KPMG

Important Notice

The attached report should not be regarded as suitable for use by any person or persons other than Velocity Property Group Limited.

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Our ref 28562225_5

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23 January 2017

Dear Phillip

Accounting Advice for Velocity Property Group Limited

We appreciate the opportunity to have assisted Velocity Property Group Limited (Velocity) in the provision of Accounting Advisory services as set out in our Engagement Letter with you dated 19 January 2017. We set out below our advice for Velocity's directors and/or management's consideration.

We have completed all services as provided in our Engagement Letter. This deliverable is in final form and supersedes all draft versions of our advice.

1 Scope

The purpose of our Engagement was to provide advice on Velocity's accounting treatment in relation to the current/non-current classification of certain property assets under development (Velocity's development properties). The Scope of the Engagement was as follows:

- To provide accounting advice, in line with Australian Accounting Standards, on the accounting treatment relating to the current/non-current classification of Velocity's development properties[1].

The Scope excluded the following areas:

- Assessment of the length of the period of Velocity's normal operating cycle and the adequacy thereof; and
- Analysis and adequacy of the financial statement presentation and disclosure provided within Velocity's published Prospectus for its Initial Public Offering (IPO) dated 16 November 2016.

[1] Properties developed and being developed for sale

2 Advice

Set out below is our advice on the accounting treatment in relation to the classification of Velocity's development properties as current or non-current assets in line with Australian Accounting Standards. The advice outlined below must be read in conjunction with sections 3 to 7 below.

- Where Velocity has been able to clearly identify its normal operating cycle to be a period of two years, it would not be considered non-compliant with or contradictory to the Australian Accounting Standards for Velocity to classify its development properties as current assets where it expects them to be realised, sold or consumed in this normal operating cycle.
- Notwithstanding the fact that Velocity may classify its development properties as current assets based on its identified normal operating cycle, the company is also required to disclose the amounts expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled into the categories of: no more than twelve months after the reporting period, and more than twelve months after their reporting period.

3 Facts, circumstances and assumptions

Our advice as outlined above has been formed on the basis of the following facts, circumstances and assumptions as provided to us:

- Velocity is an Australian boutique property development company that develops residential multi-unit apartments, residential townhouses and homes and mixed commercial developments.
- Velocity also generates ancillary income from its investment property portfolio, which includes both commercial and residential property.
- With respect to properties developed for sale, management have advised that based on Velocity's history of developments to date, the process of land acquisition, approvals, development and eventual sale is, on average, two years. Management anticipate that this length of period will continue for the current development properties.
- As examples of Velocity's recent history of developments, Velocity has made reference to recently completely sold properties which have been included in the table below:

Property	Land acquisition date	Development approvals	Construction period	Sale	Total period
Fusion 462	July 2014	October 2014	November 2014 – January 2016	February 2016 – June 2016	24 months
Arbor on Oxford	August 2014	June 2014	December 2014 – February 2016	February 2016	18 months

- Fusion 462 is a mixed use boutique development of eight apartments and a commercial retail space while Arbor on Oxford is a low to medium density mixed-use residential and commercial development of eight apartments and four commercial lots.

- As Velocity considers the normal operating cycle of its development properties to be two years, the Company classifies properties being developed or already developed for sale as current assets in its financial statements where it is expected to be completed in these timeframes.
- Velocity is in the process of listing on the Australian Securities Exchange (ASX) and has issued a prospectus dated 16 November 2016, for the purpose of the listing. We understand that the ASX has queried the classification of certain assets that are being developed by Velocity for sale as to whether they should be disclosed as either current or non-current assets in the prospectus on the basis that their estimated completion time frames exceed 12 months. These are listed below:

Property	Acquisition price	Development costs incurred	Carrying value at 30 June 2016	Estimated completion date	Current/ Non-current classification as at 30 June 2016
46 Cadel Street Auchenflower	$3,000,000	$412,537	$3,412,537	June 2018	Current
21–15 Oxford Terrace & 39-43 Ellerslie Crescent Taringa	$5,745,000	$753,286	$6,498,286	Unknown – DA rejected	Current
372 Esplanade Palm Beach	$2,500,000	$315, 233	$2,815,233	June 2018	Current
1 Nathan Street Burleigh Heads	$2,850,000	$932,881	$3,782,881	Late 2017	Current

- All the properties identified above are being developed by Velocity solely as residential properties rather than mixed-use residential and commercial properties.

