

Annual Report | 2023



CVC Limited

ABN 34 002 700 361



Company Particulars

FOR THE YEAR ENDED 30 JUNE 2023



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Registered Office

CVC Limited

Suite 40.04, Level 40, Governor Phillip Tower
1 Farrer Place, Sydney NSW 2000

Directors

Craig Treasure Executive Chairman
John Leaver Executive Director
Mark Avery Managing Director
Ian Campbell Non-Executive Director

Management Team

John Leaver
Mark Avery
Craig Treasure
Joanna Jiang

Company Secretary

Mark Avery (*appointed 30 September 2022*)
John Hunter (*retired 30 September 2022*)

Banker

Westpac Banking Corporation Limited

Auditor

Pitcher Partners
Level 16, Tower 2 Darling Park
201 Sussex Street, Sydney NSW 2000

Share Registry

Registry Direct
Level 6, 56 Pitt Street, Sydney NSW 2000



Chairman's Letter

FOR THE YEAR ENDED 30 JUNE 2023

Dear Shareholder

CVC has enjoyed significant achievements during FY2023 solidifying the foundations of the business. Our capital structure has been renewed providing financial strength through focused management of projects and the balance sheet.

We can now look forward to optimising the value of major projects as approvals and delivery outcomes are facilitated over coming years. In the view of the Board there is significant inherent value above the assets recorded on balance sheet in accordance with accounting standards. Our forward strategy is to both maximise and realise this value for shareholders.

Our portfolio of assets and projects is impressive for a business of our scale. Some of our city shaping projects are sought after by major property groups. We now hold a premier diversified portfolio across the Eastern seaboard adding value to shareholders. We remain confident that the business is extremely well-placed providing protection from current headwinds in construction and financing volatility.

I would like to personally thank all our staff, Mark Avery CEO and fellow Directors John Leaver and Ian Campbell. On behalf of The Board and Management of CVC I would like to thank our Shareholders for their continued support. We look forward to continuing to deliver shareholder value.



Craig Treasure
Chairman

The Year in Review

FOR THE YEAR ENDED 30 JUNE 2023



Total Income

\$100.2m $\frac{\uparrow 19.4\% \text{ on } 2022}{\$83.9\text{m} - 2022}$

Net Assets to Shareholders

\$181.3m $\frac{\uparrow 1.6\% \text{ on } 2022}{\$178.5\text{m} - 2022}$

Underlying NPAT

\$13.9m $\frac{\uparrow 7.8\% \text{ on } 2022}{\$12.9\text{m} - 2022}$

Net Assets Per Share

\$1.55 $\frac{\uparrow 1.3\% \text{ on } 2022}{\$1.53 - 2022^*}$

NPAT to Shareholders

\$13.4m $\frac{\uparrow 119.7\% \text{ on } 2022}{\$6.1\text{m} - 2022}$

Cash Position

\$51.2m $\frac{\uparrow 93.9\% \text{ on } 2022}{\$26.4\text{m} - 2022}$

Ordinary Dividends

9.0cps $\frac{\text{No change}}{9.0\text{cps} - 2022}$



Group Summary

CVC Limited (the Company) recorded an underlying profit after tax to shareholders of \$13.4 million for the year ended 30 June 2023 (2022: profit of \$6.1 million). Net assets to shareholders as at 30 June 2023 were \$181.3m representing \$1.55 per share (FY2022: \$1.53 per share). The Board has been consistent in communicating that the statutory assets of the business do not align with current 'as is' independent values of property inventory due to the nature of accounting standards, whereby those assets are recorded at the lower of cost and net realisable value. The Board is of the view that the impact of current valuations which would be over and above the carrying value of these assets is in the order of \$1.03 per share on a post-tax basis.

Capital Management

A major focus of the business was to shore up its balance sheet to position it to be able to execute on its current investments as well as be ready to capitalise on opportunities which may emerge in the coming period.

Throughout the year, nearly \$228m in capital was raised, refinanced or repaid from investments. A major undertaking completed through the year was the repayment of the CVC Convertible Note (ASX: CVCG). That instrument was raised in 2018 and totalled \$60m at the time of issue. During the year CVCG was repaid and a replacement instrument, the CVC Note (ASX: CVCHA) was

launched, with commitments for this new debt totalling \$31.1m at par value. The instrument is now in place and has a maturity date of 31 March 2026.

Other major capital inflows were capital from the settlement of properties within the Caboolture project (\$64.9m in proceeds), sale of Eildon Capital Group (\$16.3m), refinance of a property debt transaction on the Gold Coast (\$20.4m) and the refinance of the Donnybrook property project (\$38.5m). In a period of uncertainty, the level of capital repatriation is a testament to the nature of the investments which comprise the CVC portfolio.

In June 2023 a major cash commitment was met with \$30.3m deposit payment for the Liverpool contract in relation to the property located at 1 Heathcote Road, Liverpool, New South Wales. Meeting this milestone and committing to the purchase of the land, with settlement in 2027, is a defining moment for CVC and it is hoped will deliver considerable value gains for shareholders in years to come.

The balance sheet of the business is now in a robust position with both repayments and settlements forecast throughout the FY2024 period.

The Year in Review

FOR THE YEAR ENDED 30 JUNE 2023



Dividend Policy

Total fully franked dividends for the current financial year amounted to 9 cents per share. The Board remains committed to paying dividends in line with the performance of the company and its underlying profitability.

As the operations of CVC are transactional in nature it is not possible to forecast a likely result and dividends for FY2024.

The Board of CVC will continuously evaluate the merit of share buy-backs as part of its wider capital management program. The business has several funding commitments over the coming 12 months and that will play a considerable part in the Boards strategy in this regard.

Summary of Operating Results

2023

2022

| | | |
|---|---------------|----------------|
| Property Investments | \$24,732,753 | \$27,430,732 |
| Non-Property Investments | \$5,829,788 | \$1,195,241 |
| Notes Interest | \$(4,426,163) | \$(2,864,294) |
| Unallocated Overhead Expenses | \$(6,839,695) | \$(10,597,848) |
| Tax Effect | \$(5,413,243) | \$(2,256,443) |
| Total Comprehensive Income | \$13,883,440 | \$12,907,388 |
| Less: Non-Controlling Interest | \$(465,764) | \$(6,801,465) |
| Total Comprehensive Income Attributable to Shareholders | \$13,417,676 | \$6,105,923 |



Segment Review

Property Investments

Contribution Highlights

CVC's investment in Donnybrook started to deliver profit contribution in line with settlements of the residential land in FY2023. During the year three super lots were settled which totalled \$28.9m in gross realisations. In total there are a further \$64.0m in contracted sales which are forecast to settle in FY2024 (\$31.6m) and FY2025 (\$32.4m). CVC's share of these proceeds is 49% after agreed repayment to the senior financier and other costs. The property was acquired in 2015 and 2016 for a total consideration of \$22.8m. There remains a parcel of land totalling 75Ha which is zoned for industrial and commercial uses which will either be developed or divested over time.

Other significant contributions were provided by the Caboolture project as the Bunnings, Petstock and Coles anchored convenience retail centre was completed and settled. Over the course of their development these projects have contributed approximately \$9.0m profit to CVC. The project has two strategic land lots remaining as well as ownership of the Big Fish Tavern. It is anticipated that the project will likely be concluded in FY2024.

During the year CVC divested its holding in the Mooloolaba Wharf asset for \$7.0m. This brought to a close a successful investment for CVC with contribution to profit in the year of \$1.9m.

Smaller sales of allotments of land in the Harpley Town Centre development in Werribee, Victoria occurred with profit of \$1.4m realised. In addition, new investment partners were brought into the Town Centre development which is anchored by Coles and Dan Murphy's Liquor. The end value of the asset is forecast to be approximately \$80.0m with CVC being a 47.6% investor in the project.

During H2 FY2023, the business divested its 37.2% holding in Eildon Capital Group (ASX: EDC). CVC had been a significant securityholder in Eildon since its ASX listing in 2017. In that time the business has demonstrated a strong track record of investment and property funds management. The security price performance of the group lagged its audited NAV despite a track record of distribution payments and business growth. The decision to sell was made on account of a number of factors, including liquidity and alternate investment opportunities.

Progress on other property projects

The period saw management continue to focus on progression of the projects within the property portfolio which are subject to planning processes. Continued positive momentum has been observed, most notably in the Liverpool project. In H2 FY2023 the Department of Planning and Environment determined that an amendment to the Liverpool Local Environmental Plan 2008 to rezone Moore Point could proceed via a gateway process. This process requires that the project satisfies a number of technical criteria. The schedule which was part of the

The Year in Review

FOR THE YEAR ENDED 30 JUNE 2023

Segment Review (Cont.)

Property Investments (Cont.)

determination, forecast that the rezoning would be on public exhibition in H1 FY2024 with the rezoning to be completed in H2 FY2024. These dates are, as in any planning process, subject to change, but the business is confident that the rezoning is progressing well.

Frustratingly, during the period there was no strong advancement on the Marsden Park North rezoning process. The property is part of a wider precinct which has been part of a Precinct Acceleration Protocol (PAP) process since 2013. The proponents of the PAP process continue to have dialogue and interaction with the Department of Planning and Environment in order to conclude what has been an already very long process. We remain hopeful that clear guidance is provided by the Department in the near term.

Substantial progress was made on the advancement of the project in Kirra Beach known as Sur. Presales activity exceeded business expectations in terms of number and value of contracts. Construction also advanced during the period in a challenging contractor market. It is forecast that construction will be completed at around the end of FY2023 with settlements coming thereafter. The financial forecast outcome of this development is anticipated to deliver attractive returns to shareholders.

During the period CVC and its Joint Venture progressed the planning on the Burleigh Waters project further de-risking its delivery with approval of the bulk earthworks

and reconfiguration of the lot now achieved, which was of significant value. Earthworks have commenced on site, under licence and the property is scheduled to be settled in August 2023. The process of undertaking subdivision works is forecast to commence in H2 FY2024.

New Property Investments

The business committed to finance, via a debt and equity structure, the purchase of a strategic 7.85Ha land parcel in South Morang, Victoria. CVC will provide a loan to the project which will earn a priority return of 15%p.a. and will also be entitled to 40% of the proceeds of that project after all debts are repaid. The project has been acquired on deferred terms whereby the JV partner and CVC will seek to modify the existing approvals on site, subdivide the land and divest the smaller allotments.

CVC also participated as a funding partner to an option structure over a 80Ha parcel of future industrial land located in Truganina, Victoria. The capital which has been provided, approximately \$7.0m, has been provided as a loan against the entity holding the options. \$6.0m of this capital forms part of the contract price of the property which is not due to settle until 2028. The capital provided is entitled to a return of 15%p.a. as well as 56.35% of the profits thereafter. The property is a strategic parcel of prime future industrial land located in one of the most constrained property markets in Melbourne. The strategy of CVC and its JV partner is to rezone the land which is already in a Precinct Structure Plan and to then make determination as to whether to develop the property or to pursue a partial or full divestment.



During the year the business contracted to purchase a further 17.5% holding in the Woolloongabba, QLD project, taking the total ownership by CVC to 52.5% (although the settlement did not occur until after 30 June 2023). The purchase came about due to the divestment of 35% of the project by Eildon Capital Group. The overall stake was collectively purchased by CVC and the other non-Eildon shareholders of the project. The stake was purchased at a price reflective of a purchase price of \$38.4m, consistent with its book value as at 31 December 2022. It is forecast that the asset is something that will be held long term with a view to capitalise on positive future market conditions in SE Queensland and improving infrastructure in this part of Brisbane as the 2032 Olympics draw closer.

Non-Property Investments

Non-property investment continues to become a lesser proportion of the business. This segment generated a total pre-tax contribution to profit of \$5.8 million (FY2022: \$1.2 million). The major contributor to this segment was the performance of Cyclopharm Limited (ASX: CYC) which through dividends and share price appreciation contribute \$6.6m to profit. This was balanced against the negative contribution of Tasfoods Limited (ASX: TFL) of \$2.6m.

General Summary of the Year and FY2024 Outlook

The economic environment throughout the period was difficult to accurately forecast and that is something that is not anticipated to change in the short term. Pressure has been building around the ability to construct property

projects due to cost escalation and the value of assets has been impacted by rising interest rates and a general tightening of credit and equity capital.

The nature of the CVC investment book is relatively sheltered from some of this risk, particularly as many of our investments have settlement terms and also have benefited in planning outcomes which have added to the desirability of the asset.

It is envisaged that FY2024 will be another period of continued focus on advancing our major projects while also seeking out strong risk adjusted opportunities as they emerge through a fluctuating market.

The Board and management of CVC Limited remains committed in delivering a simplified business model which focuses on providing exposure to property investments that have an element of capital protection as well as a real potential to deliver exceptional financial outcomes for shareholders.

Risk Associated with CVC's Business

Some of the key risks relating to CVC are set out below. It is not, however, possible to describe all the risks to which CVC may become subject and which may impact adversely on CVC's prospects and performance.

Property investment risk

The performance of CVC's property investments is influenced by the realisable value of CVC's property and property-related assets and the security supporting loans.

The Year in Review

FOR THE YEAR ENDED 30 JUNE 2023



Risk Associated with CVC's Business (Cont.)

The realisable value can be affected by general market conditions as well as project specific outcomes.

Key management and investment personnel

Key management and investment personnel are responsible for sourcing opportunities and recommending and managing the investments of CVC. There is a risk that the financial performance of the company could be impacted if key staff members or directors resign or retire their employment at CVC and are not promptly replaced by suitably qualified and experienced personnel.

Investment liquidity risk

CVC's Portfolio includes investments in assets that are typically subject to low levels of liquidity. If an investment cannot be realised quickly enough (or at all) or at an earlier time than intended then CVC may suffer significant losses.

Investment concentration risk

CVC's investment strategy includes making significant investments and undertaking active management roles in property projects. As CVC reduces its holding of legacy, non-property assets, investment concentration risk continues to increase. CVC's Portfolio may consist of a small number of investments that may subject the company to investment concentration risk.

Project approval risk

The success of certain property projects is dependent on the ability of CVC or the developer to obtain rezoning and / or development approvals from government bodies.

This process involves obtaining approvals outside of the control of CVC. There is a risk that approvals will not be able to be achieved as forecast, or at all. This may impact the value of the project in an unfavourable manner.

Development risk

The proceeds generated from a property project is closely tied to the approval and development process. Unanticipated factors can influence the realisable value of a property. These can include, but are not limited to the following potential conditions:

- (i) changes in the conditions of planning approval of a particular project or property;
- (ii) development cost increases;
- (iii) project timetables being delayed; and
- (iv) economic factors impacting the project (such as interest rate increases increasing the cost to finance development).

Cyber risk

CVC do have cyber risks that we cannot eliminate entirely but our risks are relatively small and we perform regular systems reviews to ensure sensitive information is properly stored or destroyed.

Financial Report

FOR THE YEAR ENDED 30 JUNE 2023



Directors' Report

FOR THE YEAR ENDED 30 JUNE 2023

The Directors present the Financial Report of CVC Limited (the "Company") and its controlled entities ("CVC"), for the year ended 30 June 2023 together with the Auditors' Report thereon.

Directors

The Directors in office during the whole of the financial year and up to the date of this report, unless otherwise stated, are:

| | |
|---|---|
| Name: | Mark Anthony Avery |
| Title: | <i>Managing Director, Member of Audit Committee, Chief Executive Officer, Company Secretary (appointed 30 September 2022)</i> |
| Qualifications: | B.Com.PI.Ds. (UOM) |
| Experience and expertise: | Mr Avery began his professional career at Macquarie Group in 2002 in the property finance and residential development divisions. Mr Avery also worked for private and listed property development and investment groups. Mr Avery commenced at CVC in 2010, and has been responsible for all of the group's real estate investment activities. He is also a director of Eildon Capital Limited and Eildon Funds Management Limited. |
| Listed company directorships held within the last three years: | Non-Executive Director of Eildon Capital Group (Since April 2022) Managing Director of Eildon Capital Group (from November 2015 to April 2022). |
| Interests as at the date of this report: | Ordinary shares: 9,500 Performance rights: 1,700,000 |

| | |
|---|---|
| Name: | Craig Granville Treasure |
| Title: | <i>Executive Chairman</i> |
| Qualifications: | BASc (Surveying) (QUT), FDIA |
| Experience and expertise: | Mr Treasure has more than 30 years' experience in property development, specifically in the residential land and housing sectors along the eastern seaboard of Australia. As a licensed surveyor and licenced property developer, Mr Treasure has previously held a number of senior executive roles and directorships within the property industry. His experience is both as a business proprietor and at an executive level with publicly listed entities. |
| Listed company directorships held within the last three years: | Director and Non-Executive Chairman of TasFoods Limited (from June 2020 to May 2022). Non-executive Director of Eildon Capital Group (from 17 November 2020 to 29 June 2021). |
| Interests as at the date of this report: | Ordinary shares: 68,000 Loan notes: 4,000 Performance rights: 1,300,000 |

| | |
|---|--|
| Name: | Ian Houston Campbell |
| Title: | <i>Non-Executive Director, Chairman of Audit Committee</i> |
| Qualifications: | FCA, MAICD |
| Experience and expertise: | Mr Campbell is currently a Non-Executive Director and Chairman of Kip McGrath Education Centres Limited (ASX: KME) and Redox Limited (ASX: RDX). Mr Campbell's previous Non-Executive Director roles include Gloria Jeans Coffees International Pty Limited, Young Achievement Australia Limited and Green's Foods Holdings Pty Limited. Mr Campbell brings to CVC 30 years of experience as a former partner with Ernst and Young and predecessor firms, principally working with entrepreneurial companies in preparing them for growth, sale and the capital markets. |
| Listed company directorships held within the last three years: | Non-Executive Director and Chairman of Kip McGrath Education Centres Limited (since August 2019). Non-Executive Director and Chairman of Redox Limited (since 2009). |
| Interests as at the date of this report: | Ordinary shares: 50,000 |

| | |
|---|--|
| Name: | John Scott Leaver |
| Title: | <i>Executive Director</i> |
| Qualifications: | B.Ec. (Uni. Of Sydney) |
| Experience and expertise: | Mr Leaver founded CVC over 30 years ago and has been a key contributor to its strategy and operations since that time. He served as Managing Director from 1984 to 2001 and is currently an executive of the business. Prior to his involvement in the founding of the Company, Mr Leaver's experience was in the stockbroking industry. He has previously been a Director of Sunland Group Limited (ASX: SDG) and multiple other private and public entities. |
| Listed company directorships held within the last three years: | None |
| Interests as at the date of this report: | Ordinary shares: 40,703,337 Loan notes: 40,000 |

Company Secretary

In addition to being a Director of the Company, Mark Avery is also a company secretary of the Company from 30 September 2022. John Hunter was a company secretary of the Company until 30 September 2022.

| | |
|------------------------|---|
| Name: | John Andrew Hunter |
| Title: | <i>Company Secretary, Chief Financial Officer</i> |
| Qualifications: | B.Com. (ANU), M.B.A. (MGSM), MAppFin (MAFC), CA |

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2023

Key Management Personnel

Key management personnel during the financial year includes the directors and John Andrew Hunter who was the company secretary and Chief Financial Officer of the Company until 30 September 2022. Mr Hunter resigned as company secretary on 30 September 2022 and ceased to be considered as a key management personnel from this date.

