

## 1. Company details

Name of entity:	Velocity Property Group Limited
ABN:	66 605 935 153
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

## 2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	18% to	30,913,536
Loss from ordinary activities after tax attributable to the owners of Velocity Property Group Limited	up	1216% to	(3,363,050)
Loss for the half-year attributable to the owners of Velocity Property Group Limited	up	1216% to	(3,363,050)
		<b>31 Dec 2020 Cents</b>	<b>31 Dec 2019 Cents</b>
Basic earnings per share		(29.53)	(2.46)
Diluted earnings per share		(29.53)	(2.46)

### Dividends

There were no dividends paid, recommended or declared during the current financial period.

### Comments

The loss for the Group after providing for income tax and non-controlling interest amounted to \$3,363,050 (31 December 2019: \$255,580).

Refer to the company announcement on 25 January 2021 regarding the results for further information.

## 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	55.23	84.71

## 4. Control gained over entities

Not applicable.

## 5. Loss of control over entities

Not applicable.

## 6. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim financial report.

## **7. Attachments**

The Interim financial report of Velocity Property Group Limited for the half-year ended 31 December 2020 is attached.

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# **Velocity Property Group Limited**

**ABN 66 605 935 153**

## **Interim financial report - 31 December 2020**

**Velocity Property Group Limited**  
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**31 December 2020**



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The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Velocity Property Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

### Directors

The following persons were Directors of Velocity Property Group Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Mr Brendon Ansell, Managing Director (resigned 9 July 2020)  
Mr Peter Lewis, Non-Executive Chair (appointed 2 November 2020)  
Mr Philip Raff, Executive Director  
Mr Tony Pitt, Non-Executive Director  
Mr James Storey, Non-Executive Director

### Principal activities

Velocity is an Australian boutique residential property development company that develops and sells multi-unit apartment and townhouse developments, recognisable for their stylish architectural design, high quality finishes and usable and flexible spaces that maximise lifestyle and sale-ability in the markets in which it operates. During the period, the principal continuing activities of the group consisted of:

- property development & sales (residential multi-unit apartments and townhouses)
- property investment (residential)

During the period the Group received, and the Board ultimately recommended to shareholders a restructure and recapitalisation proposal to repurpose the business to focus on Commercial Real Estate (CRE) debt. If shareholders approve the proposal at the Extraordinary General Meeting (EGM) on 17 February 2021, then the principal activities proposed moving forward are:

- CRE lending - providing commercial real estate loans to real estate developers and investors throughout the major metropolitan markets of Australia and New Zealand;
- CRE funds management - building and managing a commercial real estate debt fund management platform; and
- CRE debt advisory and brokerage - generating fee income from a substantial and growing real estate loan origination business.

### Consolidated result

The loss for the Group after providing for income tax and non-controlling interest amounted to \$3,363,050 (31 December 2019: \$255,580).

### Review and results of operations

- Net loss (after tax and after providing for non-controlling interests) of \$3,363,050, impacted by an increase in property development and construction costs.
- Property development and construction costs includes adjustments to the net realisable value of trading stock of \$453,686 (1H20: \$0), \$203,000 in agents selling commission entitlements relating to the sale of the Burleigh Heads development site scheduled to settle in the March 2021 quarter and \$480,000 in forgone deposits and costs. These forgone deposits and costs were in relation to the rescinding of property acquisition contracts as a result of the Group no longer proceeding with property development activities.
- The Group's revenue from the sale of properties was \$30,418,906 (1H20: \$25,840,974) driven by ongoing sales at ONE Bulimba Riverfront, Parque on Oxford and the sale of the Palm Beach development site (Two27). Revenue from further sales at ONE Bulimba Riverfront, Parque on Oxford and the Burleigh Heads development site is expected during the 2nd half of FY21.
- Other administration expenses includes \$531,659 in professional costs incurred to date in connection to the restructure and recapitalisation proposal (1H20: \$0).
- Finance costs (within administration and other costs) includes interest payments on the \$10m note. This note facility was established at the end of the previous period (23 December 2019).
- Net increased to cash and cash equivalents during the period after net repayment of borrowings of \$22,981,462.
- Refinancing of non-bank borrowings resulted in the average weighted interest rate on borrowings reducing to 4.7% at balance date (June 2020: 6.8%).
- Earnings per share at balance date was -29.53 cents (2019: -2.46 cents).
- Net tangible assets per share decreased to \$0.5523 (June 2020: \$0.8471).