4 Velocity's view

You have advised us via email, copies of correspondences with the ASX and discussion with Phillip Young, Chief Financial Officer on 17 January 2017 that Velocity's view on the accounting treatment in relation to the classification of its development properties as current is as follows:

- Velocity's development properties are held for trading purposes and not for capital appreciation or rental income.
- Velocity's limited history of developments to date supports the view that 'the normal operating cycle' (i.e. including land acquisition, approvals, development and eventual sale) is, on average, two years.
- Velocity's operating cycle is clearly identifiable through the provision of the estimated completion dates for each property development in the prospectus. Consequently, the expected completion time frames for the three projects identified above in Auchenflower,

Palm Beach and Burleigh Heads is by June 2018 and that they will be realised within the group's normal operating cycle in accordance with AASB 101 para 66 (a).

- While the estimated completion date for the fourth project identified above is not known, regardless of the 'normal operating cycle' rationale, Velocity is of the view that each of the properties identified above are held purely for trading purposes and therefore satisfies the 'current asset' definition of AASB 101 para 66(b) notwithstanding AASB 101 para 66(a).
- Management also consider the 'current' classification adopted is acceptable due to all the properties primarily being held for trading purposes.

5 Relevant literature

Our advice as outlined above has been formed with reference to:

- AASB 101 *Presentation of Financial Statements* (AASB 101)

Overview of accounting standard guidance/requirements

"*An entity shall classify an asset as current when:*

(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

(b) it holds the asset primarily for the purpose of trading;

(c) it expects to realise the asset within twelve months after the reporting period; or

(d) the asset is cash or a cash equivalent (as defined in AASB 107) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current."[2]

"*The operating cycle of an entity is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. When the entity's normal operating cycle is not clearly identifiable, it is assumed to be twelve months. Current assets include assets (such as inventories and trade receivables) that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting period. Current assets also include assets held primarily for the purpose of trading (examples include some financial assets that meet the definition of held for trading in AASB 9) and the current portion of non-current financial assets).*"[3]

"*Whichever method of presentation is adopted, an entity shall disclose the amount expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled:*

(a) no more than twelve months after the reporting period, and

(b) more than twelve months after the reporting period."[4]

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[2] AASB 101.66
[3] AASB 101.68
[4] AASB 101.61

6 Analysis

The analysis that supports our advice, as outlined above, is as follows:

Realisation of an asset, or intention to sell or consume an asset, within the normal operating cycle

- When an entity supplies goods or services within a clearly identifiable operating cycle, the classification of assets as current and non-current provides useful information in distinguishing the net assets that are continuously circulating in the entity's business as working capital from those used in the entity's long-term operation. Typically, inventories are classified as current even though they may not be sold or consumed within 12 months.
- As noted above, current assets include assets (such as inventories and trade receivables) that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting period.
- The operating cycle of an entity is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.
- The issue of identifying what constitutes a 'normal operating cycle' is a function of understanding the nature of the asset involved and what is deemed normal for the development of that particular type of asset. The operating cycle is not always a precise period of time.

  Management has advised that their normal operating cycle is two years and the examples provided to us and set out in Section 3 above provides some record of Velocity's past but most recent history of property developments which also supports this view (it should be noted that we have not independently assessed the appropriateness of this period). Management have also advised that the type and nature of the assets under consideration are similar to assets historically developed.

  We note that it does not seem to be something out of the ordinary or unusual for property businesses operating in the same industry as Velocity to run operating cycles which exceed twelve months. In summary, it is the nature of the assets in relation to the operating cycle that is the most relevant to the classification.
- With respect to three of the properties under development (Auchenflower, Palm Beach and Burleigh Heads), Velocity has provided the estimated time of completion for these three projects and has advised that the projects are due to be completed in line with what has been established to be its normal operating cycle. We also understand that the Company expects to realise these assets in the normal two year operating cycle.
- As noted above, the estimated completion date for the Taringa development property is unknown. It is outlined in the Company's prospectus that the development approval was refused and is currently being appealed to the Planning and Environment Court. In such a situation, an assessment is required to be made by the Company as to the likely success and outcomes associated with this appeal process as well as whether the Company will be able to develop and realise the asset in its normal operating cycle. If the Company does consider that it will develop and realise the asset in this timeframe, the asset should be classified as current.