Meetings of Directors

The number of meetings of CVC's board of directors and of each board committee held during the year ended 30 June 2023, and the numbers of meetings attended by each director were:

| | Full Board | | Audit Committee Meetings | |
|--------------------------|--------------------------|------------------------------------|--------------------------|------------------------------------|
| | No. of Meetings Attended | No. of Meetings Eligible to Attend | No. of Meetings Attended | No. of Meetings Eligible to Attend |
| Mark Anthony Avery | 5 | 5 | 2 | 2 |
| Ian Houston Campbell | 7 | 7 | 2 | 2 |
| Craig Granville Treasure | 7 | 7 | 2 | 2 |
| John Scott Leaver | 7 | 7 | 2 | 2 |

Principal Activities

The principal activities of entities within CVC during the year were:

- property finance and development;
- the provision of investment and development capital; and
- investment in other non-property opportunities.

Dividends

An interim fully franked dividend in respect of the year ended 30 June 2023 of 4 cents per share amounting to \$4,672,964 was paid on 20 February 2023.

A final fully franked dividend in respect of the year ended 30 June 2022 of 5 cents per share amounting to \$5,841,205 was paid on 18 August 2022.

Consolidated Results

The financial performance for the 2023 financial year is as follows:

- Net profit after tax of \$13.4 million (2022: \$6.1 million) to shareholders;
- Net profit after tax of \$13.9 million (2022: \$12.9 million);
- Earnings per share of 11.49 cents (2022: 5.23 cents); and
- Increase in Net Assets per share of 2 cents (2022: decrease of 3 cents), following dividends per share totalling 9 cents (2022: 9 cents) paid during the year.

The consolidated profit for the year attributable to the members of the Company is calculated as follows:

| | 2023 \$ | 2022 \$ |
|--|------------|------------|
| Net profit after income tax | 13,883,440 | 12,907,388 |
| Net profit attributable to non-controlling interests | 465,764 | 6,801,465 |
| Net profit after income tax attributable to members of parent entity | 13,417,676 | 6,105,923 |

Review of Operations

Financial Performance

For the FY2023 CVC Limited recorded an after-tax profit attributable to shareholders of \$13.4m (FY2022: \$6.1m). During the year the company paid 9 cents per share in fully franked dividends (FY2022: 9 cents per share).

Highlights for the year of the main operating segments are as follows:

| | 2023 \$ | 2022 \$ |
|---|-------------|--------------|
| Property Investments | 24,732,753 | 27,430,732 |
| Non-property Investments | 5,829,788 | 1,195,241 |
| Notes Interest | (4,426,163) | (2,864,294) |
| Unallocated overhead expenses | (6,839,695) | (10,597,848) |
| Tax Effect | (5,413,243) | (2,256,443) |
| Total Comprehensive Income | 13,883,440 | 12,907,388 |
| Less: non-controlling interest | 465,764 | 6,801,465 |
| Total Comprehensive Income attributable to Shareholders | 13,417,676 | 6,105,923 |

Net assets to shareholders as at 30 June 2023 were \$181.3m representing \$1.55 per share (FY2022: \$1.53 per share). The Board has been consistent in communicating that the statutory assets of the business do not align with current 'as is' independent values of property inventory due to the nature of accounting standards, whereby those assets are recorded at the lower of cost and net realisable value. The Board is of the view that the impact of current valuations which would be over and above the carrying value of these assets is in the order of \$1.03 per share on a post-tax basis.

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2023

Review of Operations (Cont.)

Capital Management

A major focus of the business was to shore up its balance sheet to position it to be able to execute on its current investments as well as be ready to capitalise on opportunities which may emerge in the coming period.

Throughout the year, nearly \$228m in capital was raised, refinanced or repaid from investments. A major undertaking completed through the year was the repayment of the CVC Convertible Note (ASX: CVCG). That instrument was raised in 2018 and totalled \$60m at the time of issue. During the year CVCG was repaid and a replacement instrument, the CVC Note (ASX: CVCHA) was launched, with commitments for this new debt totalling \$31.1m at par value. The instrument is now in place and has a maturity date of 31 March 2026.

Other major capital inflows were capital from the settlement of properties within the Caboolture project (\$64.9m in proceeds), sale of Eildon Capital Group (\$16.3m), refinance of a property debt transaction in the Gold Coast (\$20.4m) and the refinance of the Donnybrook property project (\$38.5m). In a period of uncertainty, the level of capital repatriation is a testament to the nature of the investments which comprise the CVC portfolio.

In June 2023 a major cash commitment was met with \$30m deposit payment for the Liverpool contract in relation to the property located at 1 Heathcote Road, Liverpool, New South Wales. Meeting this milestone and committing to the purchase of the land, with settlement in 2027, is a defining moment for CVC and it is hoped will deliver considerable value gains for shareholders in years to come.

The balance sheet of the business is now in a robust position with both repayments and settlements forecast throughout the FY2024 period.

Property Investments

Contribution Highlights

CVC's investment in Donnybrook started to deliver profit contribution in line with settlements of the residential land in FY2023. During the year three super lots were settled which totalled \$28.9m in gross realisations. In total there are a further \$64.0m in contracted sales which are forecast to settle in FY2024 (\$31.6m) and FY2025 (\$32.4m). CVC's share of these proceeds is 49% after agreed repayment to the senior financier and other costs. The property was acquired in 2015 and 2016 for a total consideration of \$22.8m. There remains a parcel of land totalling 75Ha which is zoned for industrial and commercial uses which will either be developed or divested over time.

Other significant contributions were provided by the Caboolture project as the Bunnings, Petstock and Coles anchored convenience retail centre was competed and settled. Over the course of their development these projects have contributed approximately \$9.0m profit to CVC. The project has two strategic land lots remaining as well as ownership of the Big Fish Tavern. It is anticipated that the project will likely be concluded in FY2024.

During the year CVC divested its holding in the Mooloolaba Wharf asset for \$7.0m. This brought to a close a successful investment for CVC with contribution to profit in the year of \$1.9m.

Smaller sales of allotments of land in the Harpley Town Centre development in Werribee, Victoria occurred with profit of \$1.4m realised. In addition, new investment partners were brought into the Town Centre development which is anchored by Coles and Dan Murphys Liquor. The end value of the asset is forecast to be approximately \$80.0m with CVC being a 47.6% investor in the project.

During H2 FY2023, the business divested its 37.2% holding in Eildon Capital Group (ASX: EDC). CVC had been a significant securityholder in Eildon since its ASX listing in 2017. In that time the business has demonstrated a strong track record of investment and property funds management. The security price performance of the group lagged its audited NAV despite a track record of distribution payments and business growth. The decision to sell was made on account of a number of factors, including liquidity and alternate investment opportunities.

Progress on other property projects

The period saw management continue to focus on progression of the projects within the property portfolio which are subject to planning processes. Continued positive momentum has been observed, most notably in the Liverpool project. In H2 FY2023 the Department of Planning and Environment determined that an amendment to the Liverpool Local Environmental Plan 2008 to rezone Moore Point could proceed via a gateway process. This process requires that the project satisfies a number of technical criteria. The schedule which was part of the determination forecast that the rezoning would be on public exhibition in H1 FY2024 with the rezoning to be completed in H2 FY2024. These dates are, as in any planning process, subject to change, but the business is confident that the rezoning is progressing well.

Frustratingly, during the period there was no strong advancement on the Marsden Park North rezoning process. The property is part of a wider precinct which has been part of a Precinct Acceleration Protocol (PAP) process since 2013. The

proponents of the PAP process continue to have dialogue and interaction with the Department of Planning and Environment in order to conclude what has been an already very long process. We remain hopeful that clear guidance is provided by the Department in the near term.

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New Property Investments

The business committed to finance, via a debt and equity structure, the purchase of a strategic 7.85Ha land parcel in South Morang, Victoria. CVC will provide a loan to the project which will earn a priority return of 15%p.a. and will also be entitled to 40% of the proceeds of that project after all debts are repaid. The project has been acquired on deferred terms whereby the JV partner and CVC will seek to modify the existing approvals on site, subdivide the land and divest the smaller allotments.

CVC also participated as a funding partner to an option structure over a 80Ha parcel of future industrial land located in Truganina, Victoria. The capital which has been provided, approximately \$7.0m, has been provided as a loan against the entity holding the options. \$6.0m of this capital forms part of the contract price of the property which is not due to settle until 2028. The capital provided is entitled to a return of 15%p.a. as well as 56.35% of the profits thereafter. The property is a strategic parcel of prime future industrial land located in one of the most constrained property markets in Melbourne. The strategy of CVC and its JV partner is to rezone the land which is already in a Precinct Structure Plan and to then make determination as to whether to develop the property or to pursue a partial or full divestment.

During the year the business contracted to purchase a further 17.5% holding in the Woolloongabba, QLD project, taking the

total ownership by CVC to 52.5% (although the settlement did not occur until after 30 June 2023). The purchase came about due to the divestment of 35% of the project by Eildon Capital Group. The overall stake was collectively purchased by CVC and the other non-Eildon shareholders of the project. The stake was purchased at a price reflective of a purchase price of \$38.4m, consistent with its book value as at 31 December 2022. It is forecast that the asset is something that will be held longer term with a view to capitalise on positive future market conditions in SE Queensland and improving infrastructure in this part of Brisbane as the 2032 Olympics draw closer.

Non-Property Investments

Non property investment continues to become a lesser proportion of the business. This segment generated a total pre-tax contribution to profit of \$5.8 million (FY2022: \$1.2 million). The major contributor to this segment was the performance of Cyclopharm Limited (ASX: CYC) which through dividends and share price appreciation contribute \$6.6m to profit. This was balanced against the negative contribution of Tasfoods Limited (ASX: TFL) of \$2.6m.

General Summary of the Year and FY2024 Outlook

The economic environment throughout the period was difficult to accurately forecast and that is something that is not anticipated to change in the short term. Pressure has been building around the ability to construct property projects due to cost escalation and the value of assets has been impacted by rising interest rates and a general tightening of credit and equity capital.

The nature of the CVC investment book is relatively sheltered from some of this risk, particularly as many of our investments have settlement terms and also have benefited in planning outcomes which have added to the desirability of the asset.

It is envisaged that FY2024 will be another period of continued focus on advancing our major projects while also seeking out strong risk adjusted opportunities as they emerge through a fluctuating market.

The Board and management of CVC Limited remains committed in delivering a simplified business model which focuses on providing exposure to property investments that have an element of capital protection as well as a real potential to deliver exceptional financial outcomes for shareholders.

Risk Associated with CVC's Business

Some of the key risks relating to CVC are set out below. It is not, however, possible to describe all the risks to which CVC may become subject and which may impact adversely on CVC's prospects and performance.

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2023

Review of Operations (Cont.)

Risk Associated with CVC's Business (Cont.)

Property investment risk

The performance of CVC's property investments is influenced by the realisable value of CVC's property and property-related assets and the security supporting loans. The realisable value can be affected by general market conditions as well as project specific outcomes.

Key management and investment personnel

Key management and investment personnel are responsible for sourcing opportunities and recommending and managing the investments of CVC. There is a risk that the financial performance of the company could be impacted if key staff members or directors resign or retire their employment at CVC and are not promptly replaced by suitably qualified and experienced personnel.

Investment liquidity risk

CVC's Portfolio includes investments in assets that are typically subject to low levels of liquidity. If an investment cannot be realised quickly enough (or at all) or at an earlier time than intended then CVC may suffer significant losses.

Investment concentration risk

CVC's investment strategy includes making significant investments and undertaking active management roles in property projects. As CVC reduces its holding of legacy, non-property assets, investment concentration risk continues to increase. CVC's Portfolio may consist of a small number of investments that may subject the company to investment concentration risk.

Project approval risk

The success of certain property projects is dependent on the ability of CVC or the developer to obtain rezoning and / or development approvals from government bodies. This process involves obtaining approvals outside of the control of CVC. There is a risk that approvals will not be able to be achieved as forecast, or at all. This may impact the value of the project in an unfavourable manner.

Development risk

The proceeds generated from a property project is closely tied to the approval and development process. Unanticipated factors can influence the realisable value of a property. These can include, but are not limited to the following potential conditions:

- (i) changes in the conditions of planning approval of a particular project or property;
- (ii) development cost increases;
- (iii) Project timetables being delayed; and
- (iv) Economic factors impacting the project (such as interest rate increases increasing the cost to finance development).

Cyber risk

CVC do have cyber risks that we cannot eliminate entirely but our risks are relatively small and we perform regular systems reviews to ensure sensitive information is properly stored or destroyed.

State of Affairs

Other than as set out above, there were no other significant changes in the state of affairs of the Company that occurred during the year not otherwise disclosed in this report or the financial statements.

Events Subsequent to Balance Date

Subsequent to the year end, CVC acquired 17.5% of 79 Logan Trust and 79 Logan Road Pty Ltd which resulted in CVC's holding increasing to 52.5%. As such, the entities became subsidiaries of CVC post year end.

A final dividend in respect of the year ended 30 June 2023 of 5 cents per share was declared on 31 July 2023 to be paid on 18 August 2023 to those shareholders registered on 3 August 2023.

Other than as set out above, there are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of CVC, the results of those operations or the state of affairs of CVC in future financial years.

Likely Developments

As explained in previous reports, the total level of profit for any period, notwithstanding the recurrent earnings, is largely determined by the timing of the realisation of investments that result in capital gains, changing market values as well as costs incurred to achieve a realisation event. The Company believes the strong financial position and continual evaluation of investment opportunities by its management team will enable the identification and execution of suitable investment opportunities during the course of the coming year.

Environmental Regulation

CVC has policies and procedures to identify and appropriately address environmental obligations that might arise in respect of CVC's operations that are subject to significant environmental laws and regulation. The Directors have determined that CVC has complied with those obligations during the financial year and that there has not been any material breach.

Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for key management personnel of the Company and its 100% owned entities in accordance with the requirements of the *Corporations Act 2001* and its regulations. This information has been audited as required by s. 308(3C) of the *Corporations Act 2001*. The remuneration report details the remuneration arrangements for key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of CVC.

Remuneration philosophy

The performance of CVC depends upon its ability to attract and retain quality people. CVC is committed to developing a remuneration philosophy of paying sufficient competitive 'base' rewards to attract and retain high calibre management personnel and providing the opportunity to receive superior remuneration tied directly to the creation of value for shareholders.

Remuneration structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and remuneration for all other key management personnel is separate and distinct.

Non-Executive Director's remuneration is solely in the form of base salary plus superannuation contributions and has been set by shareholders at a maximum aggregate amount of \$400,000, to be allocated amongst the Directors as they see fit. It has been set to balance the need to attract and retain Directors of the highest calibre at a cost that is acceptable to shareholders.

Other key management personnel remuneration consists of: base salary, fees, superannuation contributions, short term discretionary performance bonuses and participation in the CVC Executive Long Term Incentive Plan.

The Company does not have a remuneration committee. The remuneration of the Managing Director is determined following discussion with the remaining Directors. The remuneration of key management personnel other than the Managing Director are determined following discussion with the Board of CVC.

Short term discretionary performance bonuses permit CVC to reward individuals for superior personal performance or contribution towards components of CVC's performance for which they have direct responsibility and are determined at the end of the financial year.

The objectives of the CVC Executive Long Term Incentive Plan are to directly align the opportunity to achieve superior employment rewards with the wealth generated for

shareholders whilst providing a mechanism to retain key employees over the longer term. Refer to page 22 for details of performance rights issued.

Executive contractual arrangements

It is CVC's policy that service contracts for key management personnel are unlimited in term but capable of termination as per the relevant period of notice and that CVC retains the right to terminate the contract immediately, by making payment that is commensurate with pay in lieu of notice.

The service contract outlines the components of remuneration paid to the key management personnel but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed each year to take into account any change in the scope of the role performed by the key management personnel and any changes to the principles of the remuneration policy.

The key employment terms of Messrs Avery and Treasure are as follows:

- Base salary per annum:

| | |
|--------------------------|-----------|
| Mark Anthony Avery | \$465,000 |
| Craig Granville Treasure | \$400,000 |
- Termination of employment by providing six months' notice, unless it is due to serious misconduct, which requires no notice;
- Any unvested short term incentives are forfeited; and
- Six months restriction from solicitation of staff and clients.

Given Mr Leaver is a major shareholder and founder of CVC, the key employment terms of his contract are as follows:

- Base salary per annum: \$215,000
- Termination of employment with reasonable notice, unless it is due to serious misconduct, which requires no notice.

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2023

Remuneration Report (Audited) (Cont.)

