

# Velocity Property Group Limited

## Pro-form consolidated statement of financial position for offer proceeds

	Note	Consolidated Audited 30 June 2016 \$	Other Pro- forma Adjustments \$	Pro-forma impact of the offer \$	Pro-forma after issue of the offer \$
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	8,12	3,316,785	596,199	1,666,364	5,579,348
Trade and other receivables		343,492	-	-	343,492
Trading Stock	8,10	29,173,453	(389,421)	6,200,000	34,984,032
Investment Properties	14	-	1,980,000	-	1,980,000
Prepayments & deposits		71,721	-	-	71,721
Total current assets		32,905,451	2,186,778	7,866,364	42,958,593
<b>Non-current assets</b>					
Other		44,157	-	-	44,157
Investment Properties	14	4,046,126	(1,980,000)	-	2,066,126
Property, plant & equipment		14,981	-	-	14,981
Intangible assets		7,452	-	-	7,452
Total non-current assets		4,112,716	(1,980,000)	-	2,132,716
Total Assets		37,018,167	206,778	7,866,364	45,091,309
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Trade and other payables		414,908	-	-	414,908
Borrowings	8,11	30,033,322	(5,587,636)	(2,000,000)	22,445,686
Income tax	13	2,878	258,284	(77,786)	183,376
Employee benefits		13,187	-	-	13,187
Redeemable preference shares		729,679	-	-	729,679
Total current liabilities		31,193,974	(5,329,352)	(2,077,786)	23,786,836
<b>Non-current liabilities</b>					
Borrowings		5,308,564	-	-	5,308,564
Deferred tax		6,573	-	-	6,573
Total non-current liabilities		5,315,137	-	-	5,315,137
<b>Total Liabilities</b>		36,509,111	(5,329,352)	(2,077,786)	29,101,973
<b>Net Assets</b>		509,056	5,536,130	9,944,150	15,989,336
<b>Equity</b>					
Issued Capital	8,9	7,441	4,933,468	10,125,449	15,066,358
Reserves		472,862	-	-	472,862
Retained Profits		30,975	602,662	(181,299)	452,338
Equity attributable to the owners of Velocity Holdings Pty Ltd		511,278	-	-	511,278
Non-controlling interest		(2,223)	-	-	(2,223)
<b>Total Equity</b>		509,055	5,536,130	9,944,150	15,989,335

## NOTES

8. The impact of the amount raised under the offer is summarised below:

	<b>TOTAL RAISED</b>
Offer proceeds	10,666,364
Costs of the offer	-800,000
<b>Net offer proceeds</b>	<b>9,866,364</b>
<b>To be allocated as follows:</b>	
Acquisition & development of future sites	6,200,000
Debt reduction	2,000,000
Working capital	1,666,364
<b>Total</b>	<b>9,866,364</b>

- Of the \$800,000 total costs of the offer, \$540,915 is allocated to share capital. This represents underwriting fees, and portion of legal fees, accountants' fees, listing fees and other expenses. Consequently, share capital will be reduced to \$10,125,449.
9. On 22 September 2016, a lender converted a loan it advanced to Velocity to ordinary shares in the Company. Issued shares amounted to \$4,933,468.
10. If Velocity had traded as a publicly listed company for the full 2016 financial year, capitalised borrowing costs amounting to \$389,421 would not have been incurred. These were paid to Singaporean entities in relation to the Vue at Red Hill project. These transactions will cease from the date of the Offer.
11. This adjustment to Borrowings is the aggregate effect of a loan conversion amounting to \$5,005,593 (see Notes 1 and 10), the reversal of the outstanding portion of borrowing costs described in Note 10 (\$317,421), and reversal of outstanding portion of finance costs as described in Note 3 (\$264,622).
12. Adjustments to cash is the aggregate of the reversal of finance costs paid described in Notes 3 and 10 amounting to \$683,754 and \$72,000, respectively; reversal of payments described in Note 4 (\$189,600); payments of salaries described in Note 2 (\$312,075); payments of expense described in Note 5 (\$37,080).
13. This represents the tax effect of the adjustments to profit or loss using the company income tax rate of 30%
14. Investment property at Lot 1, 90 Oxford St, Bulimba independently valued at \$1,980,000 allocated to current assets to represent the unconditional contract signed which is due for settlement in April 2017.