#### Group development portfolio

A strategic and operational review occurred during the period and as a result of this, the Group is no longer pursuing property development opportunities, instead focusing in the short term on the sale of the Group's development and completed stock property assets and debt reduction program.

This decision resulted in some commitments relating to acquisitions for future property development activities reported in the FY20 financial statements not proceeding to settlement.

#### Development activities

ONE Palm Beach is 100% sold out with the final apartment selling during the period.

The final 2 apartments and a further 3 townhouses sold at Parque on Oxford. The remaining 5 townhouses are expected to be sold during the 2nd half of FY21.

The final townhouse and a further 6 apartments were sold at ONE Bulimba Riverfront. After balance date, 1 apartment sold and the Group expects the remaining 7 apartment sales to be achieved during the 2nd half of FY21.

Two27, Palm Beach development site was sold and settlement occurred during the period.

Unconditional sale contracts were exchanged for the sale of the Burleigh Heads development site with settlement expected during the 2nd half of FY21.

#### Capital management and dividends

Cash received from property settlement proceeds in the first instance is used to repay any facilities where the properties sold were used as security. Any excess cash is then applied to retire debt in advance of the borrowing facilities maturity date where possible.

The Group is mindful of its gearing levels and average cost of borrowings through the mixed use of bank and non-bank lenders. During the period, the Group successfully refinanced its borrowings resulting in all first mortgage non-bank debt being retired. The only non-bank debt in existence at balance date is the \$10m note with all other Group borrowings now provided by traditional bank providers.

The Group does not anticipate paying a dividend in the current financial year. However, as expressed in the Notice of Extraordinary General Meeting, Explanatory Memorandum and Product Disclosure Statement for the Restructure and Recapitalisation proposal released to the market on 23 December 2020, if the resolutions at the EGM are passed and the minimum capital raise is successful, the Group will implement the distribution policy from the Trust with the first distribution expected to occur for month end June 2021.

#### **Significant changes in the state of affairs**

As previously announced, the Board has recommended that shareholders vote in favour of the proposal received from 360 Capital Group (ASX: TGP) to repurpose the business to focus on CRE debt. Subject to the necessary resolutions being passed at the EGM on 17 February 2021 and the minimum capital raise being achieved, the Group's business activities and focus will change to CRE lending, funds management and debt advisory and brokerage in the 2nd half of FY21.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

#### **Matters subsequent to the end of the financial half-year**

Velocity will hold an EGM of shareholders on 17 February 2021 to approve the restructure and recapitalisation proposal. The Notice of Meeting, Explanatory Memorandum and Product Disclosure Statement for the restructure and recapitalisation proposal was released to the market on 23 December 2020.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

#### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



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Philip Raff  
Managing Director



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Peter Lewis  
Chair

25 January 2021

## Auditor's Independence Declaration

### **Under Section 307c of the *Corporations Act 2001* To Directors of Velocity Property Group Limited**

As lead auditor for the review of the half-year financial report of Velocity Property Group Limited for the half year ended 31 December 2020, I declare that to the best of my knowledge and belief, that there have been:

- i. no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.