Individual remuneration disclosures

The following table provides details of the remuneration expense of the Company and its 100% owned entities recognised for the group's key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standard.

| | | Base Salary Fees \$ | STI Bonus (a) \$ | Post – Employ't Benefits Super'n \$ | Share- based Payment (d) \$ | Termination Benefit \$ | Total \$ | Base % (b) |
|-------------------------------------|-------------|------------------------------|---------------------------|---|---|------------------------------|------------------|---------------|
| MA Avery | 2023 | 440,000 | 440,000 | 27,500 | 96,794 | - | 1,004,294 | 47 |
| <i>Managing Director</i> | 2022 | 440,000 | 220,000 | 27,500 | 313,482 | - | 1,000,982 | 47 |
| CG Treasure | 2023 | 400,000 | 200,000 | 27,500 | 74,019 | - | 701,519 | 61 |
| <i>Executive Chairman</i> | 2022 | 384,818 | 100,000 | 27,500 | 239,722 | - | 752,040 | 55 |
| IH Campbell | 2023 | 88,225 | - | 9,264 | - | - | 97,489 | 100 |
| <i>Non-Executive Director</i> | 2022 | 82,192 | - | 8,219 | - | - | 90,411 | 100 |
| JS Leaver (c) | 2023 | 207,763 | - | 21,815 | - | - | 229,578 | 100 |
| <i>Head of Strategic Operations</i> | 2022 | 207,763 | - | 20,776 | - | - | 228,539 | 100 |
| JA Hunter (e) | 2023 | 212,500 | - | 13,750 | 14,234 | 1,274,737 | 1,515,221 | 99 |
| <i>Company Secretary</i> | 2022 | 425,000 | 130,000 | 27,500 | 92,201 | - | 674,701 | 67 |
| | 2023 | 1,348,488 | 640,000 | 99,829 | 185,047 | 1,274,737 | 3,548,101 | |
| | 2022 | 1,539,773 | 450,000 | 111,495 | 645,405 | - | 2,746,673 | |

Notes:

- The Short Term Incentive Bonus represents discretionary cash bonuses as determined by the Directors of CVC, based on their performance during the year. There are no predetermined key performance measures set in order to assess and calculate the entitlement to the bonus amount paid. Instead the bonus payments determined by the Directors are a subjective assessment of the respective contributions to the performance of CVC and execution of its strategy for the financial year.
- Base % reflects the amount of base level remuneration that is not dependent on individual or CVC performance.
- Mr John Leaver was appointed as director from 21 February 2022.
- Share-based payment is in relation to performance rights issued. Refer note 35.
- Mr John Hunter resigned as company secretary on 30 September 2022 and ceased to be considered as a key management personnel from this date. The amount paid in 2023 includes payment to Mr Hunter in relation to his departure, as per approved in the Annual General Meeting on 29 November 2022. This payment encompasses \$326,660 untaken annual leave and long service leave entitlement, \$98,077 severance pay and an estimated future performance payment of \$850,000 if he had continued in employment with CVC.

Additional disclosures relating to key management personnel

(i) Shareholding in the Company

The relevant interest of each key management personnel held in the Company as at 30 June 2023 is as follows:

| Ordinary shares: | Opening | Disposal | Closing |
|-------------------------|----------------|-----------------|----------------|
| MA Avery | 9,500 | - | 9,500 |
| CG Treasure | 68,000 | - | 68,000 |
| IH Campbell | 50,000 | - | 50,000 |
| JS Leaver | 51,055,643 | (10,352,306) | 40,703,337 |
| JA Hunter (a) | - | - | - |

(a) Mr Hunter resigned as company secretary on 30 September 2022 and ceased to be considered as a key management personnel from this date.

The shares held by key management personnel have the same contractual right as ordinary shareholders.

| Convertible notes: | Opening | Other Changes | Closing |
|---------------------------|----------------|----------------------|----------------|
| MA Avery | - | - | - |
| CG Treasure (b) | 2,000 | (2,000) | - |
| IH Campbell | - | - | - |
| JS Leaver | - | - | - |
| JA Hunter (a) | - | - | - |

(a) Mr Hunter resigned as company secretary on 30 September 2022 and ceased to be considered as a key management personnel from this date.

(b) 2,000 loan notes were acquired by Mr Treasure in exchange for 2,000 convertible notes on 1:1 basis.

| Loan notes: | Opening | Purchases | Other Changes | Closing |
|--------------------|----------------|------------------|----------------------|----------------|
| MA Avery | - | - | - | - |
| CG Treasure (b) | - | 2,000 | 2,000 | 4,000 |
| IH Campbell | - | - | - | - |
| JS Leaver | - | 40,000 | - | 40,000 |
| JA Hunter (a) | - | - | - | - |

(a) Mr Hunter resigned as company secretary on 30 September 2022 and ceased to be considered as a key management personnel from this date.

(b) 2,000 loan notes were acquired by Mr Treasure in exchange for 2,000 convertible notes on 1:1 basis.

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2023

Remuneration Report (Audited) (Cont.)

Additional disclosures relating to key management personnel (cont.)

(ii) Shareholding in the subsidiaries

Key management personnel and their related entities hold interests in the following CVC subsidiaries. Movement of interests held during the year are disclosed below:

| | Opening Ownership Interest 1 July 2022 | Purchases | Closing Ownership Interest 30 June 2023 |
|--|---|-----------|--|
| Norwell Valley Collective Pty Ltd | | | |
| Mr C.G. Treasure | - | 10% | 10% |
| West Melb Land Holdings Pty Ltd | | | |
| Mr M.A. Avery | - | 6.5% | 6.5% |
| Mr C.G. Treasure | - | 6.5% | 6.5% |

(iii) Performance rights

On 10 December 2021, CVC issued employees performance rights under the CVC Employee Incentive Plan. The Employee Incentive Plan was approved by shareholders at the 2021 Annual General Meeting, and is designed to provide long-term incentives for senior managers and above to deliver long-term shareholder returns. Under the plan, participants are granted rights that deliver ordinary shares to employees (at no cost) which only vest if Total Shareholder Return (TSR) hurdles are met. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Performance rights carry no dividend or voting rights or rights to participate in any other share issue of CVC or any other entity. When exercisable, each performance right is entitled to receive one ordinary share.

TSR is the compound annual rate measured between the grant date and the vesting date which is calculated based on a combination of share price growth and dividends to shareholders. The total number of rights that vest, if any, depends on the TSR hurdle achieved and will be determined by the directors of CVC with reference to the below table.

| Return (p.a.) | Vesting Amount |
|---------------|----------------|
| < 12.5% | nil |
| 12.5% - 15% | 25% |
| 15% - 17.5% | 50% |
| 17.5% - 20% | 75% |
| >20% | 100% |

The following table illustrates movements in the number of performance rights on issue during the period.

Year ended 30 June 2023

| Grant Date | Vesting Date | Exercise Price | Balance at the Start of the Year | Granted during the Year | Balance at End of the Year | Fair Value per Right at Grant Date |
|-------------|--------------|----------------|----------------------------------|-------------------------|----------------------------|------------------------------------|
| 10 Dec 2021 | 09 Dec 2025 | - | 3,500,000 | - | 3,500,000 | \$1.91 |

The table below provides a reconciliation of performance rights held by the Key Management personnel.

Year ended 30 June 2023

| | Grant Date | Vesting Date | Exercise Price | Balance at the Start of the Year | Granted during the Year | Other Changes During the Year (a) | Balance at the End of the Year | Fair Value per Right at Grant Date |
|-------------|-------------|--------------|----------------|----------------------------------|-------------------------|-----------------------------------|--------------------------------|------------------------------------|
| MA Avery | 10 Dec 2021 | 09 Dec 2025 | - | 1,700,000 | - | - | 1,700,000 | \$1.91 |
| CG Treasure | 10 Dec 2021 | 09 Dec 2025 | - | 1,300,000 | - | - | 1,300,000 | \$1.91 |
| JA Hunter | 10 Dec 2021 | 09 Dec 2025 | - | 500,000 | - | (500,000) | - | \$1.91 |

(a) Mr Hunter resigned as company secretary on 30 September 2022 and ceased to be considered as a key management personnel from this date.

(iv) Other Transactions with key management personnel

Key management personnel hold co-investments in the projects of CVC and have contractual rights to receive distributions and capital returns received by CVC from the following projects.

Marsden Park Development Trust: the landowner of the property project in Marsden Park North, New South Wales.

Donnybrook JV Pty Limited: the landowner of the property project in Donnybrook, Victoria.

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2023

Remuneration Report (Audited) (Cont.)

The following table shows the entitlement movement during the year.

| | Opening Ownership Interest 1 July 2022 | Other Changes During the Year | Closing Ownership Interest 30 June 2023 |
|---------------------------------------|---|----------------------------------|--|
| Marsden Park Development Trust | | | |
| Mr M.A. Avery | 0.5% | - | 0.5% |
| Mr J.A. Hunter (a) | 0.5% | (0.5%) | - |
| Donnybrook JV Pty Limited | | | |
| Mr M.A. Avery (b) | 1.3% | (1.3%) | - |
| Mr J.A. Hunter (a) | 0.8% | (0.8%) | - |
| Mr J.S. Leaver (c) | 2.0% | (2.0%) | - |

- (a) During the financial year, CVC acquired Mr Hunter's investment in Marsden Park Development Trust and Donnybrook JV Pty Limited at fair value for a total consideration of \$770,000 following his resignation on 30 September 2022.
- (b) During the financial year, CVC acquired Mr Avery's investment in Donnybrook JV Pty Limited at fair value for a total consideration of \$871,025.
- (c) During the financial year, CVC acquired Mr Leaver's investment in Donnybrook JV Pty Limited at fair value for a total consideration of \$1,393,681.

At the end of the reporting period \$53,114 were recognised in trade and other payables in the statement of financial position in relation to the co-investment in Marsden Park Development Trust property project.

Consequences of performance on shareholder wealth

In considering CVC's performance and benefits for shareholder wealth, the Directors have regard to the following indicators in respect of the current financial year and previous financial years.

| | 2023 \$ | 2022 \$ | 2021 \$ | 2020 \$ | 2019 \$ |
|--|------------|------------|------------|-------------|-------------|
| Net profit/(loss) attributable to members of the parent entity | 13,417,676 | 6,105,923 | 19,489,949 | (2,074,480) | (2,060,002) |
| Other comprehensive loss attributable to members of the parent entity | - | - | - | - | - |
| Total comprehensive income/(loss) attributable to members of the parent entity | 13,417,676 | 6,105,923 | 19,489,949 | (2,074,480) | (2,060,002) |
| Dividends paid | 10,514,169 | 10,514,169 | 3,504,722 | 9,413,760 | 17,920,128 |
| Shares bought back on market | - | - | 864,524 | 671,904 | 4,878,540 |
| Share price at year end | 2.37 | 2.45 | 1.97 | 1.41 | 2.59 |
| Change in share price | (0.08) | 0.48 | 0.56 | (1.18) | (0.07) |
| Net assets per share | 1.55 | 1.53 | 1.56 | 1.43 | 1.53 |
| Change in net assets per share | 0.02 | (0.03) | 0.13 | (0.10) | (0.18) |

This concludes the remuneration report, which has been audited.

Share Options

There were no options issued by the Company during the year or to the date of this report. CVC has outstanding performance rights to key management personnel. Refer page 22.

Indemnification and Insurance of Officers and Auditors

a) Indemnification

During and since the end of the financial period CVC has provided an indemnity and entered into an agreement to indemnify Directors and Company Secretaries for liabilities that may arise from their position, except where the liability arises out of conduct involving a lack of good faith.

b) Insurance Premiums

CVC has not, during the year or since the end of the financial year, paid or agreed to pay a premium for insuring any person who is or has been an auditor of the Company or a related body corporate for the costs or expenses of defending legal proceedings.

The Company has paid insurance premiums in respect of Directors' and Officers' liability and legal expense insurance for Directors and Officers of the Company.

In accordance with s. 300(9) of the *Corporations Act 2001* further details have not been disclosed due to confidentiality provisions contained in the insurance contract.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Rounding of Amounts

CVC is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to "rounding-off". Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar unless otherwise stated.

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2023

Auditor Independence and Non-Audit Services

CVC appointed Pitcher Partners Sydney as the auditors for the 2023 financial year. Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the financial year are disclosed in note 27.

The directors are satisfied that the provision of non-audit services by the auditor did not compromise the audit independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

Auditor's Independence Declaration to the Directors of CVC Limited

A copy of the Independence Declaration given to the Directors by the lead auditor for the audit undertaken by Pitcher Partners Sydney is included on page 27.

This Directors' Report is signed in accordance with a resolution of the Board of Directors.

Dated at Sydney 29 August 2023.



MARK AVERY
Director



CRAIG TREASURE
Director

Auditor's Independence Declaration

FOR THE YEAR ENDED 30 JUNE 2023

To the Directors of CVC Limited and its controlled entities:

As lead auditor for the audit of CVC Limited and its controlled entities for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration applies to CVC Limited and the entities it controlled during the year ended 30 June 2023.

Dated at Sydney 29 August 2023.



John Gavljak
Partner



Pitcher Partners
Sydney

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2023

| | Notes | 2023 \$ | 2022 \$ |
|--|-------|--------------------|-------------------|
| INCOME FROM CONTINUING OPERATIONS | | | |
| Development sales and fees | 4 | 69,684,135 | 45,179,060 |
| Change in fair value of investment property | 17 | 1,578,224 | 5,823,004 |
| Interest and fee income | 4 | 9,447,821 | 20,283,192 |
| Share of net profits of associates accounted for using the equity method | 16 | 8,445,577 | 2,686,162 |
| Other income | 4 | 11,073,016 | 9,912,661 |
| Total income | | 100,228,773 | 83,884,079 |
| EXPENSES | | | |
| Property development costs | 5 | 61,024,237 | 38,822,916 |
| Employee and director costs | 5 | 5,271,382 | 7,057,618 |
| Finance costs | 5 | 7,535,809 | 9,246,886 |
| Impairment loss | 5 | 3,632,815 | 3,738,725 |
| Management and consultancy fees | | 771,530 | 2,898,301 |
| Other expenses | 5 | 2,696,317 | 6,955,802 |
| Total expenses | | 80,932,090 | 68,720,248 |
| Profit before related income tax expense | | 19,296,683 | 15,163,831 |
| Income tax expense | 6 | 5,413,243 | 2,256,443 |
| Net profit for the year | | 13,883,440 | 12,907,388 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 13,883,440 | 12,907,388 |
| Net profit for the year attributable to | | | |
| Shareholders | | 13,417,676 | 6,105,923 |
| Non-controlling interest | | 465,764 | 6,801,465 |
| | | 13,883,440 | 12,907,388 |
| Total comprehensive income for the year attributable to | | | |
| Shareholders | | 13,417,676 | 6,105,923 |
| Non-controlling interest | | 465,764 | 6,801,465 |
| | | 13,883,440 | 12,907,388 |
| Basic earnings per share | 7 | 0.1149 | 0.0523 |
| Diluted earnings per share | 7 | 0.1137 | 0.0517 |

The above consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2023

| | Notes | 2023 \$ | 2022 \$ |
|---|-------|--------------------|--------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 26 | 51,175,273 | 26,409,250 |
| Financial assets at amortised cost | 9 | 42,540,711 | 57,795,083 |
| Financial assets at fair value through profit or loss | 13 | 217,422 | 14,048,329 |
| Inventories | 14 | 4,720,802 | 32,967,202 |
| Other assets | 15 | 2,507,407 | 1,471,564 |
| | | 101,161,615 | 132,691,428 |
| Assets classified as held for sale | 10 | - | 5,128,205 |
| Total current assets | | 101,161,615 | 137,819,633 |
| NON-CURRENT ASSETS | | | |
| Contract asset | 11 | 2,514,995 | - |
| Financial assets at amortised cost | 9 | 37,467,551 | 35,754,102 |
| Financial assets at fair value through profit or loss | 13 | 30,504,918 | 24,761,699 |
| Inventories | 14 | 13,441,003 | 19,172,915 |
| Investments accounted for using the equity method | 16 | 33,447,592 | 38,905,039 |
| Property, plant and equipment | | 86,236 | 123,111 |
| Right-of-use assets | 12 | 1,375,037 | 1,832,123 |
| Investment properties | 17 | 4,000,000 | 2,400,000 |
| Other assets | 15 | 57,007,010 | 14,881,773 |
| Deferred tax assets | 6 | 2,054,655 | 3,577,084 |
| Total non-current assets | | 181,898,997 | 141,407,846 |
| TOTAL ASSETS | | 283,060,612 | 279,227,479 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 19 | 4,932,472 | 5,748,353 |
| Interest bearing loans and borrowings | 21 | 1,073,558 | 58,729,927 |
| Other liabilities | 22 | 145,088 | 448,502 |
| Lease liabilities | 12 | 471,483 | 467,270 |
| Provisions | 20 | 637,653 | 914,060 |
| Current tax liabilities | | 5,264,880 | 6,656,621 |
| Total current liabilities | | 12,525,134 | 72,964,733 |
| NON-CURRENT LIABILITIES | | | |
| Interest bearing loans and borrowings | 21 | 86,728,446 | 25,132,786 |
| Lease liabilities | 12 | 961,479 | 1,432,962 |
| Deferred tax liabilities | 6 | 3,339,603 | 3,573,744 |
| Total non-current liabilities | | 91,029,528 | 30,139,492 |
| TOTAL LIABILITIES | | 103,554,662 | 103,104,225 |
| NET ASSETS | | 179,505,950 | 176,123,254 |
| EQUITY | | | |
| Contributed equity | 23 | 97,231,880 | 97,231,880 |
| Other equity | 24 | - | 1,881,405 |
| Retained earnings | | 84,055,599 | 79,270,687 |
| Other reserves | 25 | 52,668 | 98,993 |
| Total parent entity interest | | 181,340,147 | 178,482,965 |
| Non-controlling interest | | (1,834,197) | (2,359,711) |
| TOTAL EQUITY | | 179,505,950 | 176,123,254 |