- In conclusion, where Velocity has been able to clearly identify its normal operating cycle to be a period of two years, it would not be considered non-compliant with or contradictory to the Australian Accounting Standards for Velocity to classify its development properties as current assets where it expects them to be realised, sold or consumed in this normal operating cycle.

Holding of asset primarily for the purpose of trading

- Management have indicated that they also consider that the 'current' classification adopted is acceptable due to all the properties primarily being held for trading purposes (i.e. they will be sold at a point in time and not held for investment purposes).
- We note that there is no definition of what an asset 'held primarily for trading' is in AASB 101. AASB 101 does provide some examples of what trading instruments are, examples include some financial assets that meet the definition of held for trading in AASB 9 and the current portion of non-current financial assets.
- With reference to AASB 9, albeit not specifically applicable to non-financial assets, the focus is on assets acquired principally for the purpose of selling in the near term or managed together with other financial instruments for which there is evidence of short-term profit-taking[5].
- We believe that where management's intention is to purchase and subsequently develop the development properties, the classification under AASB 101.66 (a) as current i.e. an expectation to realise the asset, or intention to sell or consume in a normal operating cycle is more appropriate.

Other considerations

- In line with the accounting standards requirements highlighted in Section 5 of this letter, Velocity is required to disclose in their financial statements the amounts expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled into the categories of: no more than twelve months after the reporting period, and more than twelve months after their reporting period.

7 Basis of advice

Inherent limitations

This deliverable has been prepared at the request of Velocity in accordance with the terms of our Engagement Letter dated 19 January 2017 and based on the Scope outlined in section 1 above. The ultimate responsibility for the accounting treatment of any matter rests with the preparers of the financial statements, including Velocity's directors and management.

The services provided in connection with this engagement comprise an advisory engagement, which is not subject to auditing, review or assurance standards issued by the Australian Auditing and Assurance Standards Board and, consequently no opinions or conclusions

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[5] AASB 9 definition of held for trading

intended to convey assurance have been expressed. Any reference to 'review' throughout this deliverable has not been used in the context of a review in accordance with auditing, review or assurance standards issued by the Australian Auditing and Assurance Standards Board.

The advice provided in this deliverable is based upon the facts and circumstances provided to us and the assumptions you have advised we should make, as outlined in section 3 above. Velocity is responsible for ensuring:

- the facts, circumstances or assumptions regarding the current/non-current classification of Velocity's development properties do not differ from those provided to us; and
- complete and accurate information has been provided to us, including details of other contracts or arrangements, whether documented or orally agreed, which impact upon the overall substance of the current/non-current classification of Velocity's development properties.

If Velocity has not fulfilled these responsibilities, our advice may not be valid. We have not sought to independently verify any information provided to us.

The advice in this deliverable is based on interpretations of accounting standards and other relevant professional pronouncements and legislation current at the date of preparing the advice, as outlined in section 5 above. Should the accounting standards, other relevant professional pronouncements or legislation change, the advice may not be valid.

Third party reliance

This deliverable is solely for the purpose set out in the Scope section and for Velocity's information, and may not be used for any other purpose or provided or distributed to, or accessed or relied upon by, any other party without KPMG's express written consent. Other than our responsibility to Velocity, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this deliverable. Any reliance placed is that party's sole responsibility.

We understand that this deliverable may be provided to Velocity's external auditor. Velocity's external auditor is not a party to our engagement letter with Velocity and our engagement was neither planned nor conducted in contemplation of the purposes for which Velocity's external auditor may access this deliverable. Velocity's external auditor is responsible for forming their own audit opinion. Accordingly, Velocity's external auditor may not place reliance on this deliverable. KPMG is not liable for any losses, claims, expenses, actions, demands, damages, liabilities, or any other proceedings arising out of any reliance by Velocity's external auditor on this deliverable.