**Crowe Audit Australia**



**John Zabala** FCA  
Partner

25 January 2021  
Brisbane

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*The title 'Partner' conveys that the person is a senior member within their respective division and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately-owned organisation and/or its subsidiaries.*

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**Velocity Property Group Limited**  
**Statement of comprehensive income**  
**For the half-year ended 31 December 2020**



	<b>Note</b>	<b>Consolidated</b>	
		<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Revenue from sale of properties		30,418,906	25,840,974
Other revenue from operations	3	494,630	332,444
Total revenue		<u>30,913,536</u>	<u>26,173,418</u>
<b>Expenses</b>			
Costs of property development and construction	4	(31,600,511)	(23,674,535)
Employees benefits expense		(626,193)	(1,020,007)
Depreciation and amortisation expense		(15,128)	(22,086)
Administration and other costs	5	(1,940,942)	(1,470,360)
Total expenses		<u>(34,182,774)</u>	<u>(26,186,988)</u>
<b>Loss before income tax (expense)/benefit</b>		(3,269,238)	(13,570)
Income tax (expense)/benefit		<u>(45,120)</u>	<u>22,078</u>
<b>Profit/(loss) after income tax (expense)/benefit for the half-year</b>		(3,314,358)	8,508
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the half-year</b>		<u>(3,314,358)</u>	<u>8,508</u>
Profit/(loss) for the half-year is attributable to:			
Non-controlling interest		48,692	264,088
Owners of Velocity Property Group Limited		<u>(3,363,050)</u>	<u>(255,580)</u>
		<u>(3,314,358)</u>	<u>8,508</u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		48,692	264,088
Owners of Velocity Property Group Limited		<u>(3,363,050)</u>	<u>(255,580)</u>
		<u>(3,314,358)</u>	<u>8,508</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		(29.53)	(2.46)
Diluted earnings per share		(29.53)	(2.46)

*The above statement of comprehensive income should be read in conjunction with the accompanying notes*

**Velocity Property Group Limited**  
**Statement of financial position**  
**As at 31 December 2020**



	<b>Note</b>	<b>Consolidated</b>	
		<b>31 Dec 2020</b>	<b>30 June 2020</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		3,109,125	2,614,647
Trade and other receivables		137,458	114,784
Inventories	6	27,517,783	56,415,863
Other		406,395	170,554
<b>Total current assets</b>		<u>31,170,761</u>	<u>59,315,848</u>
<b>Non-current assets</b>			
Investment properties	7	5,954,659	5,954,659
Property, plant and equipment		11,154	1,058,159
Intangibles		36,811	42,043
<b>Total non-current assets</b>		<u>6,002,624</u>	<u>7,054,861</u>
<b>Total assets</b>		<u>37,173,385</u>	<u>66,370,709</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		1,296,099	1,126,466
Borrowings	8	14,163,895	36,094,281
Income tax payable		432,937	1,111,803
Employee benefits		60,615	120,010
Redeemable preference shares		-	922,450
<b>Total current liabilities</b>		<u>15,953,546</u>	<u>39,375,010</u>
<b>Non-current liabilities</b>			
Borrowings	9	14,258,453	15,309,529
Deferred tax		-	26,056
<b>Total non-current liabilities</b>		<u>14,258,453</u>	<u>15,335,585</u>
<b>Total liabilities</b>		<u>30,211,999</u>	<u>54,710,595</u>
<b>Net assets</b>		<u>6,961,386</u>	<u>11,660,114</u>
<b>Equity</b>			
Issued capital		15,950,748	15,950,748
Reserves		472,862	472,862
Accumulated losses		(10,096,204)	(6,733,155)
Equity attributable to the owners of Velocity Property Group Limited		6,327,406	9,690,455
Non-controlling interest		633,980	1,969,659
<b>Total equity</b>		<u>6,961,386</u>	<u>11,660,114</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Velocity Property Group Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2020**