The above consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2023

| | Notes | Contributed Equity \$ | Retained Earnings \$ | Other Reserves \$ |
|--|-------|-----------------------------|----------------------------|-------------------------|
| At 1 July 2022 | | 97,231,880 | 79,270,687 | 98,993 |
| Profit for the year | | - | 13,417,676 | - |
| Other comprehensive income | | - | - | - |
| Total comprehensive income for the year | | - | 13,417,676 | - |
| <i>Transactions with shareholders:</i> | | | | |
| Change in non-controlling ownership interests | 25 | - | - | (245,606) |
| Return of capital | | - | - | - |
| Dividends paid | 8 | - | (10,514,169) | - |
| Share based payment | 25 | - | - | 199,281 |
| Transfer from/(to) equity | | - | 1,881,405 | - |
| At 30 June 2023 | | 97,231,880 | 84,055,599 | 52,668 |
| At 1 July 2021 | | 97,231,880 | 84,123,111 | (919,557) |
| Profit for the year | | - | 6,105,923 | - |
| Other comprehensive income | | - | - | - |
| Total comprehensive income for the year | | - | 6,105,923 | - |
| <i>Transactions with shareholders:</i> | | | | |
| Change in non-controlling ownership interests | 25 | - | - | (104,100) |
| Return of capital | | - | - | - |
| Dividends paid | 8 | - | (10,514,169) | - |
| Deconsolidation of subsidiaries | | - | - | - |
| Share based payment | 25 | - | - | 678,472 |
| Transfer (to)/from reserve | | - | (444,178) | 444,178 |
| At 30 June 2022 | | 97,231,880 | 79,270,687 | 98,993 |

The above consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

| Other Equity \$ | Owners of the Parent \$ | Non-Controlling Interest \$ | Total \$ |
|--------------------|-------------------------------|-----------------------------------|--------------|
| 1,881,405 | 178,482,965 | (2,359,711) | 176,123,254 |
| - | 13,417,676 | 465,764 | 13,883,440 |
| - | - | - | - |
| - | 13,417,676 | 465,764 | 13,883,440 |
| - | (245,606) | 182,075 | (63,531) |
| - | - | (2,418) | (2,418) |
| - | (10,514,169) | (119,907) | (10,634,076) |
| - | 199,281 | - | 199,281 |
| (1,881,405) | - | - | - |
| - | 181,340,147 | (1,834,197) | 179,505,950 |
| 1,881,405 | 182,316,839 | 37,345,370 | 219,662,209 |
| - | 6,105,923 | 6,801,465 | 12,907,388 |
| - | - | - | - |
| - | 6,105,923 | 6,801,465 | 12,907,388 |
| - | (104,100) | 1,357,347 | 1,253,247 |
| - | - | (189,300) | (189,300) |
| - | (10,514,169) | (3,216,088) | (13,730,257) |
| - | - | (44,517,381) | (44,517,381) |
| - | 678,472 | 58,876 | 737,348 |
| - | - | - | - |
| 1,881,405 | 178,482,965 | (2,359,711) | 176,123,254 |

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2023

| | Notes | 2023 \$ | 2022 \$ |
|---|-------|--------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash receipts in the course of operations | | 1,427,172 | 5,201,754 |
| Cash payments in the course of operations | | (7,793,438) | (12,812,067) |
| Cash proceeds from land held for resale | | 5,050,000 | 7,000,000 |
| Cash payment for land held for resale | | (1,848,751) | (24,981,236) |
| Proceeds on disposal of equity investments | | 42,517,715 | 4,317,317 |
| Payments for equity investments | | (16,224,494) | (8,329,273) |
| Payment on construction contract | | (43,030,084) | (34,798,533) |
| Proceeds from construction contract | | 64,905,093 | 44,360,703 |
| Payment for other assets | | (40,850,296) | (3,497,772) |
| Loans provided | | (15,488,860) | (88,865,522) |
| Loans repaid | | 38,233,954 | 83,594,860 |
| Dividends received | | 3,435,665 | 1,762,503 |
| Interest received | | 7,709,087 | 17,071,371 |
| Interest paid | | (4,219,408) | (4,029,600) |
| Income taxes paid | | (6,808,884) | (5,277,259) |
| Net cash provided by/ (used in) operating activities | 26 | 27,014,471 | (19,282,754) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for acquisition and development of investment properties | | (21,776) | (76,996) |
| Payments for property, plant and equipment | | (7,614) | (15,694) |
| Sale of subsidiaries | | 5,100,000 | 17,387,745 |
| Cash held by subsidiaries deconsolidated | | (6,499,980) | (14,323,043) |
| Net cash (used in)/provided by investing activities | | (1,429,370) | 2,972,012 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of borrowings | | (5,225,181) | (20,539,783) |
| Proceeds from borrowings | | 36,099,335 | 25,611,797 |
| Principal elements of lease payments | | (467,270) | (537,815) |
| Convertible loan note redeemed | | (50,192,788) | (3,513,835) |
| Proceeds from loan note issued | | 31,141,000 | - |
| Loan note issued transaction costs | | (1,345,040) | - |
| Dividends paid | | (10,676,264) | (15,103,823) |
| Transactions with non-controlling interests | | (150,452) | 1,238,615 |
| Payments for return of capital | | (2,418) | (189,300) |
| Net cash used in financing activities | | (819,078) | (13,034,144) |
| Net increase/(decrease) in cash and cash equivalents | | 24,766,023 | (29,344,886) |
| Cash and cash equivalents at the beginning of the financial year | | 26,409,250 | 55,754,136 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR | 26 | 51,175,273 | 26,409,250 |

The above consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

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Note 1: Statement of Accounting Policies

The financial statements are presented in the Australian currency. The significant policies which have been adopted in the preparation of this financial report are:

1.1 Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards (including Australian Accounting Interpretations). The financial report has been prepared on a historical cost basis, except for financial assets at fair value through profit or loss and investment properties which have been measured at fair value.

CVC is a for-profit entity for the purpose of preparing this financial report. These accounting policies have been consistently applied by each entity in CVC and, are consistent with those of the previous year.

1.2 Current and Non-Current Classification

CVC presents assets and liabilities in the Statement of Financial Position as current or non-current.

- Current assets include assets held primarily for trading purposes, cash and cash equivalents, and assets expected to be realised in, or intended for sale or use in, the course of CVC's operating cycle and within one year from the reporting date. All other assets are classified as non-current.
- Current liabilities include liabilities held primarily for trading purposes, liabilities expected to be settled in the course of CVC's operating cycle and those liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

1.3 Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying CVC's accounting policies.

The financial statement areas that involve the use of key estimates and judgements that have a significant risk of causing a material adjustment to the carrying amount of certain assets and liabilities are:

- Assessment of recoverable amount of investments accounted for using the equity method (refer note 34.1);
- Assessment of recoverable amount of financial assets at amortised cost (refer note 9);
- Valuation of inventories (refer note 14);
- Valuation of investment properties (refer note 17);
- Fair value of certain financial assets at fair value through profit or loss (refer note 13 and note 34.2);

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 1: Statement of Accounting Policies (Cont.)

1.3 Critical Accounting Estimates and Judgements (Cont.)

- Assessment of whether or not CVC controls certain investees, and the date that control was deemed to be obtained or lost (refer note 2 and note 34.3);
- Recoverable value of other assets (refer note 15);
- Recoverability of current and deferred tax assets and measurement of current and deferred tax liabilities, and the likelihood of generating sufficient future taxable profits to recover such tax balances (refer note 6); and
- Fair value of performance rights (refer note 35).

1.4 Rounding of Amounts

CVC is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to “rounding-off”. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar unless otherwise stated.

1.5 Statement of Compliance

The financial report complies with International Financial Reporting Standards (IFRS).

CVC has adopted all of the applicable new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period. Adoption of the applicable new or amended standards did not have a material impact on CVC.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by CVC. These standards are not expected to have a material impact on CVC in the current or future reporting periods.

1.6 Principles of Consolidation

Controlled entities

The consolidated financial statements comprise the financial statements of CVC Limited (the “Company”) and its subsidiaries during the year ended 30 June 2023 (“CVC”). The financial statements of controlled entities are included in the results only from the date control commences until the date control ceases.

Control is achieved when CVC is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, CVC controls an investee, if and only if, CVC has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When CVC has less than a majority of the voting or similar rights of an investee, CVC considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- CVC’s voting rights and potential voting rights; and
- Common key management personnel.

CVC re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control. Consolidation of a subsidiary begins when CVC obtains control over the subsidiary and ceases when CVC loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss from the date CVC gains control until the date CVC ceases to control the subsidiary.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated in full and the reporting period and accounting policies of subsidiaries are consistent with those of the parent entity.

The acquisition of subsidiaries is accounted for using the purchase method of accounting which allocates the cost of the business combination to the fair value of the assets acquired and the liabilities assumed at the date of acquisition.

Non-controlling interests not held by CVC are allocated their share of net profit after tax in the statement of profit or loss and are presented within equity in the consolidated statement of financial position, separately from parent shareholders’ equity. Increases in investments in existing controlled entities are recognised by CVC in equity with no impact on goodwill and the statement of profit or loss and other comprehensive income. The difference between the consideration paid by CVC and the carrying amount of non-controlling interest has been included in asset revaluation reserve.

If control over a subsidiary is lost, the (former) parent:

- Derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amount at the date when control is lost;
- Derecognises any related non-controlling interest in the former subsidiary at the date when control is lost (including any attributable components of other comprehensive income);

Note 1: Statement of Accounting Policies (Cont.)

1.6 Principles of Consolidation (Cont.)

- Recognises the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control;
- Recognises any investment retained in the former subsidiary at its fair value at the date when control is lost; and
- Reclassifies to profit or loss, or transfers directly to retained earnings, any amounts recognised in other comprehensive income in relation to the former subsidiary.

The difference between (a) the sum of the fair value of consideration received and the fair value of remaining interest and (b) assets (including goodwill), liabilities and the previous carrying amount of non-controlling interest of the subsidiary, is recognised in profit or loss.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting either under AASB 9 *Financial Instruments* or AASB 128 *Investments in Associates and Joint Ventures*.

Associates

Associates are those entities, other than partnerships, over which CVC exercises significant influence but not control. In the consolidated financial statements investments in associates are accounted for using equity accounting principles. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. CVC's equity accounted share of the associates' net profit or loss is recognised in the consolidated statement of profit or loss from the date significant influence commences until the date significant influence ceases.

Where an equity accounted investment is disposed of and (or) significant influence is lost, any remaining investment is measured at fair value at the disposal date, and is accounted for as a financial asset in accordance with AASB 9 *Financial Instruments*. The difference between the previous carrying amount and fair value of the remaining investment is recognised in profit or loss as a gain or loss on disposal.

Joint ventures

CVC's interests in joint venture partnerships are accounted for using equity accounting principles. Investments in joint venture partnerships are carried at the lower of the equity accounted amount and recoverable amount. CVC's equity accounted share of the joint venture partnerships' net profit or loss is recognised in the consolidated statement of profit or loss from the date joint control commences to the date joint control ceases. CVC's share of other movements in reserves is recognised directly in other comprehensive income.

Parent entity information

The financial information of the Company is disclosed in note 3 and has been prepared on the same basis as the consolidated financial statements with the exception of investments in associates and controlled entities which are accounted for as "fair value through profit or loss" investments.

The reporting date of the Company and its subsidiaries is 30 June. The accounting policies have been consistently applied by each entity in CVC.

1.7 Impairment

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit. Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

1.8 Income Tax and Other Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities on the current period's taxable income at the tax rates enacted by the reporting date. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 1: Statement of Accounting Policies (Cont.)

1.8 Income Tax and Other Taxes (Cont.)

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised for all deductible temporary differences, carry-forward amounts of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward amount of unused tax credits can be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit.

Tax consolidation legislation

The 100% owned subsidiaries of the Company formed a tax consolidation group on 30 June 2003. The entities in the consolidated group continue to account for their own current and deferred tax amounts. CVC has applied the "stand-alone taxpayer" approach in determining the appropriate amount of current taxes and deferred taxes to be allocated to members of the tax consolidated group. The Company recognises the current tax liabilities (or assets) from controlled entities in the tax consolidated group. To the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised the Company recognises the deferred tax assets from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Members of the tax consolidated group have entered into a tax funding agreement. Under the funding agreement the allocation of tax within the group is calculated as if each entity was an individual entity for tax purposes. Unless agreed between the members, the funding agreement requires payment as a result of the transfer of tax amounts.

Goods and Services Tax

Revenues, expenses, assets and liabilities are recognised net of the amount of Goods and Services Tax (GST), except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

1.9 Business Combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred or assumed from the former owners of the acquired business
- equity interests issued by CVC
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. CVC recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Note 1: Statement of Accounting Policies (Cont.)

1.9 Business Combination (Cont.)

Where settlement of any part of cash consideration is deferred, the amounts payable due in more than a year are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

For business combinations which involve an equity interest previously held by CVC which qualified as an associate or a jointly controlled entity, it is similarly treated as if it were disposed of and reacquired at fair value on the acquisition date. Accordingly, it is remeasured to its acquisition date fair value, and any resulting gain or loss compared to its carrying amount at acquisition date is recognised in the statement of profit or loss.

1.10 Cash and Cash Equivalents

Cash includes cash on hand and short-term deposits with an original maturity of three months or less.

1.11 Trade and Other Payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to CVC prior to the end of the financial year that are unpaid and arise when CVC becomes obliged to make future payments in respect of the purchase of these goods and services. Trade payables are non-interest bearing and are normally settled on average between 30 – 45 day terms.

1.12 Trade and Other Receivables

Trade and other receivables are stated at their amortised cost less any allowance for expected credit losses. Individual debts that are known to be uncollectible are written off when identified. CVC applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade and other receivables. The measurement of expected loss is based on CVC's historical credit losses experienced and then adjusted for current and forward-looking information affecting CVC's customers.

1.13 Contract Assets and Contract Liabilities

A contract asset is the entity's right to consideration in exchange for goods or services that the entity has transferred to the customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due. A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer. Individual contract assets that are known to be uncollectible are written off when identified. CVC applies the AASB 9 simplified approach to

measuring expected credit losses using a lifetime expected credit loss provision for contract assets. The measurement of expected loss is based on CVC's historical credit losses experienced and then adjusted for current and forward-looking information affecting CVC's customers.

1.14 Inventories

CVC develops residential and commercial properties for sale which are classified as inventories. Development projects are valued at the lower of cost and net realisable value (NRV). Cost includes costs of acquisition, development and all other costs directly related to specific projects. NRV is the estimated selling price in the ordinary course of business less estimated costs to complete and sell the development.

1.15 Investment Properties

Investment properties are initially measured at cost, including transaction costs. Investment properties are subsequently measured at fair value, which reflect market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment properties are recognised in the statement of profit or loss in the year in which they arise.

1.16 Property, Plant and Equipment

Items of property, plant and equipment are recorded at cost and depreciated as outlined below.

Depreciation

Property, plant and equipment are depreciated using the straight line method over the estimated useful lives. Depreciation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only.

The current depreciation rates for each class of assets are as follows:

| | |
|------------------------|------------|
| Plant and equipment | 25% to 33% |
| Leasehold improvements | 14% to 20% |

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amounts being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

1.17 Other Non-Current Assets

Other non-current assets include call options and put and call option at contracted cost to purchase property, non-refundable call option fees paid, security deposit and associated due diligence costs paid in relation to land subject to rezoning and further development. Other non-current assets are recorded at cost and tested for impairment at each reporting date, with recoverable amounts being estimated when events or changes in circumstances indicate that they might be impaired. Impairment losses on other non-current assets are taken to the statement of profit or loss.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 1: Statement of Accounting Policies (Cont.)

1.18 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by CVC.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by CVC under residual value guarantees; and
- payments of penalties for terminating the lease, if the lease term reflects CVC exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases held by CVC, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

1.19 Financial Assets

(a) Classification

Financial assets in the scope of AASB 9 *Financial Instruments* are classified in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in statement of profit or loss and other comprehensive income.

Debt investments are reclassified when and only when its business model for managing those assets changes.

(b) Measurement

Initial measurement

At initial recognition, a financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement

Financial assets at amortised cost

Financial assets at amortised cost are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the statement of profit or loss. Impairment losses are presented as a separate line item in the statement of profit or loss.

Financial assets at fair value through profit or loss (FVPL)

Equity investments that have not been elected to present as financial assets at fair value through other comprehensive income are measured at FVPL. Changes in the fair value of financial assets at FVPL are recognised in the statement of profit or loss as applicable.

(c) Impairment

The expected credit losses associated with debt instruments carried at amortised cost is assessed on a forward looking basis. The expected credit loss is determined based on changes in the financial asset's underlying credit risk and includes forward-looking information. Where there has been a significant increase in credit risk since initial recognition, the expected credit loss is determined with reference to the probability of default. CVC applies its judgement in determining whether there has been a significant increase in credit risk since initial recognition based on qualitative, quantitative, and

Note 1: Statement of Accounting Policies (Cont.)

1.19 Financial Assets (Cont.)

reasonable and supportable information that includes forward-looking information.

Expected credit loss is generally determined based on the contractual maturity of the financial asset and an assessment of the underlying security provided by the counterparty. The expected credit loss is measured as the product of probability of default, loss given default and exposure at default, with increases and decreases in the measured expected credit loss from the date of origination being recognised in the statement of profit or loss as either an impairment loss or gain.

Outcomes within the next financial period that are different from assumptions and estimates could result in changes to the timing and amount of expected credit losses to be recognised.

The loss allowances for expected credit loss are presented in the statement of financial position as a deduction to the gross carrying amount.

1.20 Intangible Assets

Goodwill

Goodwill on acquisition of businesses is included in intangible assets. Goodwill is considered to have an indefinite life and represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of a business or shares in a controlled entity. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Impairment losses on goodwill are taken to the statement of profit or loss and are not subsequently reversed.

1.21 Non-Current Assets (or Disposal Groups) Held for Sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

1.22 Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Borrowing costs consist of interest and other costs relating to the financing of the acquisition of investment properties, and are expensed in the period they occur.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects. The carrying amount of the conversion option is not remeasured in subsequent periods. Interest on convertible notes and non-convertible notes are expensed in profit or loss.

1.23 Other Liabilities

Other liabilities relate to non-controlling interests in contributory investment trusts that CVC has assessed that it controls and the units issued by these funds meet the definition of a liability in accordance with AASB 132 *Financial Instruments: Presentation* rather than classified as equity.

