

Wednesday, 29 July 2020

## **Sale of Two27, Palm Beach Site.**

Velocity Property Group (ASX: VP7) announces the sale of its development site, Two27 in Palm Beach, Queensland for \$11.15m.

Subject to the terms of the unconditional contract, the purchaser has paid an initial \$0.6m deposit with the remaining \$0.5m due in mid-October 2020. Settlement is due to occur in December 2020.

The total net proceeds of the sale estimated to be \$4.6m are forecasted to be applied to the debt reduction of 360 Capital REIT's (ASX: TOT) corporate loan note.

### **Release of Full Year Results**

VP7 is planning to release its full year results on 25 August 2020 and is expecting a full year loss in the order of \$10m; being a combination of an operating loss, write down of investment properties and write down of costs previously capitalised on development assets.

### **Strategic and Operational Review**

Two27 was earmarked as the first of series of development syndicates, however, has been sold following an internal review triggered by the COVID-19 pandemic. VP7 is currently focussing on the sale of completed projects and maximising shareholder value at its Burleigh Heads site.

Whilst VP7 is not immune to the challenges being presented by the ever evolving implications of the COVID-19 pandemic, the Group is encouraged by the current sales momentum being achieved for its luxury, owner occupier projects that has seen 12 settlements of completed lots across its ONE Bulimba Riverfront, Ellerslie Residences and Parque on Oxford portfolio occur since 30 March 2020 for a gross value of ~\$14.8m.

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Furthermore, there is an additional 3 unconditional sale contracts issued by VP7 for a gross value of ~\$4.9m scheduled to settle in August 2020. At the completion of these 15 settlements, VP7 is forecast to have reduced its debt position by ~\$15.4m.

Given the changing economic climate because of the COVID-19 global pandemic, the VP7 Board will undertake a strategic and operational review which will assess the various options available to VP7 to maximise value for all Shareholders. The Board will provide an update to shareholders on its strategic and operational review when it announces its FY20 results which is scheduled for 25 August 2020.

Authorised for release by the Board of Velocity Property Group.

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