	Issued capital \$	Reserve - predecessor accounting \$	Retained profits \$	Non- controlling interest \$	Total equity \$
<b>Consolidated</b>					
Balance at 1 July 2019	15,216,548	472,862	2,994,416	1,560,596	20,244,422
Profit/(loss) after income tax benefit for the half-year	-	-	(255,580)	264,088	8,508
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	(255,580)	264,088	8,508
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	734,119	-	-	-	734,119
Balance at 31 December 2019	15,950,667	472,862	2,738,836	1,824,684	20,987,049
<b>Consolidated</b>					
Balance at 1 July 2020	15,950,748	472,862	(6,733,155)	1,969,659	11,660,114
Profit/(loss) after income tax expense for the half-year	-	-	(3,363,050)	48,692	(3,314,358)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	(3,363,050)	48,692	(3,314,358)
<i>Transactions with owners in their capacity as owners:</i>					
Non-controlling interest payments	-	-	-	(1,384,370)	(1,384,370)
Balance at 31 December 2020	15,950,748	472,862	(10,096,205)	633,981	6,961,386

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Velocity Property Group Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2020**



**Consolidated**  
**31 Dec 2020**    **31 Dec 2019**  
**\$**                      **\$**

<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	32,799,810	28,649,879
Payments to suppliers and employees (inclusive of GST)	(7,733,618)	(24,160,790)
Interest received	4,375	6,543
Interest and other finance costs paid	(582,201)	(138,721)
Income taxes paid	(750,042)	-
	<u>23,738,324</u>	<u>4,356,911</u>
<b>Net cash from operating activities</b>		
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(3,617)	(11,532)
Payments for intangibles	-	(25,950)
Proceeds from disposal of property, plant and equipment	1,125,603	-
	<u>1,121,986</u>	<u>(37,482)</u>
<b>Net cash from/(used in) investing activities</b>		
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	734,119
Proceeds from borrowings	9,742,070	63,541,247
Repayment of borrowings	(32,723,532)	(68,094,500)
Non-controlling interest payments	(1,384,370)	-
	<u>(24,365,832)</u>	<u>(3,819,134)</u>
<b>Net cash used in financing activities</b>		
Net increase in cash and cash equivalents	494,478	500,295
Cash and cash equivalents at the beginning of the financial half-year	<u>2,614,647</u>	<u>1,839,403</u>
<b>Cash and cash equivalents at the end of the financial half-year</b>	<u>3,109,125</u>	<u>2,339,698</u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

### Note 1. General information

The financial statements cover Velocity Property Group Limited as a Group consisting of Velocity Property Group Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Velocity Property Group Limited's functional and presentation currency.

Velocity Property Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 16, 167 Eagle Street  
 Brisbane, Queensland, 4000

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 25 January 2021.

### Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

### Note 3. Other revenue from operations

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	\$	\$
Rental income	244,679	295,493
Interest received	4,374	6,543
Fair value gain/(loss) on sale of assets	84,877	-
Other	160,700	30,408
	<u>494,630</u>	<u>332,444</u>

### Note 4. Costs of property development and construction

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	\$	\$
Cost of goods sold	26,166,559	21,200,392
Finance costs	4,980,266	2,474,143
Write-down of inventories to net realisable value	453,686	-
	<u>31,600,511</u>	<u>23,674,535</u>

### Note 5. Administration and other costs

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Legal costs	30,611	59,243
Finance costs	582,201	138,721
Rental property expenses	193,231	116,528
Other administration expenses	1,134,899	1,026,411
Realised foreign exchange loss	-	129,457
	<u>1,940,942</u>	<u>1,470,360</u>

### Note 6. Current assets - inventories

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
Trading stock expected to be realised within normal trading cycle	<u>27,517,783</u>	<u>56,415,863</u>

#### *Net realisable value of trading stock*

Net realisable value is based on the estimated selling price in the ordinary course of business (net of selling costs and GST). This assessment reflects current market assessment and previous experience. It is also based on management's intentions in the planned manner of the disposal of the asset, either through development and sale, or disposal as is.