1.24 Revenue

Revenue from contract with customers

Contract revenue

CVC develops commercial properties. There is ordinarily one performance obligation, being the delivery of a completed building to a customer, including design, construction and leasing (if applicable) of the building. The performance obligation is satisfied, and revenue including costs and margin is recognised, over time with progress determined in line with the building's percentage of completion. The percentage of completion is determined by costs incurred to date as a percentage of total expected costs. This method best represents the passing of control of the building to the customer as it is being built. Estimates of costs and project completion and associated revenue are revised if circumstances change, with any resulting increases or decreases reflected in the statement of profit or loss. The revenue is only recognised to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty is subsequently resolved.

Sale of land

CVC develops and sells residential properties and commercial land. Revenue is recognised when control of the property has transferred to the customer. The revenue is measured at the transaction price agreed under the contract. The properties have generally no alternative use for CVC due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer. The consideration is due when legal title has been transferred.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 1: Statement of Accounting Policies (Cont.)

1.24 Revenue (Cont.)

Management fee income

Management fee income is recognised in respect to the following types of service contracts with customers:

- Loan administration, fund administration and development administration services: these services are provided to customers as a series of distinct goods or services that are substantially the same and transferred over time, either separately or in combination as an integrated offering, and are treated as a single performance obligation.
- Equity raising, loan establishment, acquisition and project management services: due to the specialised nature of these services, the customer does not benefit from the process undertaken, but rather the outcome. CVC is only entitled to payment for services upon the successful completion of the contract. Hence, revenue is recognised at a point in time, upon completion of the service.

Financing components

CVC does not expect to have any contracts where the period between the transfer of promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, CVC does not adjust any of the transaction prices for the time value of money.

Other income

Rental income

Rental revenue from operating leases is recognised on a straight line basis over the term of the lease.

Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends

Revenue from dividends and other distributions from controlled entities are recognised by the parent entity when they are declared by the controlled entities.

Revenue from dividends from investments other than associates is recognised when right to receive is established. Dividends received out of pre-acquisition reserves are recognised in revenue and the investment is also assessed for impairment.

1.25 Employee Entitlements

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be wholly settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled including "on-costs".

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Share-based payments

CVC provides benefits to employees in the form of share-based payments, whereby employees render services in exchange for rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted, and amortised over the vesting period of the plan. The number of rights expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

1.26 Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.27 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

1.28 Earnings Per Share

Basic earnings per share is calculated as net profit/(loss) attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

1.29 Comparative Figures

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

Note 1: Statement of Accounting Policies (Cont.)

1.30 Segment Reporting

A business segment is a distinguishable component of the entity that is engaged in providing differentiated products or services. Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

1.31 Foreign Currency Translation

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 2: Controlled Entities

2.1 Composition of Consolidated Group

The consolidated financial statements include the following controlled entities. The financial years of all controlled entities are the same as that of the parent entity.

Companies incorporated in Australia:

| CVC Limited | Interest Held by Consolidated Entity | | Interest Held by Non-controlling Interests | |
|---|--------------------------------------|-----------|--|-----------|
| | 2023 % | 2022 % | 2023 % | 2022 % |
| Directly Controlled Entities: | | | | |
| Albemarle Altfi Investments Unit Trust | 100 | 100 | - | - |
| Biggee Pty Limited | 60 | - | 40 | - |
| Biomedical Systems Pty Limited | 100 | 100 | - | - |
| CVC Caboolture Unit Trust | 60 | 60 | 40 | 40 |
| CVC Elara Developments Pty Ltd | - | 100 | - | - |
| CVC Investment Managers Pty Limited | 100 | 100 | - | - |
| CVC Managers Pty Limited | 100 | 100 | - | - |
| CVC Masters Unit Trust | - | 50 | - | 50 |
| CVC Mezzanine Finance Pty Limited | 100 | 100 | - | - |
| CVC (Newcastle) Pty Limited | 100 | 100 | - | - |
| CVC Property Investments Pty Limited | 100 | 100 | - | - |
| CVC Renewables Pty Limited | 94 | 94 | 6 | 6 |
| EFM Harpley Property Trust | 100 | 100 | - | - |
| EFM Harpley Town Centre Property Trust (a) | - | 100 | - | - |
| Eildon Debt Fund (b) | | | | |
| - V Class | 100 | 96 | - | 4 |
| - AB Class | - | 100 | - | - |
| Eildon Property Investment (E) Fund (b) | | | | |
| - B Class | 96 | 95 | 4 | 5 |
| - C Class | - | 100 | - | - |
| Elara Development Trust | - | 67 | - | 33 |
| Harpley Developments Pty Limited | 100 | 100 | - | - |
| JAK Mickleham Road Pty Limited | 100 | 100 | - | - |
| LAC JV Pty Limited | 66.7 | 66.7 | 33.3 | 33.3 |
| LAC JV Unit Trust | 66.7 | 66.7 | 33.3 | 33.3 |
| LAC JV No. 2 Pty Limited | 50 | 50 | 50 | 50 |
| LAC JV No. 2 Unit Trust | 50 | 50 | 50 | 50 |
| MAC 1 MP Pty Ltd | 66 | 66 | 34 | 34 |
| Marsden Park Development Trust | 66 | 66 | 34 | 34 |
| Norwell Valley Collective Pty Ltd | 60 | - | 40 | - |
| Safari Capital Pty Limited | 100 | 100 | - | - |
| Stinoc Pty Limited | 99 | 99 | 1 | 1 |
| West Melb Land Holdings Pty Ltd | 80.5 | - | 19.5 | - |
| Controlled Entity jointly owned by CVC Limited and CVC Renewables Pty Limited: | | | | |
| Wind Corporation Australia Pty Limited | - | 100 | - | - |
| Controlled Entity owned by West Melb Land Holdings Pty Ltd: | | | | |
| Truganina Land Co Pty Ltd | 70 | - | 30 | - |

(a) EFM Harpley Town Centre Property Trust became an associate of CVC from 30 March 2023. Refer 2.2(a).

(b) Units issued in the fund meet the definition of a liability under AASB 132 *Financial Instruments: Presentation* rather than equity. As such, the units in the funds not eliminated on consolidation are recognised as "Other Liabilities" in the statement of financial position.

Note 2: Controlled Entities (Cont.)

2.2 Deconsolidation of Subsidiaries

(a) Year ended 30 June 2023

EFM Harley Town Centre Property Trust

During the year, CVC sold 52.4% of its holding in EFM Harley Town Centre Property Trust for \$5.1m, resulting in a \$857,701 gain on sale taken to profit or loss. Subsequent to the sale, the trust has been accounted for as an associate investment using the equity method.

(b) Year ended 30 June 2022

Eildon Capital Group (EDC)

Following the restructure of the board and executive team of EDC and the reduction in the relative ownership of CVC in EDC, the board of directors is of the opinion that CVC no longer controlled EDC effective 26 April 2022 (refer to note 34.3) at which point EDC became an associate. CVC sold its remaining interest in EDC on 24 April 2023.

79 Logan Road Pty Ltd and 79 Logan Road Trust (together 79 Logan Road)

79 Logan Road Pty Ltd and 79 Logan Road Trust became associates of CVC effective 26 April 2022 as a result of CVC losing control of EDC. On 4 July 2023, CVC acquired an additional 17.5% of 79 Logan Road investments which resulted in CVC's holding increasing to 52.5%. As such, the entities became subsidiaries of CVC after the transaction.

Gain or loss on deconsolidation

CVC deconsolidated these investments in accordance with AASB 10 *Consolidated Financial Statements* with the resulting \$1,269,914 gain on deconsolidation taken to profit or loss.

| Former Subsidiary | Eildon Capital Group \$ | 79 Logan Road \$ | Total \$ |
|---|----------------------------|---------------------|-------------|
| Assets and liabilities derecognised | (57,653,323) | (26,988,984) | |
| Non-controlling interest derecognised and other adjustments | 40,673,057 | 18,503,472 | |
| Carrying value of investment attributable to CVC | (16,980,266) | (8,485,512) | |
| Fair value of investment retained by CVC at 26 April 2022 | 18,271,731 | 8,463,961 | |
| Gain/(loss) on deconsolidation | 1,291,465 | (21,551) | 1,269,914 |

Subsequent measurement

After deconsolidation, the Eildon Capital Group and 79 Logan Road investments have been accounted as associate investments using the equity method as the board of directors is of the opinion that significant influence over these investments exist from 26 April 2022 (refer to note 16).

CVC sold all its remaining interest in EDC on 24 April 2023 and derecognised the equity accounted investment. Refer to note 16.

On 4 July 2023, CVC acquired an additional 17.5% of 79 Logan Road investments which resulted in CVC's holding increasing to 52.5%. As such, the entities became subsidiaries of CVC after the transaction.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 2: Controlled Entities (Cont.)

2.3 Interest in Material Subsidiaries

(a) Significant restrictions

CVC has constitutional restrictions on its ability to access or use the assets of CVC Caboolture Unit Trust, Eildon Debt Fund, Eildon Property Investment (E) Fund, LAC JV Unit Trust, LAC JV No. 2 Unit Trust and Marsden Park Development Trust, which arise from the operation of the various Trust Deeds of the entities. CVC has an interest in the equity of these entities, but does not have a right to their assets or liabilities.

The carrying amount of the non-controlling interests of the various entities included within the consolidated financial statements to which these restrictions apply is a net liability of \$1,834,197 (2022: \$2,359,711).

(b) Information on subsidiaries:

Set out below are those entities that have non-controlling interests that are material to CVC.

Marsden Park Development Trust: a residential property development in Riverstone, New South Wales.

CVC Caboolture Unit Trust: a commercial property development in Caboolture, Queensland.

Elara Development Trust: a commercial property development in Marsden Park, New South Wales.

Eildon Capital Group: a funds management operation focused on sourcing and providing funding for investment opportunities in the property industry, providing investors with exposure to a combination of income yield and fee income from its funds management platform. The group became an equity accounted associate of CVC from 26 April 2022. Refer note 2.2 and note 34.3. CVC sold all its remaining interest in EDC on 24 April 2023 and derecognised the equity accounted investment.

79 Logan Road Trust: a commercial property in Woolloongabba, Queensland with a long term lease to an ASX listed entity, with residential development approval. The trust became an equity accounted associate of CVC from 26 April 2022. Refer note 2.2 and note 34.3. On 4 July 2023, CVC acquired an additional 17.5% of the trust which resulted in CVC's holding increasing to 52.5%. As such, the trust became a subsidiary of CVC after the transaction.

Norwell Valley Collective Pty Ltd: a property development project in Norwell, Queensland.

Note 2: Controlled Entities (Cont.)

2.3 Interest in Material Subsidiaries (Cont.)

(b) Information on subsidiaries (cont.):

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to CVC. The amounts disclosed for each subsidiary are before inter-company eliminations.

| | Marsden Park Development Trust | | CVC Caboolture Unit Trust | | Elara Development Trust | |
|--|-----------------------------------|--------------------|------------------------------|---------------------|----------------------------|------------------|
| | 2023 \$ | 2022 \$ | 2023 \$ | 2022 \$ | 2023 \$ | 2022 \$ |
| Summarised statement of financial position | | | | | | |
| Current assets | 31,542 | 1,845,000 | 6,214,140 | 17,305,111 | - | 561,388 |
| Current liabilities | 7,892 | 23,100 | 4,657,207 | 1,837,961 | - | 568,236 |
| Current net assets | 23,650 | 1,821,900 | 1,556,933 | 15,467,150 | - | (6,848) |
| Non-current assets | 13,441,003 | 13,077,460 | 4,000,000 | 5,231,549 | - | - |
| Non-current liabilities | 17,503,221 | 18,070,928 | 4,213,058 | 23,844,303 | - | - |
| Non-current net assets | (4,062,218) | (4,993,468) | (213,058) | (18,612,754) | - | - |
| Net assets | (4,038,568) | (3,171,568) | 1,343,875 | (3,145,604) | - | (6,848) |
| Accumulated NCI | (1,773,328) | (1,495,296) | 537,550 | (1,258,241) | - | (2,260) |
| Summarised statement of comprehensive income | | | | | | |
| Revenue | 479,011 | 38,223 | 66,578,492 | 22,862,597 | 4,444 | 22,749,708 |
| (Loss)/profit for the period | (867,000) | (1,012,327) | 4,784,656 | (808,310) | 541 | 4,168,810 |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive income | (867,000) | (1,012,327) | 4,784,656 | (808,310) | 541 | 4,168,810 |
| (Loss)/profit allocated to NCI | (299,191) | (354,213) | 1,913,862 | (323,324) | 178 | 1,375,707 |
| Dividends paid to NCI | - | - | 118,071 | - | 1,835 | 1,378,398 |
| Summarised statement of cash flows | | | | | | |
| Cash flows (used in)/from operating activities | (313,580) | (1,442,037) | 25,499,947 | (5,962,179) | (521,938) | 1,969,530 |
| Cash flows from/(used in) financing activities | 320,738 | 1,463,117 | (22,661,431) | 6,318,065 | - | (1,943,463) |
| Net increase/(decrease) cash and cash equivalents | 7,158 | 21,080 | 2,838,516 | 355,886 | (521,938) | 26,067 |

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 2: Controlled Entities (Cont.)

2.3 Interest in Material Subsidiaries (Cont.)

(b) Information on subsidiaries (cont.):

| | Eildon Capital Group (a) | | 79 Logan Road Trust (b) | | Norwell Valley Collective P/L | |
|--|--------------------------|-------------|-------------------------|-----------|-------------------------------|------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Summarised statement of financial position | | | | | | |
| Current assets | - | - | - | - | 58,940 | - |
| Current liabilities | - | - | - | - | 92,596 | - |
| Current net assets | - | - | - | - | (33,656) | - |
| Non-current assets | - | - | - | - | 2,514,996 | - |
| Non-current liabilities | - | - | - | - | 3,968,909 | - |
| Non-current net assets | - | - | - | - | (1,453,913) | - |
| Net assets | - | - | - | - | (1,487,569) | - |
| Accumulated NCI | - | - | - | - | (595,068) | - |
| Summarised statement of comprehensive income | | | | | | |
| Revenue | - | 11,019,920 | - | 6,997,816 | - | - |
| Profit/(loss) for the period | - | 5,566,684 | - | 6,630,633 | (1,487,669) | - |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive income | - | 5,566,684 | - | 6,630,633 | (1,487,669) | - |
| Profit allocated to NCI | - | 3,410,285 | - | 2,579,190 | (595,068) | - |
| Dividends paid to NCI | - | 1,452,739 | - | - | - | - |
| Summarised statement of cash flows | | | | | | |
| Cash flows from/(used in) operating activities | - | 8,717,066 | - | (706,865) | (3,152,421) | - |
| Cash flows used in investing activities | - | (3,444,191) | - | - | - | - |
| Cash flows (used in)/from financing activities | - | (3,432,131) | - | 631,000 | 3,152,421 | - |
| Net increase/(decrease) cash and cash equivalents | - | 1,840,744 | - | (75,865) | - | - |

(a) Eildon Capital Group became an equity accounted associate of CVC on 26 April 2022. The amounts disclosed for the 2022 financial year relate to the period from 1 July 2021 to 26 April 2022. CVC sold all its remaining interest in EDC on 24 April 2023 and derecognised the equity accounted investment. Refer to note 16.

(b) 79 Logan Road Trust was reclassified as an associate on 26 April 2022 following Eildon Capital Group becoming an associate of CVC. On 4 July 2023, CVC acquired an additional 17.5% of the trust which resulted in CVC's holding increasing to 52.5%. As such, the trust became a subsidiary of CVC after the transaction.

Note 2: Controlled Entities (Cont.)

2.4 Transactions with Non-Controlling Interests

There were no material transactions with non-controlling interests for year ended 30 June 2023. Transactions with non-controlling interests for the year ended 30 June 2022 are disclosed below.

Eildon Capital Limited ("EDC")

During the 2022 financial year, EDC issued 127,725 stapled securities for \$130,897. As a result, CVC's holding in EDC decreased by 0.1%. CVC recognised an increase in non-controlling interest of \$136,089 and a decrease in equity attributable to owner of the parent of \$5,192.

During the 2022 financial year, CVC sold 1,070,000 stapled securities for \$1,097,719. As a result, CVC's holding in EDC decreased by 2.27%. CVC recognised an increase in non-controlling interest of \$1,196,632 and a decrease in equity attributable to owner of the parent of \$98,913.

LAC JV No. 2 Unit Trust

During the 2022 financial year, as a result of EDC ceasing to be a subsidiary and becoming an associate of CVC on 26 April 2022, the deemed ownership of CVC's holding in LAC JV No.2 Unit Trust decreased from 67% to 50%. The carrying amount of the existing 33% non-controlling interest in LAC JV No. 2 Unit Trust was nil and there was no impact equity attributable to owners of the parent and non-controlling interest.

Note 3: Parent Company Information

3.1 Summary Financial Information

The individual financial statements for the parent company, CVC Limited, show the following aggregate amounts:

| | 2023 \$ | 2022 \$ |
|--|--------------------|--------------------|
| Current assets | 80,039,165 | 79,471,811 |
| TOTAL ASSETS | 229,449,402 | 249,983,545 |
| Current liabilities | 5,880,912 | 56,218,456 |
| TOTAL LIABILITIES | 112,828,174 | 149,461,515 |
| EQUITY | | |
| Contributed equity | 97,231,880 | 97,231,880 |
| Retained earnings | 18,544,662 | 763,340 |
| Other equity | - | 1,881,405 |
| Other reserve | 844,686 | 645,405 |
| TOTAL EQUITY | 116,621,228 | 100,522,030 |
| Net profit | 26,414,086 | 3,466,473 |
| Total comprehensive income for the year | 26,414,086 | 3,466,473 |

The financial information for the Company has been prepared on the same basis as the consolidated financial statements with the exception of investments in associates and controlled entities which are accounted for as "fair value through profit or loss" investments.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

2023
\$

2022
\$

Note 3: Parent Company Information (Cont.)