8 Closing

Please contact me at 07 3233 3261 if you have any questions.

We thank you and the relevant Velocity personnel for all the assistance provided in conducting this engagement and we look forward to continuing to provide service to your organisation.

Yours faithfully

Matthew McDonnell
Partner

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- *will have no liability to you for any loss or damage suffered or costs incurred by you or any other person arising out of or in connection with the provision to you of the attached report or any part thereof, however the loss or damage is caused, including, but not limited to, as a result of negligence.*

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Our ref 28610992_4

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29 January 2017

Dear Phillip

Accounting Advice for Velocity Property Group Limited

We appreciate the opportunity to have assisted Velocity Property Group Limited (Velocity) in the provision of Accounting Advisory services as set out in our Engagement Letter with you dated 19 January 2017 and related Scope Variation Letter with you dated 27 January 2017. We set out below our advice for Velocity's directors and/or management's consideration.

We have completed all services as provided in our Engagement Letter. This deliverable is in final form and supersedes all draft versions of our advice.

1 Scope

With reference to our *Accounting Advice for Velocity Property Group Limited* dated 23 January 2017 ("**Accounting Advice**"), you have requested us to provide additional services in relation to the current/non-current classification of Velocity's development properties[1].

Specifically, our scope has been amended to incorporate the following:

- Accounting advice in accordance with Australian Accounting standards providing commentary on the length of Velocity's normal operating cycle.

2 Facts, circumstances and assumptions

Our advice as outlined above has been formed on the basis of the following facts, circumstances and assumptions as provided to us:

- Based on discussions with management of Velocity, all facts, circumstances and assumptions as set out in section 3 of the Accounting Advice remain unchanged. In addition, we have been provided with the following additional information.

[1] Properties developed and being developed for sale

- Velocity has identified activities making up its operating cycle to include land acquisition, Development applications (typically six months), building approvals (typically three months), construction (typically 12 months) and finalisation including sales (typically three months). The total period is approximately 24 months.
- Included below are the list of development properties completed and the associated period it took from land acquisition to sale settlements[2]:

Property	Type	Land/property acquisition date	Development approvals	Construction completion	Sale	Total period
Fusion 462	Residential (8 lots)/Commercial (1 lot)	July 2014	October 2014	January 2016	February 2016 (1 lot (lot 9) utilised for operational purposes).	20 months
Arbor on Oxford	Residential (8 lots)/Commercial (4 lots)	August 2014	June 2014s	February 2016	February 2016; last lot held as investment property, now being sold with an unconditional contract in place likely to settle April 2017.	18 months
Vue at Red Hill	Residential – 32 lots	October 2013 and February 2014 (acquired as 2 separate lots)	September 2014	October 2016	19 lots settled in Dec-16/Jan-17, a further 2 lots will settle in early Feb-17. The remaining 11 lots have not been sold yet but expected to be realised by June 2017.	~36 months to 44 months (or ~36 months to 40 months post acquisition of all properties)
Jamieson St Project	Residential – 2 houses	May 2015	May 2016	Nov 2016	1 settled Nov 2016, 1 remains unsold but expected to be realised by June 2017.	~25 months

[2] We note that in relation to both the completed properties and those not yet complete, we have not separately verified the information provided by management.

- In addition, details relating to the list of development properties still under construction from land acquisition to estimated sale settlement periods have been provided as included below[3]:

Property	Type	Land/property acquisition date	Development approvals	Estimated completion date	Estimated Sale Date	Total period
46 Cadel Street, Auchenflower	Residential – 15 lots	February 2016	October 2016	June 2018	June 2018	~28 months
21, 25 and 31 Oxford Terrace and 39 Ellerslie Crescent Taringa	Residential – 23 lots	August 2015	Unknown - DA rejected	*Refer to footnote	*Refer to footnote	*Refer to footnote
372 Esplanade Palm Beach	Residential – 18 lots	March 2016 - October 2016 (acquired in 2 stages)	September 2016	June 2018	June 2018; just launched, three offers but no unconditional sales yet	~27 months
1 Nathan Street Burleigh Heads	Residential – 9 lots	May 2015	December 2015	December 2017	December 2017; 6 of the 9 lots already sold (unconditional contracts)	~31 months

*Management advised that the plans for this property are being amended and anticipate that the relevant approvals will be obtained in the short term which will allow the rest of the activities that constitute the normal operating cycle of Velocity to ensue and proceed as usual.