The Group periodically assesses whether trading stock is held at the lower of cost or net realisable value with an estimate made at least at each reporting date. To assist with making the net realisable value estimate, independent third party valuation reports will be commissioned where appropriate. Where the carrying amount of trading stock exceeds the net realisable value, a write-down to reduce its value to net realisable value is recorded.

During the period, independent third party valuations were carried out on the Group's completed trading stock and resulted in adjustments to the net realisable value of trading stock of \$453,686 (1H20: \$0).

### Note 7. Non-current assets - investment properties

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
Acquisition and development costs	5,050,586	5,050,586
Revaluation increments	904,073	904,073
	<u>5,954,659</u>	<u>5,954,659</u>

#### *Reconciliation*

Reconciliation of the fair values at the beginning and end of the current and previous financial half-year are set out below:

Opening fair value	5,954,659	7,018,430
Revaluation decrements	-	(1,063,771)
Closing fair value	<u>5,954,659</u>	<u>5,954,659</u>

**Note 7. Non-current assets - investment properties (continued)**

*Valuations of investment properties*

The basis of the valuation of investment properties is fair value. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration rental yields or returns on investment.

Third-party independent valuations were carried out on all of the Group's investment properties in June 2020. These valuations are considered to still represent fair value and no revaluation increases/decreases were recorded during the period.

*Accounting policy for investment properties*

Investment properties comprised land and buildings held or being developed for long term rental yields, capital appreciation and are not occupied by the Group. Revenue from the investment properties is included at note 3. Investment properties being developed are carried at cost value. Investment properties that are available for leasing are carried at fair market value.

The Group's investment property portfolio occupancy rate at period end is 100%.

**Note 8. Current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
Bank loans	4,163,895	10,769,474
Non-bank loans (unrelated parties)	-	25,324,807
Non-bank loans (related parties)	10,000,000	-
	<u>14,163,895</u>	<u>36,094,281</u>

**Note 9. Non-current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
Bank loans	14,258,453	5,309,529
Non-bank loans (related parties)	-	10,000,000
	<u>14,258,453</u>	<u>15,309,529</u>

**Note 9. Non-current liabilities - borrowings (continued)**

In December 2019 (the prior period), the Group entered into two loans (a convertible note facility and residual stock facility) with 360 Capital Group entities, a related party shareholder owning 19.99% of the issued capital in the Group and Mr Tony Pitt is the Managing Director and substantial security holder of the Group. The commercial terms and the agreements itself reflected a transaction that was negotiated on an arm's length basis for the Group.

The key material terms of the convertible loan note agreement are:

- a) Fixed interest rate of 7% per annum with interest payments every 3 months.
- b) Loan repayment date is 23 December 2021, unless converted to ordinary shares earlier.
- c) Conversion price is \$1.40 per share.

The key material terms of the residual stock facility agreement are:

- a) Fixed interest rate of 8.5% per annum with interest capitalised monthly.
- b) Loan repayment date is June 2021.
- c) First ranking security over the completed stock at ONE Bulimba Riverfront.

In December 2020, the residual stock facility was repaid via a refinance with a bank lender significantly reducing the Group's average cost of borrowings in the process.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



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Philip Raff  
Managing Director



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Peter Lewis  
Chair

25 January 2021

## Independent Auditor's Review Report

To the Members of Velocity Property Group Limited

### Conclusion

We have reviewed the half-year financial report of Velocity Property Group Limited (the Company) and its controlled entities, which comprises the statement of financial position as at 31 December 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Velocity Property Group Limited and its controlled entities does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis of Conclusion

We conducted our review in accordance with ASRE 2410 *Review of Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Responsibility of the Directors for the Financial Report

The directors of Velocity Property Group Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and *the Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on

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*The title 'Partner' conveys that the person is a senior member within their respective division and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately-owned organisation and/or its subsidiaries.*

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that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Crowe Audit Australia*

**Crowe Audit Australia**

A handwritten signature in black ink, appearing to read "John Zabala".

**John Zabala** FCA  
Partner

25 January 2021  
Brisbane