3.2 Commitments and Contingent Liabilities

Amounts available to be called by investees for partially paid shares and units

| | | |
|--------------------|-----------|-----------|
| Related entities | 7,500,000 | - |
| Unrelated entities | - | 9,578,083 |
| | 7,500,000 | 9,578,083 |

Amounts available to be drawn by borrowers under existing loan facility agreements

| | | |
|--------------------|-----------|-----------|
| Related entities | 3,020,000 | - |
| Unrelated entities | 1,942,454 | 2,885,768 |
| | 4,962,454 | 2,885,768 |

3.3 Financial Guarantees

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

| | | |
|----------------|---|------------|
| Guarantees (a) | - | 24,500,000 |
|----------------|---|------------|

(a) Guarantees provided to various banks as securities for loan facilities.

2023
\$

2022
\$

Note 4: Income

Development sales and fees:

| | | |
|------------------|-------------------|-------------------|
| Contract revenue | 64,634,135 | 38,179,060 |
| Sale of land | 5,050,000 | 7,000,000 |
| | 69,684,135 | 45,179,060 |

Interest and fee income:

| | | |
|---------------------|------------------|-------------------|
| Interest income | 9,350,086 | 18,086,116 |
| Facility fee income | 97,735 | 2,197,076 |
| | 9,447,821 | 20,283,192 |

Other income:

Profit from equity investments:

| | | |
|---|-----------|-----------|
| Dividends | 1,754,667 | 864,448 |
| Gain on deconsolidation (note 2.2) | 857,701 | 1,269,914 |
| Gain on disposal of held-for sale (note 10) | 1,871,845 | - |
| Gain on investment at fair value through profit or loss | 3,116,675 | - |

Recovery of financial assets at amortised cost:

| | | |
|---------------------|-----------|-----------|
| Impairment recovery | 2,311,553 | 3,549,395 |
| Loan forgiveness | - | 27,314 |

Others:

| | | |
|-----------------------|-------------------|------------------|
| Management fee income | 684,000 | 2,432,599 |
| Rental income | 309,288 | 1,507,242 |
| All other income | 167,287 | 261,749 |
| | 11,073,016 | 9,912,661 |

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 4: Income (Cont.)

Disaggregation of revenue from contracts with customers

| | Development Sales and Fees \$'000's | Facility Fee Income \$'000's | Management Fee Income \$'000's | Other Contract Revenue (a) \$'000's |
|---------------------------------------|---|------------------------------------|--------------------------------------|---|
| Timing of revenue recognition | | | | |
| Year Ended 30 June 2023 | | | | |
| At a point in time | 5,050 | - | - | 25 |
| Over time | 64,634 | 98 | 684 | 11 |
| Revenue from contracts with customers | 69,684 | 98 | 684 | 36 |
| Year Ended 30 June 2022 | | | | |
| At a point in time | 7,000 | 1,047 | 820 | 38 |
| Over time | 38,179 | 1,150 | 1,613 | 182 |
| Revenue from contracts with customers | 45,179 | 2,197 | 2,433 | 220 |

(a) Other contract revenue were included in All other income.

2023
\$

2022
\$

Note 5: Expenses

Property development costs:

| | | |
|-------------------|-------------------|-------------------|
| Contract costs | 57,379,325 | 32,198,084 |
| Cost of land sold | 3,644,912 | 6,624,832 |
| | 61,024,237 | 38,822,916 |

Employee and director costs:

| | | |
|-----------------------------|------------------|------------------|
| Superannuation | 232,720 | 411,869 |
| Share-based payments | 199,281 | 737,348 |
| Non-executive director fees | 97,489 | 90,411 |
| Termination payment | 1,274,737 | - |
| Other employee costs | 3,467,155 | 5,817,990 |
| | 5,271,382 | 7,057,618 |

Finance costs:

| | | |
|---|------------------|------------------|
| Interest and finance charges paid/payable for financial liabilities at amortised cost | 6,439,606 | 4,654,022 |
| Finance cost for non-controlling interest in trust classified as liabilities | 10,464 | 3,305,746 |
| Amortisation of prepaid finance cost (a) | 1,041,837 | 1,255,019 |
| Lease liabilities | 43,902 | 32,099 |
| | 7,535,809 | 9,246,886 |

(a) The finance cost is in relation to the guarantee provided by a third party to the vendor of the property in Moorebank, New South Wales, being purchased by LAC JV Unit Trust. The guarantee is being amortised over the term that the facility is being provided and it has been fully amortised during the year.

Impairment loss:

| | | |
|--|------------------|------------------|
| Impairment of financial assets at amortised cost | 1,728,926 | 1,076,081 |
| Impairment of investments in associates | 1,400,403 | 2,065,493 |
| Impairment of other assets | 503,486 | 597,151 |
| | 3,632,815 | 3,738,725 |

Other expenses:

| | | |
|---|------------------|------------------|
| Loss on investment at fair value through profit or loss | - | 3,869,411 |
| Depreciation and amortisation | 770,697 | 587,302 |
| All other overhead expenses | 1,925,620 | 2,499,089 |
| | 2,696,317 | 6,955,802 |

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

| | 2023 \$ | 2022 \$ | |
|---|----------------------------------|----------------------------------|---------------------|
| Note 6: Income Tax | | | |
| 6.1 Income Tax Expense | | | |
| Accounting profit before income tax | 19,296,683 | 15,163,831 | |
| Income tax expense at the statutory income tax rate of 30% | 5,789,005 | 4,549,149 | |
| Increase in income tax expense due to: | | | |
| Sundry items | 172,202 | 250,476 | |
| Trust losses not deductible | 1,306,782 | 726,584 | |
| Decrease in income tax expense due to: | | | |
| Dividends received | (103,348) | (583,064) | |
| Trust profit not assessable | (1,435,558) | (1,646,295) | |
| Deferred tax balance not previously recognised | (289,740) | (1,042,391) | |
| | 5,439,343 | 2,254,459 | |
| Adjustments in respect of current income tax of previous years | (26,100) | 1,984 | |
| Income tax expense | 5,413,243 | 2,256,443 | |
| The major components of income tax expense are: | | | |
| Current income tax charge | 5,748,367 | 7,086,781 | |
| Deferred income tax | (309,024) | (4,832,322) | |
| Adjustments in respect of current income tax of previous years | (26,100) | 1,984 | |
| Income tax expense reported in the statement of profit or loss | 5,413,243 | 2,256,443 | |
| | Included in Income \$ | Included in Equity \$ | Total \$ |

6.2 Deferred Tax Assets

Deferred income tax at 30 June related to the following deferred tax assets:

Year ended 30 June 2023

| | | | |
|------------------------------------|------------------|------------|------------------|
| Provisions and accrued expenses | 280,438 | - | 280,438 |
| Financial assets | 1,011,027 | - | 1,011,027 |
| Equity accounted income | 1,001 | - | 1,001 |
| Other | 314,256 | 389 | 314,645 |
| Tax losses | 1,071,341 | - | 1,071,341 |
| Deferred tax assets not recognised | (623,797) | - | (623,797) |
| | 2,054,266 | 389 | 2,054,655 |

| | Included in Income \$ | Included in Equity \$ | Total \$ |
|--|--------------------------|--------------------------|-------------|
|--|--------------------------|--------------------------|-------------|

Note 6: Income Tax (Cont.)

6.2 Deferred Tax Assets (Cont.)

Year ended 30 June 2022

| | | | |
|------------------------------------|-----------|-------|-----------|
| Provisions and accrued expenses | 342,799 | - | 342,799 |
| Financial assets | 2,441,066 | - | 2,441,066 |
| Equity accounted income | 704,689 | - | 704,689 |
| Other | 90,949 | 1,294 | 92,243 |
| Tax losses | 619,803 | - | 619,803 |
| Deferred tax assets not recognised | (623,516) | - | (623,516) |
| | 3,575,790 | 1,294 | 3,577,084 |

6.3 Deferred Tax Liabilities

Deferred income tax at 30 June related to the following deferred tax liabilities:

Year ended 30 June 2023

| | | | |
|-------------------------|------------------|---|------------------|
| Financial assets | 1,292,194 | - | 1,292,194 |
| Equity accounted income | 1,962,945 | - | 1,962,945 |
| Other | 84,464 | - | 84,464 |
| | 3,339,603 | - | 3,339,603 |

Year ended 30 June 2022

| | | | |
|-------------------------|-----------|---|-----------|
| Financial assets | 135,305 | - | 135,305 |
| Equity accounted income | 3,334,097 | - | 3,334,097 |
| Other | 104,342 | - | 104,342 |
| | 3,573,744 | - | 3,573,744 |

Deferred income tax assets are offset against deferred income tax liabilities to the extent that it is probable that the timing of the utilisation of the temporary differences will occur in the same accounting period, a legally enforceable right exists to set off tax assets and liabilities and that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

CVC estimates future taxable profits based on forecasts. Future taxable profits are influenced by a variety of general economic and business conditions, which are outside the control of CVC. A change in any of these assumptions could have an impact on the future profitability of CVC and may affect the recovery of deferred tax assets. The recoverability of deferred tax assets including those arising from tax losses has been determined with reference to these forecasts.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

| | 2023 \$ | 2022 \$ |
|-----------------------------------|------------|------------|
| Note 7: Earnings Per Share | | |
| Basic earnings per share | 0.1149 | 0.0523 |
| Diluted earnings per share | 0.1137 | 0.0517 |

Reconciliation of earnings used in calculation of earnings per share:

| | | |
|---|------------|------------|
| Profit after income tax | 13,883,440 | 12,907,388 |
| Less: non-controlling interest | 465,764 | 6,801,465 |
| Net profit attributable to members of the parent entity | 13,417,676 | 6,105,923 |

Number of Shares

Weighted average number of shares

| | | |
|--|-------------|-------------|
| Weighted average number of shares used in calculating basic earnings per share | 116,824,094 | 116,824,094 |
| Adjustment for calculation of diluted earnings per share (a) | 1,139,544 | 1,352,474 |
| Weighted average number of shares and potential ordinary shares used in calculating earnings per share | 117,963,638 | 118,176,568 |

(a) The adjustment to weighted number of average shares relates to performance rights issued during the period. The convertible notes were fully redeemed on 22 June 2023 and they were not considered to be dilutive for the purpose of calculating diluted average number of shares as at 30 June 2022.

Note 8: Dividends

Dividends proposed or paid and not provided for in previous years by the Company are:

Declared during the financial year and included within the statement of changes in equity:

| | Cents Per Share | Total \$ | Date of Payment | Tax Rate for Franking Credit | Percentage Franked |
|--|--------------------|-------------|--------------------|---------------------------------|-----------------------|
| 2023 Interim dividend on ordinary shares | 4.00 | 4,672,964 | 20 February 2023 | 30% | 100% |
| 2022 Final dividend on ordinary shares | 5.00 | 5,841,205 | 18 August 2022 | 30% | 100% |
| 2022 Interim dividend on ordinary shares | 4.00 | 4,672,964 | 18 February 2022 | 30% | 100% |

Note 8: Dividends (Cont.)

Declared after the end of the financial period and not included in the statement of financial position:

A final fully franked dividend in respect of the year ended 30 June 2023 of 5 cents per share amounting to \$5,841,205 was paid on 18 August 2023.

| | 2023 \$ | The Company 2022 \$ |
|---|-------------------|---------------------------|
| Dividend franking account | | |
| Franking credits available to shareholders for subsequent financial years | 10,823,941 | 9,765,006 |

The franking account is stated on a tax paid basis. The balance comprises the franking account at year-end adjusted for:

- (a) franking credits that will arise from the payment of the amount of the provision for income tax
- (b) franking debits that will arise from the refund of overpaid tax instalments paid
- (c) franking debits that will arise from the payment of dividends recognised as a liability at year-end
- (d) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date
- (e) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

| | 2023 \$ | 2022 \$ |
|--|------------|------------|
|--|------------|------------|

Note 9: Financial Assets at Amortised Cost

Current

| | | |
|---|-------------------|-------------|
| Trade receivables | 1,887,124 | 119,292 |
| Other receivables | 10,013,182 | 4,654,057 |
| Loans to associated entities | - | 2,068,025 |
| Expected credit loss for loans to associated entities | - | (2,068,025) |
| Loans to other entities | 30,868,066 | 53,337,924 |
| Expected credit loss for loans to other entities | (227,661) | (316,190) |
| | 42,540,711 | 57,795,083 |

Non-current

| | | |
|---|-------------------|------------|
| Loans to associated entities | 29,661,533 | 18,257,055 |
| Expected credit loss for loans to associated entities | (180,072) | (180,072) |
| Loans to other entities | 7,986,090 | 17,677,119 |
| | 37,467,551 | 35,754,102 |

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 9: Financial Assets at Amortised Cost (Cont.)

9.1 Trade Receivables and Other Receivables

Trade and other receivables are non-interest bearing. CVC applies the AASB 9 simplified approach to measure expected credit losses using a lifetime expected credit loss provision for trade and other receivables. The measurement of expected loss is based on CVC's historical credit losses experienced and then adjusted for current and forward-looking information affecting CVC's customers.

Details on credit risk relating to trade and other receivables is set out in note 31.

9.2 Loans to Various Entities

Loans to various entities include Loans to associated entities and Loans to other entities. In the event that a counterparty defaults on a loan, CVC may take possession of security provided. During the year, CVC has not repossessed any assets that have been provided as security.

To assess whether there is a significant increase in credit risk CVC compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. These include if a counterparty does not pay a scheduled payment of principal and interest, requests a variation to the repayment terms, or management consider that there has been an adverse change in the underlying value of assets securing the loan.

The table below represents the reconciliation of the expected credit loss allowance on loan assets to which the impairment requirements under AASB 9 are applied.

| | 2023 \$ | 2022 \$ |
|--|-------------|-------------|
| <i>Movements in the provision for impairment loss were as follows:</i> | | |
| Carrying amount at the beginning of the year | 2,564,287 | 7,920,785 |
| Expected credit loss allowance recognised during the year | 187,032 | 1,076,081 |
| Unused amount reversed | (2,311,553) | (3,526,146) |
| Loans written off during the year as uncollectable | (32,033) | (2,906,433) |
| Carrying amount at the end of the year | 407,733 | 2,564,287 |

Further details on credit risk relating to loans is set out in note 31.

9.3 Fair Value

Due to the short-term nature of the current financial assets at amortised cost, their carrying amount is considered to be the same as their fair value. For the majority of the non-current financial assets at amortised cost, the fair values are also not significantly different from their carrying amounts as interests charged are at market rates.

Note 10: Assets Classified as Held for Sale

Non-current asset held for sale

| | | |
|--------------------------------|---|-----------|
| Shares in unlisted corporation | - | 5,128,205 |
|--------------------------------|---|-----------|

During the 2022 financial year, CVC agreed with the remaining 50% of shareholders of Mooloolaba Wharf Holding Company Pty Ltd that it would sell its shareholding in the company to them for the current carrying value. As such, the investment was reclassified from Investments in associates to Non-Current asset held for sale (refer note 16). The asset is presented within total assets of the Property Investment segment (refer note 29). The sale was finalised in December 2022 with the gain of \$1,871,845 recognised as part of Other Income.

2023
\$

2022
\$

Note 11: Contract Assets

| | | |
|----------------------------|-----------|---|
| Non-current contract asset | 2,514,995 | - |
|----------------------------|-----------|---|

Contract Assets consists of costs directly related to fulfilling the performance obligations of a contract and anticipated contracts, including professional fees associated with establishing the structure and formulating the contractual agreements. The costs incurred and expected to be incurred have significant financial benefit compared to the current industry standard of similar projects. In addition, CVC expects that the costs are recoverable from the proceeds it will be entitled to under the contract. The contract costs are being amortised over the period from the signing date of the contract until the performance obligation of the contract is satisfied. Amortisation of \$181,537 (2022: nil) has been charged during the year. Other costs associated with preliminary investigation and tender process of the contract have been expensed.

Note 12: Leases

CVC leases various offices and equipment. Rental contracts are typically made for fixed periods of 5 years to 6 years, without any extension options.

Contracts may contain both lease and non-lease components. CVC allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and bank guarantees provided by CVC (refer note 28.1). Leased assets may not be used as security for borrowing purposes.

2023
\$

2022
\$

| Right-of-use assets | 2023 \$ | 2022 \$ |
|--------------------------|------------------|------------------|
| Office leases | 1,358,976 | 1,811,968 |
| Equipment | 16,061 | 20,155 |
| | 1,375,037 | 1,832,123 |
| Lease liabilities | | |
| Current | 471,483 | 467,270 |
| Non-current | 961,479 | 1,432,962 |
| | 1,432,962 | 1,900,232 |

Additions to the right-of-use assets during the year ended 30 June 2023 was nil (2022: \$20,474) and the total cash outflow for leases was \$511,172 (2022: \$537,816).

Depreciation charge of right-of-use assets

| | | |
|---------------|----------------|----------------|
| Office leases | 452,992 | 452,992 |
| Equipment | 4,095 | 11,459 |
| | 457,087 | 464,451 |

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

| | 2023 \$ | 2022 \$ |
|---|-------------------|-------------------|
| Note 13: Financial Assets at Fair Value Through Profit or Loss | | |
| Current | | |
| Investments in unlisted entities | 217,422 | 14,048,329 |
| Non-current | | |
| Investments in listed entities | 15,726,204 | 11,836,917 |
| Investments in unlisted entities | 14,778,714 | 12,924,782 |
| | 30,504,918 | 24,761,699 |

13.1 Investments in Listed Entities

The carrying value of investments classified as "Investments in listed entities" has been determined by using the fair value approach. The "last-price" was determined to be an appropriate indication for the fair value of the investments. Refer note 34.2.

13.2 Investments in Unlisted Entities

The carrying value of investments classified as "Investments in unlisted entities" has been determined by using appropriate valuation techniques. Such techniques include using recent arm's length market transactions and net asset backing using the most recent reports provided by the relevant entities. Refer note 32 for further information on fair value measurement.