3 Velocity's view

You have advised us via email, copies of correspondences with the ASX and discussion with Phillip Young, Chief Financial Officer on 17 January 2017 that Velocity's view on the reasonableness of the length of the period of Velocity's normal operating cycle is as follows:

- Velocity's limited history of developments to date supports the view that 'the normal operating cycle' (i.e. including land acquisition, approvals, development and eventual sale) is, on the average, two years.

[3] We note that in relation to both the completed properties and those not yet complete, we have not separately verified the information provided by management.

4 Relevant literature

Our advice as outlined above has been formed with reference to:

- AASB 101 *Presentation of Financial Statements* (AASB 101)

Overview of accounting standard guidance/requirements

"*An entity shall classify an asset as current when:*

(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

(b) it holds the asset primarily for the purpose of trading;

(c) it expects to realise the asset within twelve months after the reporting period; or

(d) the asset is cash or a cash equivalent (as defined in AASB 107) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current."[4]

"*The operating cycle of an entity is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. When the entity's normal operating cycle is not clearly identifiable, it is assumed to be twelve months. Current assets include assets (such as inventories and trade receivables) that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting period. Current assets also include assets held primarily for the purpose of trading (examples include some financial assets that meet the definition of held for trading in AASB 9) and the current portion of non-current financial assets.*"[5]

"*Whichever method of presentation is adopted, an entity shall disclose the amount expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled:*

(a) no more than twelve months after the reporting period, and

(b) more than twelve months after the reporting period."[6]

5 Commentary

Set out below is our commentary in relation to Velocity's normal operating cycle. The commentary outlined below must be read in conjunction with Sections 2 to 4 above and the matters set out in our Accounting Advice. We confirm that the accounting principles outlined in our Accounting Advice remain unchanged.

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[4] AASB 101.66
[5] AASB 101.68
[6] AASB 101.61

- Part of the guidance included above clearly identifies the operating cycle of an entity as the time between the acquisition of the assets for processing and their realisation in cash or cash settlements.
- However, while the standard indicates that where the normal operating cycle of an entity is not clearly identifiable, it is assumed to be twelve months, the standard does not provide any guidance on how to determine if an entity's operating cycle is 'clearly identifiable'.
- In some businesses, the time involved in producing goods or providing services varies significantly from one customer project to another. In such cases, it may be difficult to determine what the normal operating cycle is.
- Management must consider all facts and circumstances and judgment to determine whether the operating cycle is clearly identifiable and if it is not, the Company is required to assume that the normal operating cycle is twelve months.
- As previously highlighted in our Accounting Advice, it is important to note that the issue of identifying what constitutes a 'normal operating cycle' for an entity is a function of understanding the nature of the asset involved and what is deemed to be normal for the development of that particular type of asset. The operating cycle is not always a precise period of time.
- With regards to Velocity, we note that based on the information provided to us, three of the four completed development properties (Fusion 462, Arbor on Oxford and Jamieson St Project) suggest an operating cycle ranging from 18 to 25 months[7].
- For Vue at Red Hill, it would appear to be in the range of approximately 36 – 44 months[8]. Management advised that the additional time required to complete this project was due to it being a larger project relative to the other properties completed as well as unforeseen difficulties encountered during the construction process associated with a collapsed retaining wall.
- For Velocity's development properties still under development, estimates put the operating cycle in a range of 27 to 31 months for Auchenflower, Palm Beach and Burleigh Heads. For 21, 25 and 31 Oxford Terrace and 39 Ellerslie Crescent Taringa, the property was acquired in August 2015 and management advised that the plans for this property are being amended and anticipate that the relevant approvals will be obtained in the short term which will allow the rest of the activities that constitute the normal operating cycle of Velocity to ensue and proceed as usual. On this basis, the estimate of the period to realisation is approximately 36 months.
- We understand that apart from the matters outlined above in relation to Vue at Red Hill and Taringa, there were no other significant unusual circumstances across the portfolio of assets.

