to shareholders over the previous financial year. Revenue rose to \$38.6m (2018: \$17.4m) whilst net tangible asset per security increased to 5.59 cents (2018: 4.96 cents).

Despite sub-optimal market conditions, the result was achieved by delivering two projects; The Hathaway and another of Velocity's signature projects, ONE Palm Beach. At the recent Queensland Master Builders Awards, ONE Palm Beach won the Most Sustainable Building award, recognition for its Energy Efficiency and Environmental Management design. Furthermore, ONE Burleigh Headland, delivered in the previous financial year, was also recognised and awarded Best Residential Building (\$5m to \$20m category) as well as overall Gold Coast Project of the Year. Awards like this increase our brand, profile and market awareness and are an endorsement of Velocity's strategy of delivering architecturally stylish, sustainable, luxurious multi-unit developments.

Velocity's strategy remains unchanged and during the year this was reinforced by building its development pipeline with a key site acquisition at Burleigh Heads, Gold Coast. Focusing on FY20, the current luxury projects expected to be delivered are Parque on Oxford and ONE Bulimba Riverfront.

Whilst Velocity's buyer demographic is targeted towards the discerning, downsizing owner-occupier market, Velocity isn't immune to market conditions most notably the reduction in foreign purchasers & local investors. This change in the market reflects several factors, including prudential regulation tightening bank lending criteria, reduced ability for transfer of capital into Australia and pricing of investor lending. As a result, some planned sales in FY19 did not proceed to settlement as a consequence of these market conditions.

Whilst the current property market provides plenty of opportunities to build the development pipeline, Velocity will continue to act astutely in the selection of these opportunities taking into consideration gearing levels and capital requirements.

Finally, on behalf of the Board of Directors and Shareholders, I would like to thank the Velocity management team, employees and project partners for their continued hard work and dedication to the Company.

Board

During the year the Board and management have worked closely to develop Velocity's corporate governance practices and to ensure they deliver responsible stewardship, business integrity, accountability and effective risk management. This journey is ongoing and will continue in 2020.

Our Directors bring a range of complementary skills to the Board. All are committed to ensuring Velocity is an ethical, sustainable and responsible corporate citizen that delivers attractive returns for our shareholders.

We will continue to monitor our performance as a Board and will not hesitate to introduce new skills to the Board when and if it is necessary and appropriate to do so.

In closing I wish to sincerely thank Velocity's professional and dedicated staff for their commitment to working safely and delivering high quality client service during FY19. I also thank my colleagues on the Board for their diligence and continuing support.

Thanks are due also to our valued clients and investors for continuing to select Velocity for the high-quality property projects and attention to detail.

Lastly, I thank you, our shareholders, for your continuing investment, interest and loyalty – we will work hard to ensure we have a strong, diverse and dynamic Velocity in the future. We are committed to returning Velocity to a positive earnings trajectory and in doing so, a path to improving returns for shareholders.