Note 14: Inventories

| | | |
|--|------------|------------|
| Current | | |
| Land development sites held for resale | 4,720,802 | 32,967,202 |
| Non-current | | |
| Land development sites held for resale | 13,441,003 | 19,172,915 |

Inventories recognised as an expense for the year ended 30 June 2023 totalled \$3,644,912 (2022: \$6,624,832). This expense has been included in the statement of profit or loss.

Write-downs of inventories to net realisable value amounted to \$3,179,877 for 2022 financial year. These were recognised as an expense and included in Property Development Costs in the statement of profit or loss.

CVC develops residential and commercial properties for the purpose of sale rather than being held as an investment property. Development projects are valued at the lower of cost and net realisable value ("NRV"). Cost includes costs of acquisition, development and all other costs directly related to specific projects. NRV is the estimated selling price in the ordinary course of business less estimated costs to complete and sell the development.

Note 14: Inventories (Cont.)

The projects represent developments at Marsden Park, New South Wales, Caboolture, Queensland and Werribee, Victoria. The recoverability of the carrying value has been assessed as followed:

(a) Residential development, Marsden Park, New South Wales

An Independent valuation was completed by Knight Frank NSW Valuation & Advisory Pty Ltd on 14 February 2023. The valuation is based on the current land use entitlements (zoning) and utilising a direct comparison basis method. The valuation is significantly greater than the current carrying value of the site. CVC is of the opinion that the current value continues to be comparable to the valuation as further progress has been made in rezoning the site.

(b) Caboolture, Queensland

Uncontracted land

The value of the uncontracted land is based on a director's assessment of value with reference to a market appraisal provided by Colliers on 5 July 2022. CVC is of the opinion that the current value continues to be comparable to the valuation.

Retail centre development

The value of the land subject to development had been determined based on a cost to complete basis. The land was settled during the year.

(c) Retail precinct development, Werribee, Victoria

The value of the uncontracted land is based on a director's assessment of value with reference to a market appraisal provided by LAWD on 7 July 2023. CVC is of the opinion that the current value continues to be comparable to the valuation.

CVC, based on the valuation assessments above, is of the opinion that the NRV of the above land development sites exceeds the current carrying value.

| | 2023 | 2022 |
|--|------|------|
| | \$ | \$ |

Note 15: Other Assets

Current

| | | |
|----------------------|-----------|-----------|
| Prepayments (a) | 93,870 | 1,130,574 |
| Other current assets | 2,413,537 | 340,990 |
| | 2,507,407 | 1,471,564 |

Non-current

| | | |
|------------------------------|------------|------------|
| Other non-current assets (b) | 57,007,010 | 14,881,773 |
|------------------------------|------------|------------|

(a) The prepayments in 2022 financial year included an amount of \$1,041,837 which represents the finance cost in relation to the guarantee provided by a third party to the vendor of the property in Moorebank, New South Wales, being purchased by LAC JV Unit Trust. The guarantee is being amortised over the term that the facility is being provided and it has been fully amortised during the year.

(b) Other non-current assets include call options and put and call options to acquire real property. The carrying value reflects capitalised non-refundable call option fees paid, security deposits and associated due diligence costs paid. The carrying value of capitalised option costs is assessed for impairment annually. An impairment of \$503,486 (2022: \$597,151) had been charged against two of the call options during the year.

CVC has exercised its call option and a put and call option has been entered on 27 June 2023 in relation to the land in Moorebank, New South Wales. An Independent valuation was completed by Colliers Valuation & Advisory Services on 3 February 2023 for the land. The valuation is based on the current land use entitlements (zoning) and utilising a direct comparison basis method. The valuation is significantly greater than the expected cost of the site including the current carrying value of the option and the balance of the purchase price.

CVC has entered into two call options for two sites during the year. CVC is of the opinion that the current costs to date are a reasonable estimate of the carrying value of the options as at 30 June 2023.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

| | 2023 \$ | 2022 \$ |
|---|-------------------|-------------------|
| Note 16: Investments Accounted for Using the Equity Method | | |
| Non-current | | |
| Equity accounted interests in joint ventures | 193,470 | 199,108 |
| Equity accounted shares in listed associated companies | - | 17,481,128 |
| Equity accounted shares in other associated companies | 33,254,122 | 21,224,803 |
| | 33,447,592 | 38,905,039 |

Management have reviewed the recoverable amount of investments to determine whether an impairment is required. The amount of any impairment has been determined after consideration of the recoverable amount of the investments, being a recent share price where an active market exists, or alternative valuation methodologies from a review of the operations and assets of the company where an active market does not exist. Management assesses the results to determine the most appropriate valuation. Refer to note 34.1.

Reconciliation

| | | |
|---|-------------------|-------------------|
| Balance at the beginning of the year | 38,905,039 | 43,789,144 |
| New interests acquired | 5,928,956 | 1,078,073 |
| Share of profits | 8,445,577 | 2,686,162 |
| Return of capital | (4,481,656) | (5,771,197) |
| Dividend paid and other distributions | (4,152,634) | (1,829,415) |
| Impairment of investment | (1,400,403) | (2,065,493) |
| Derecognition of associate investments upon loss of significant influence (a) | - | (8,789,070) |
| Recognition of associate investments upon loss of control (b) | 6,500,000 | 26,735,692 |
| Disposal of interests | (16,297,287) | (16,928,857) |
| Balance at the end of the year | 33,447,592 | 38,905,039 |

- (a) Associate investments derecognised include Burnley Maltings Pty Ltd which was reclassified to financial assets through profit or loss as a result of Eildon Capital Group becoming an associate of CVC on 26 April 2022 and Mooloolaba Wharf Holding Company Pty Limited which was reclassified to Assets Classified as Held for Sale.
- (b) Associate investments are made up of controlled entities that became associates, being EFM Harpley Town Centre Property Trust during the year and Eildon Capital Limited, 79 Logan Road Pty Ltd and 79 Logan Road Trust during financial year 2022. Refer note 2.2 and note 34.3.

Note 16: Investments Accounted for Using the Equity Method (Cont.)

16.1 Details of Interests in Investments Accounted for Using the Equity Method are as follows:

| | Ownership Interest Consolidated | | Investment Information |
|---|---------------------------------|-----------|--|
| | 2023 % | 2022 % | |
| Associated entities in Australia | | | |
| 79 Logan Road Pty Ltd (a) | 35.0 | 35.0 | Trustee of 79 Logan Road Trust |
| 79 Logan Road Trust (a) | 35.0 | 35.0 | A commercial property in Woolloongabba, Queensland with a long term lease to an ASX listed entity, with residential development approval. |
| BioPower Systems Pty Limited | 25.1 | 25.1 | Non-operating company |
| Cravenda Pty Ltd (b) | 50.0 | 50.0 | Trustee of Cravenda Unit Trust |
| Cravenda Unit Trust (b) | 50.0 | 50.0 | A residential property development in Mernda, Victoria |
| CVC Emerging Companies Fund | 22.3 | 22.3 | A wholesale unit trust that invests in listed and unlisted growth or expansion stage companies |
| CVC Emerging Companies IM Pty Ltd (b) | 50.0 | 50.0 | Manager of CVC Emerging Companies Fund |
| Donnybrook JV Pty Ltd | 49.0 | 49.0 | A residential property development in Donnybrook, Victoria |
| Eildon Capital Group (c) | - | 37.2 | A funds management operation focused on sourcing and providing funding for investment opportunities in the property industry, providing investors with exposure to a combination of income yield and fee income from its funds management platform |
| EFM Harpley Town Centre Property Trust (d) | 47.6 | n/a | A commercial property development in Werribee, Victoria |
| LC Menangle Unit Trust (b) | 50.0 | 50.0 | A residential property development in Menangle, New South Wales |
| LC Norwell Valley Pty Ltd (b) | - | 50.0 | A residential property development in Norwell Valley, Queensland |
| PVAC Developments Pty Ltd | 40.0 | - | A mixed-used property development in South Morang, Victoria |
| Tango Development No.6 Pty Ltd | 42.5 | 42.5 | A residential property development in Mornington, Victoria |
| Turrella Property Pty Ltd (b) | 50.0 | 50.0 | A residential property development in Turrella, New South Wales |
| Turrella Property Unit Trust (b) | 50.0 | 50.0 | Trustee of Turrella Property Unit Trust |
| Joint Ventures in Australia | | | |
| Drey Pty Ltd (b) | 50.0 | 50.0 | A residential property development in Kirra Beach, Queensland |
| JAK Mickleham Road Pty Ltd and North Victorian Buddhist Association Inc Joint Venture (b) | 50.0 | 50.0 | A residential property development in Craigieburn West, Victoria |

- (a) 79 Logan Road Pty Ltd and 79 Logan Road Trust were reclassified as associates on 26 April 2022 following Eildon Capital Group becoming an associate of CVC. On 4 July 2023, CVC acquired an additional 17.5% of the entities which resulted in CVC's holding increasing to 52.5%. As such, the entities became subsidiaries of CVC after the transaction.
- (b) Cravenda Pty Ltd, Cravenda Unit Trust, CVC Emerging Companies IM Pty Ltd, LC Menangle Unit Trust, LC Norwell Valley Pty Ltd, Drey Pty Ltd, Turrella Property Pty Ltd, Turrella Property Unit Trust and JAK Mickleham Road Pty Ltd and North Victorian Buddhist Association Inc Joint Venture are not considered to be controlled entities of CVC as CVC does not have the power to direct the relevant activities of the investee, in order to affect its returns from each entity.
- (c) Eildon Capital Group ceased to be controlled entities and became equity accounted associates of CVC on 26 April 2022. Refer note 2.2 and note 34.3. CVC sold all of its holding in Eildon Capital Group for \$16.3m on 24 April 2023.
- (d) EFM Harpley Town Centre Property Trust became an associate of CVC from 30 March 2023. Refer 2.2(a).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 16: Investments Accounted for Using the Equity Method (Cont.)

16.2 Summarised Financial Information for Investments Accounted for Using the Equity Method

The table below provides summarised financial information for those investments accounted for using the equity method that are material to CVC. The information disclosed reflects the amounts presented in the financial statements of the relevant investments accounted for using the equity method and not CVC's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

| Joint Venture | MAKE EBRB Dev Nominee Pty Limited (a) | |
|---|---------------------------------------|-------------|
| | 2023 \$ | 2022 \$ |
| Summarised statement of financial position | | |
| Cash and cash equivalents | - | - |
| Other assets | - | - |
| Current assets | - | - |
| Non-current assets | - | - |
| Other current liabilities | - | - |
| Current liabilities | - | - |
| Financial liabilities (excluding trade payables) | - | - |
| Non-current liabilities | - | - |
| Net assets | - | - |
| Reconciliation to carrying amounts: | | |
| Opening net assets 1 July | - | - |
| Profit for the period | - | - |
| Sale | - | - |
| Closing net assets | - | - |
| Group's share - percentage | - | - |
| Group's share - dollars | - | - |
| Adjusted to market value | - | - |
| Carrying amount | - | - |
| Summarised statement of comprehensive income | | |
| Revenue | - | 1,735,389 |
| Depreciation and amortisation | - | (3,940) |
| Interest expense | - | (3,145,140) |
| Loss for the period | - | (3,785,540) |
| Total comprehensive income | - | (3,785,540) |
| Dividends received | - | - |

(a) MAKE EBRB Dev Nominee Pty Limited was sold on 30 June 2022.

Note 16: Investments Accounted for Using the Equity Method (Cont.)

16.2 Summarised Financial Information for Investments Accounted for Using the Equity Method (Cont.)

| Associates | Donnybrook JV Pty Limited | | Eildon Capital Group (a) | | 79 Logan Road Trust (b) | | Burnley Maltings Pty Ltd (c) | |
|---|---------------------------|------------------|--------------------------|-------------------|-------------------------|-------------------|------------------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Summarised statement of financial position | | | | | | | | |
| Current assets | 7,311,401 | 2,107,748 | - | 36,633,135 | 155,873 | 251,285 | - | - |
| Non-current assets | 35,100,907 | 38,066,065 | - | 22,352,141 | 38,400,000 | 38,400,000 | - | - |
| Current liabilities | 5,587,928 | 5,977,370 | - | 2,646,980 | 54,538 | 149,950 | - | - |
| Non-current liabilities | 28,124,376 | 29,484,863 | - | 1,616,321 | 11,490,000 | 11,490,000 | - | - |
| Net assets | 8,700,004 | 4,711,580 | - | 54,721,975 | 27,011,335 | 27,011,335 | - | - |
| Group's share - percentage | 49% | 49% | - | 37.2% | 35% | 35% | n/a | n/a |
| Group's share - dollars | 4,263,002 | 2,308,674 | - | 20,356,575 | 9,453,967 | 9,453,967 | - | - |
| Impairment | - | - | - | (2,875,447) | (982,183) | (982,183) | - | - |
| Goodwill | 4,298,745 | 1,355,789 | - | - | - | - | - | - |
| Carrying amount | 8,561,747 | 3,664,463 | - | 17,481,128 | 8,471,784 | 8,471,784 | - | - |
| Summarised statement of comprehensive income | | | | | | | | |
| Revenue | 29,106,012 | 255,865 | 7,465,016 | 2,037,311 | 1,356,718 | 222,194 | - | 5,141,979 |
| Profit/(loss) for the period | 15,852,814 | (85,215) | 2,659,285 | 636,870 | 492,912 | 150,351 | - | 4,707,095 |
| Total comprehensive income | 15,852,814 | (85,215) | 2,659,285 | 636,870 | 492,912 | 150,351 | - | 4,707,095 |
| Dividends received and other distributions | 3,015,118 | - | 773,035 | 263,534 | 172,519 | 44,800 | - | - |

(a) Eildon Capital Group became equity accounted associates of CVC on 26 April 2022. Refer note 2.2 and note 34.3. CVC has sold all of its holding in Eildon Capital Group on 24 April 2023. The amounts disclosed for 2022 relate to the period from 26 April 2022 to 30 June 2022 and the amounts disclosed for 2023 relate to the period from 1 July 2022 to 24 April 2023.

(b) 79 Logan Road Trust was reclassified as associates on 26 April 2022 following Eildon Capital Group becoming an associate of CVC. On 4 July 2023, CVC acquired an additional 17.5% of the trust which resulted in CVC's holding increasing to 52.5%. As such, the trust became a subsidiary of CVC after the transaction.

(c) Burnley Maltings Pty Ltd ceased to be an associate of CVC as a result of Eildon Capital Group becoming an associate of CVC on 26 April 2022. The amount disclosed related to the period from 1 July 2021 to 26 April 2022.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 16: Investments Accounted for Using the Equity Method (Cont.)

16.2 Summarised Financial Information for Investments Accounted for Using the Equity Method (Cont.)

| Associates | Mooloolaba Wharf Holding Company Pty Limited (a) | | EFM Harpley Town Centre Property Trust (b) | | CVC Emerging Companies Fund | | JAK Contributory Mortgage Fund Loan Trust No 8 | |
|---|--|-----------|--|------|-----------------------------|-------------|--|--------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Summarised statement of financial position | | | | | | | | |
| Current assets | - | - | 1,151,048 | - | 39,887,002 | 41,396,274 | - | - |
| Non-current assets | - | - | 19,316,195 | - | - | - | - | - |
| Current liabilities | - | - | 5,197,680 | - | 5,631,809 | 5,030,511 | - | - |
| Non-current liabilities | - | - | - | - | - | - | - | - |
| Net assets | - | - | 15,269,563 | - | 34,255,193 | 36,365,763 | - | - |
| Group's share - percentage | n/a | n/a | 52.4% | n/a | 22.3% | 22.3% | - | - |
| Group's share - dollars | - | - | 8,001,251 | - | 7,638,908 | 8,109,565 | - | - |
| Impairment | - | - | (657,047) | - | - | - | - | - |
| Goodwill | - | - | - | - | 2,980 | 2,980 | - | - |
| Carrying amount | - | - | 7,344,204 | - | 7,641,888 | 8,112,545 | - | - |
| Summarised statement of comprehensive income | | | | | | | | |
| Revenue | - | 6,158,704 | - | - | 1,055,615 | 3,043,701 | - | 21,862 |
| Profit/(loss) for the period | - | 5,302,458 | (327,171) | - | (1,249,752) | (2,515,187) | - | 21,862 |
| Total comprehensive income | - | 5,302,458 | (327,171) | - | (1,249,752) | (2,515,187) | - | 21,862 |
| Dividends received and other distributions | - | - | - | - | 191,962 | 1,171,647 | - | 21,862 |

(a) Mooloolaba Wharf Holding Company Pty Limited was reclassified to Assets Classified for Sale on 30 June 2022.

(b) EFM Harpley Town Centre Property Trust became an associate of CVC following CVC's disposal of 52.4% of its holding. Refer note 2.2.

Impairment

The carrying value of investments in associates and joint ventures has been reviewed for impairment. An impairment of \$1,400,403 (2022: \$2,065,493) has been charged against the investments during the year. The current carrying value being a reasonable indication of the value of each entity based on an assessment of each entities net asset backing.

Note 16: Investments Accounted for Using the Equity Method (Cont.)

16.3 Individually Immaterial Investments Accounted for Using the Equity Method

In addition to the interests in investments accounted for using the equity method disclosed above, CVC also has interests in a number of individually immaterial investments that are accounted for using the equity method.

| | 2023 \$ | 2022 \$ |
|--|------------|------------|
| Aggregate carrying amount of individually immaterial investments accounted for using the equity method | 1,427,969 | 1,175,119 |
| Aggregate amounts of CVC's share of: | | |
| (Loss)/profit for the period | (18,150) | 52,097 |
| Total comprehensive income | (18,150) | 52,097 |

Note 17: Investment Properties

Non-current

| | | |
|-------------------|-----------|-----------|
| Leased properties | 4,000,000 | 2,400,000 |
|-------------------|-----------|-----------|

Reconciliation:

| | | |
|---|-----------|--------------|
| Investment properties at the beginning of the year | 2,400,000 | 34,900,000 |
| Additions – capital expenditure | 21,776 | 76,996 |
| Derecognised as a result of deconsolidation of a subsidiary | - | (38,400,000) |
| Fair value adjustment | 1,578,224 | 5,823,004 |
| Carrying amount at the end of the year | 4,000,000 | 2,400,000 |

Amounts recognised in comprehensive income

| | | |
|--|---------|-----------|
| Rental income | 309,288 | 1,507,242 |
| Outgoing recovery | 55,585 | 30,511 |
| Direct operating expenses from property that generated rental income | 79,935 | 38,628 |

Investment properties are carried at fair value. Information about the valuation of investment properties is provided in note 32.