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[7] We note that Jamieson St Project has not been fully sold but it is management's expectation that this will sell and settle by June 2017. We have not separately assessed this.

[8] Or ~36 months to 40 months post acquisition of all properties.

In addition, the steps, processes and methodology applied through the operating cycle across all projects is largely consistent.

- In summary, with regards to Velocity's eight properties identified in Section 2 of this advice, three fall with an operating cycle of 24 months while another three fall within an operating cycle of approximately 30 months. The remaining two fall outside an operating cycle period of 30 months.
- As noted above, management advised that they consider the operating cycle to be approximately 24 months. The historical experience for the Company (excluding Taringa and Vue at Red Hill) would indicate a period of approximately 24 to 30/31 months.
- It should be noted that the normal operating cycle is not necessarily a specific timeframe for each project. If the estimated timeframes fall outside this range, the facts and circumstances of the project is required to be examined to assess whether it is within the normal operating cycle or not and whether the normal operating cycle is clearly identifiable.
- Furthermore, management will need to continuously give considerations to reassessments of Velocity's normal operating cycle(s) based on its operations as it is possible for an entity to have different operating cycles for different parts of its business. In our view, an entity such as Velocity, need not identify a single operating cycle.

6 Basis of advice

Inherent limitations

This deliverable has been prepared at the request of Velocity in accordance with the terms of our Engagement Letter and Scope Variation letter dated 19 January 2017 and 27 January 2017 respectively and based on the Scope outlined in section 1 above. The ultimate responsibility for the accounting treatment of any matter rests with the preparers of the financial statements, including Velocity's directors and management.

The services provided in connection with this engagement comprise an advisory engagement, which is not subject to auditing, review or assurance standards issued by the Australian Auditing and Assurance Standards Board and, consequently no opinions or conclusions intended to convey assurance have been expressed. Any reference to 'review' throughout this deliverable has not been used in the context of a review in accordance with auditing, review or assurance standards issued by the Australian Auditing and Assurance Standards Board.

The advice provided in this deliverable is based upon the facts and circumstances provided to us and the assumptions you have advised we should make, as outlined in section 2 above. Velocity is responsible for ensuring:

- the facts, circumstances or assumptions regarding the current/non-current classification of Velocity's development properties do not differ from those provided to us; and
- complete and accurate information has been provided to us, including details of other contracts or arrangements, whether documented or orally agreed, which impact upon the overall substance of the current/non-current classification of Velocity's development properties.

If Velocity has not fulfilled these responsibilities, our advice may not be valid. We have not sought to independently verify any information provided to us.

The advice in this deliverable is based on interpretations of Australian accounting standards and other relevant professional pronouncements and legislation current at the date of preparing the advice, as outlined in section 5 above. Should the accounting standards, other relevant professional pronouncements or legislation change, the advice may not be valid.

Third party reliance

This deliverable is solely for the purpose set out in the Scope section and for Velocity's information, and may not be used for any other purpose or provided or distributed to, or accessed or relied upon by, any other party without KPMG's express written consent. Other than our responsibility to Velocity, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this deliverable. Any reliance placed is that party's sole responsibility.

We understand that this deliverable may be provided to Velocity's external auditor. Velocity's external auditor is not a party to our engagement letter with Velocity and our engagement was neither planned nor conducted in contemplation of the purposes for which Velocity's external auditor may access this deliverable. Velocity's external auditor is responsible for forming their own audit opinion. Accordingly, Velocity's external auditor may not place reliance on this deliverable. KPMG is not liable for any losses, claims, expenses, actions, demands, damages, liabilities, or any other proceedings arising out of any reliance by Velocity's external auditor on this deliverable.

In that regard, we consent to the Deliverable being released to the Australian Securities Exchange ("ASX"), for their information only, on the conditions set out in the *Conditions of third party release* Section of the Variation Letter.

7 Closing

Please contact me at 07 3233 3261 if you have any questions.

We thank you and the relevant Velocity personnel for all the assistance provided in conducting this engagement and we look forward to continuing to provide service to your organisation.

Yours sincerely

Matthew McDonnell
Partner