Lessor commitments

Investment properties are leased to tenants under operating leases with rental payments payable monthly. The remaining lease terms are on average 4.34 years (2022: 1.33 years), excluding options for lease extensions upon completion of the lease term.

The future minimum lease receivable under non-cancellable leases are as follows:

| | | |
|------------------------------|---------|---------|
| Less than one year | 214,259 | 208,019 |
| Between one and two years | 220,687 | 70,019 |
| Between two and three years | 227,308 | - |
| Between three and four years | 234,127 | - |
| Between four and five years | 76,512 | - |
| | 972,893 | 278,038 |

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

| | 2023 \$ | 2022 \$ |
|--|------------|------------|
|--|------------|------------|

Note 18: Intangible Assets

| | | |
|----------|---|---|
| Goodwill | - | - |
|----------|---|---|

Reconciliations

| | | |
|---|---|-------------|
| Carrying amount at the beginning of the period | - | 1,570,000 |
| Derecognised as a result of deconsolidation of a subsidiary (a) | - | (1,570,000) |
| Carrying amount at the end of the year | - | - |

(a) The goodwill was attributable to the acquisition of the funds management business in Eildon Funds Management Limited on 8 August 2019. Eildon Funds Management Limited ceased to be a controlled entity of CVC as a result of its parent entity, Eildon Capital Group, becoming an associate of CVC on 26 April 2022. Refer note 2.2 and note 34.3.

Goodwill is not deductible for tax purpose.

Note 19: Trade and Other Payables

Current

| | | |
|-------------------------------|------------------|-----------|
| Trade payables | 598,968 | 3,555,689 |
| Sundry creditors and accruals | 4,333,504 | 2,192,664 |
| | 4,932,472 | 5,748,353 |

Note 20: Provisions

Current

| | | |
|-----------------------|----------------|---------|
| Employee entitlements | 637,653 | 914,060 |
|-----------------------|----------------|---------|

2023
\$

2022
\$

Note 21: Interest Bearing Loans and Borrowings

Current

| | | |
|-------------------------------|------------------|-------------------|
| Secured loan (note 21.1) | 1,073,558 | 9,800,000 |
| Convertible notes (note 21.4) | - | 48,929,927 |
| | 1,073,558 | 58,729,927 |

Non-current

| | | |
|---|-------------------|-------------------|
| Secured loans (note 21.1) | 15,216,347 | 15,571,485 |
| Unsecured loan from associated entity (note 21.2) | 41,628,555 | 9,561,301 |
| Loan notes – unsecured (note 21.3) | 29,883,544 | - |
| | 86,728,446 | 25,132,786 |

21.1 Secured Loans

The secured loans are generally for periods up to 10 years. The loans attract interest rates ranging from 5.3% to 6.2% (2022: 3.5% to 5.6%) per annum. The loans are secured by a first ranking charge over the applicable assets.

Facility amount

| | | |
|----------------|-------------------|-------------------|
| Bank loans | 1,073,558 | 10,873,558 |
| Non-bank loans | 15,216,347 | 14,497,927 |
| | 16,289,905 | 25,371,485 |

Security held

| | | |
|-----------------------|-------------------|-------------------|
| Inventories | 14,452,015 | 52,140,117 |
| Investment properties | 4,000,000 | 2,400,000 |
| | 18,452,015 | 54,540,117 |

21.2 Unsecured Loans from Associated Entity

The unsecured loans are for periods up to 3 years with interest rate ranging from nil to 4.35% (2022: 4.35%) per annum. Refer note 30.4.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 21: Interest Bearing Loans and Borrowings (Cont.)

21.3 Loan Notes – Unsecured

The Company issued 311,410 loan notes with a face value of \$100 per note on 21 April 2023. The loan notes are redeemable, unsecured, non-convertible notes and interest-bearing at a variable rate of 4.75% margin over the 90 day Bank Bill Swap Rate, paid quarterly in arrears and have a maturity date of 31 March 2026.

The Loan notes are presented in the Statement of Financial Position as follows:

| | 2023 \$ | 2022 \$ |
|---|-------------------|------------|
| Face value of notes issued at the end of the year | 31,141,000 | - |
| Transaction cost | (1,345,040) | - |
| Amortisation of transaction costs | 87,584 | - |
| Non-current liability | 29,883,544 | - |
| Accrued interest expense (a) | 7,633 | - |

(a) Interest accrued as at 30 June 2023 was included in other payables.

21.4 Convertible Notes

The Company issued 600,000 convertible notes for \$60 million on 22 June 2018. The coupon rate for the note is 3.75% plus the 90 day Bank Bill Swap Rate. The notes were fully redeemed on 22 June 2023 (2022: buy-back of 35,532). The convertible notes were presented in the Statement of Financial Position as follows:

| | | |
|--|---|--------------|
| Face value of notes issued at the end of the year | - | 49,828,500 |
| Other equity securities – value of conversion rights (note 24) | - | (2,784,907) |
| Transaction cost – liability component | - | (1,996,652) |
| | - | 45,046,941 |
| Cumulative interest expense (a) | - | 13,844,917 |
| Cumulative interest paid | - | (10,301,507) |
| Cumulative gain on notes bought back | - | 1,040,807 |
| Cumulative debt settlement expenses (b) | - | (701,231) |
| Liability | - | 48,929,927 |
| Accrued interest expense (c) | - | 7,588 |

(a) Interest expense is calculated by applying the effective interest rate of 7.16% to the liability component adjusted for actual interest paid/payable.

(b) Debt settlement expenses is the difference between the carrying value and the fair value of the notes at the time they were bought back.

(c) Interest accrued as at 30 June 2022 was included in other payables.

21.5 Fair Value

The fair values of borrowings are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

2023
\$

2022
\$

Note 22: Other Liabilities

| | | |
|----------------|----------------|---------|
| Current | 145,088 | 448,502 |
|----------------|----------------|---------|

The above liabilities relate to non-controlling interests in contributory investment trusts that CVC has assessed that they control and that the units issued in these funds meet the definition of a liability under AASB 132 *Financial Instruments: Presentation* rather than equity.

| | 2023 | The Company | | 2022 |
|--|--------|-------------|--------|------|
| | Number | \$ | Number | \$ |

Note 23: Contributed Equity

Issued and paid-up ordinary share capital

| | | | | |
|--|--------------------|------------|--------------------|------------|
| Balance at the beginning and the end of the year | 116,824,094 | 97,231,880 | 116,824,094 | 97,231,880 |
|--|--------------------|------------|--------------------|------------|

On 29 November 2022 CVC received approval from shareholders to undertake an on-market share buy-back scheme for a duration of 12 months and limited to 20,000,000 ordinary shares. At the date of this report no shares had been bought back under this scheme with 20,000,000 available to be bought back.

Capital risk management

CVC's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, CVC may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the prior year Annual Report.

2023
\$

2022
\$

Note 24: Other Equity

| | | |
|--|---|-----------|
| Value of conversion rights – convertible notes | - | 2,784,907 |
| Transaction cost – equity component | - | (97,186) |
| Deferred tax liability component | - | (806,316) |
| | - | 1,881,405 |

The value of the conversion rights relates to the convertible notes. See note 21.4. Balance of Other Equity was transferred to Retained Earnings following the redemption of the convertible notes on 22 June 2023.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

| | Asset Revaluation Reserve | | Share-based Payment Reserve | | Total | |
|--|---------------------------|------|-----------------------------|------|-------|------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ | \$ | \$ |

Note 25: Other Reserves

| | | | | | | |
|---|----------------|-----------|------------------|-----------|------------------|-----------|
| Balance at the beginning of the year | 546,412 | 938,804 | (645,405) | (19,247) | (98,993) | 919,557 |
| Change in non-controlling ownership interests | 245,606 | 104,100 | - | - | 245,606 | 104,100 |
| Share based payment | - | - | (199,281) | (678,472) | (199,281) | (678,472) |
| Transfer to retained earnings | - | (496,492) | - | 52,314 | - | (444,178) |
| Balance at the end of the year | 792,018 | 546,412 | (844,686) | (645,405) | (52,668) | (98,993) |

Asset Revaluation Reserve

The asset revaluation reserve includes CVC's share of the unrealised change in value arising from the acquisition and disposal of a non-controlling interest in a controlled entity by CVC.

Share-based Payment Reserve

Share-based payment reserve is used to recognise the value of equity settled share-based payments.

Note 26: Notes to Statement of Cash Flows

26.1 Reconciliation of Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short-term deposits at call. Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

| | 2023 \$ | 2022 \$ |
|-----------------|------------|------------|
| Cash on deposit | 51,175,273 | 26,409,250 |

26.2 Reconciliation of Profit after Income Tax to Cash provided by Operating Activities

| | | |
|---|-------------------|--------------|
| Net profit | 13,883,440 | 12,907,388 |
| Adjustments for: | | |
| Share of equity accounted profit | (8,445,577) | (2,686,162) |
| Depreciation and amortisation | 770,697 | 587,302 |
| Performance right | 199,281 | 737,348 |
| Change in fair value of investment properties | (1,578,224) | (5,823,004) |
| Impairment of other assets | 503,486 | 597,151 |
| Impairment expenses on equity investments | 3,129,329 | 3,141,574 |
| Impairment recoveries on financial instruments | (2,311,553) | (3,549,395) |
| Impairment of inventory | - | 3,179,877 |
| Gain on loan forgiveness | - | (27,314) |
| Net (gain)/loss on equity investments | (4,988,520) | 3,869,411 |
| Gain on deconsolidation | (857,701) | (1,269,914) |
| Net foreign currency differences | (71,130) | 120,938 |
| Changes in operating assets and liabilities: | | |
| Trade and other receivables | 43,634,240 | (4,182,816) |
| Inventories | 1,796,161 | (21,536,281) |
| Equity investments | 26,293,222 | (4,011,957) |
| Other assets | (44,706,403) | (3,947,412) |
| Trade and other payables | 1,435,772 | 5,389,727 |
| Provisions | (276,407) | 241,600 |
| Current tax liabilities | (3,901) | 1,957,535 |
| Deferred tax assets and liabilities | (1,391,741) | (4,978,350) |
| Net cash provided by/(used in) operating activities | 27,014,471 | (19,282,754) |

26.3 Financing Facilities

CVC had access to the following specific lines of credit.

Total facilities available:

| | | |
|------------------------|-------------------|------------|
| Secured bank loans | 1,073,558 | 10,873,558 |
| Secured non-bank loans | 15,216,347 | 14,497,927 |
| Total facilities | 16,289,905 | 25,371,485 |

Total facilities used (note 21.1):

| | | |
|------------------------|-------------------|------------|
| Secured bank loans | 1,073,558 | 10,873,558 |
| Secured non-bank loans | 15,216,347 | 14,497,927 |
| | 16,289,905 | 25,371,485 |

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 26: Notes to Statement of Cash Flows (Cont.)

26.4 Interest Bearing Loans and Borrowings

| | Change in liabilities arising from financing activities | | | Total \$ |
|--|---|------------------|--------------|--------------|
| | Other liabilities (a) \$ | Borrowings \$ | Leases \$ | |
| Year ended 30 June 2023 | | | | |
| Liabilities at the beginning of the year | 448,502 | 83,862,713 | 1,900,232 | 86,211,447 |
| Cash flows | (322,162) | 10,477,326 | (467,270) | 9,687,894 |
| Deconsolidation of subsidiaries | - | (5,000,000) | - | (5,000,000) |
| Other changes | 18,748 | (1,538,035) | - | (1,519,287) |
| Liabilities at the end of the year | 145,088 | 87,802,004 | 1,432,962 | 89,380,054 |
| Year ended 30 June 2022 | | | | |
| Liabilities at the beginning of the year | 25,256,407 | 91,460,160 | 2,633,004 | 119,349,571 |
| Cash flows | (629,127) | 2,187,306 | (517,341) | 1,040,838 |
| Deconsolidation of subsidiaries | (26,433,419) | (11,490,000) | (215,431) | (38,138,850) |
| Other changes | 2,254,641 | 1,705,247 | - | 3,959,888 |
| Liabilities at the end of the year | 448,502 | 83,862,713 | 1,900,232 | 86,211,447 |

(a) Other liabilities relates to non-controlling interests in contributory investment trusts where the units issued in these funds meet the definition of a liability under AASB 132 *Financial Instruments: Presentation* rather than equity and CVC has assessed that it controls.

2023
\$

2022
\$

Note 27: Auditors' Remuneration

The auditor of the Company is Pitcher Partners Sydney.

Amounts received or due and receivable to the Auditors of the Company:

Audit or review of the financial report

| | | |
|-------------------------|---------|---------|
| Pitcher Partners Sydney | 189,217 | 198,528 |
|-------------------------|---------|---------|

Non-audit services

Other assurance services

| | | |
|-------------------------|-------|-------|
| Pitcher Partners Sydney | 7,000 | 7,750 |
|-------------------------|-------|-------|

Note 28: Commitments and Contingencies

28.1 Financial Guarantees

Guarantees

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

| | 2023 \$ | 2022 \$ |
|---------------------|------------|------------|
| Guarantees (a) | 610,995 | 25,369,400 |
| Bank guarantees (b) | 236,699 | 236,699 |
| Bank guarantees (c) | 2,090,069 | 267,335 |

(a) Guarantees provided to various banks as securities for loan facilities.

(b) Bank guarantees provided to various landlords.

(c) Bank guarantees and bonds granted for development properties contingent on planning approvals.

28.2 Capital Commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Construction contract

| | | |
|--------------------|---|------------|
| Less than one year | - | 20,530,720 |
|--------------------|---|------------|

28.3 Loans and Other Investments

Amounts available to be drawn by borrowers under existing loan facility agreements

| | | |
|--------------------|------------|-----------|
| Unrelated entities | 1,942,454 | 2,885,768 |
| Related entities | 41,787,381 | - |
| | 43,729,835 | 2,885,768 |

Amounts available to be called by investees for partially paid shares and units

| | | |
|--------------------|-----------|------------|
| Unrelated entities | 1,139,055 | 10,717,138 |
| Related entities | 7,500,000 | - |
| | 8,639,055 | 10,717,138 |

Note 29: Segment Information

29.1 Business Segments

Information for each business segment is shown in the following tables, in round thousands, as permitted under ASIC class order "ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191". These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Composition of each business segment is as follows:

- Property Investment includes investments in property related ordinary equity, preference equity, joint ventures, options to acquire an interest in direct property subject to planning outcomes and property backed lending comprises loans backed by underlying property assets.
- Non-Property Investment comprises listed investments, unlisted investments and secured lending opportunities that are non-property related. It also includes receivables, litigation claims and other investments.

The composition of the reportable segments has changed to align with internal reports during the financial year. Comparatives balances have been changed in order to achieve consistency and comparability with the current period's amounts.

CVC operates predominantly in Australia.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

| | Property Investment \$'000's | Non-Property Investment \$'000's | Consolidated \$'000's |
|---|------------------------------------|--|--------------------------|
| Note 29: Segment Information (Cont.) | | | |
| 29.2 Segments – Profit or Loss | | | |
| <i>Year Ended 30 June 2023</i> | | | |
| Revenue: | | | |
| Segment revenue | 93,020 | 6,017 | 99,037 |
| <i>Unallocated amounts:</i> | | | |
| Interest income | | | 1,192 |
| Consolidated revenue | | | 100,229 |
| Results: | | | |
| Total profit for reportable segments | 24,733 | 5,830 | 30,563 |
| <i>Unallocated amounts:</i> | | | |
| Corporate expenses | | | (11,267) |
| Income tax expenses | | | (5,413) |
| Consolidated profit after tax | | | 13,883 |
| <i>Year Ended 30 June 2022</i> | | | |
| Revenue: | | | |
| Segment revenue | 78,331 | 5,484 | 83,815 |
| <i>Unallocated amounts:</i> | | | |
| Interest income | | | 69 |
| Consolidated revenue | | | 83,884 |
| Results: | | | |
| Total profit for reportable segments | 27,431 | 1,195 | 28,626 |
| <i>Unallocated amounts:</i> | | | |
| Corporate expenses | | | (13,463) |
| Income tax expenses | | | (2,256) |
| Consolidated profit after tax | | | 12,907 |

| | Property Investment \$'000's | Non-Property Investment \$'000's | Consolidated \$'000's |
|--|------------------------------------|--|--------------------------|
|--|------------------------------------|--|--------------------------|

Note 29: Segment Information (Cont.)

29.3 Segments – Balance Sheet

Year Ended 30 June 2023

Assets:

| | | | |
|-----------------------------|---------|--------|---------|
| Segment assets | 182,863 | 38,537 | 221,400 |
| <i>Unallocated amounts:</i> | | | |
| Cash and cash equivalents | | | 51,175 |
| Other assets | | | 10,486 |
| Total assets | | | 283,061 |

Liabilities:

| | | | |
|-----------------------------|--------|---|---------|
| Segment liabilities | 60,382 | - | 60,382 |
| <i>Unallocated amounts:</i> | | | |
| Other liabilities | | | 43,173 |
| Total liabilities | | | 103,555 |

Year Ended 30 June 2022

Assets:

| | | | |
|-----------------------------|---------|--------|---------|
| Segment assets | 212,177 | 33,751 | 245,928 |
| <i>Unallocated amounts:</i> | | | |
| Cash and cash equivalents | | | 26,409 |
| Other assets | | | 6,890 |
| Total assets | | | 279,227 |

Liabilities:

| | | | |
|-----------------------------|--------|---|---------|
| Segment liabilities | 35,596 | - | 35,596 |
| <i>Unallocated amounts:</i> | | | |
| Other liabilities | | | 67,508 |
| Total liabilities | | | 103,104 |

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 30: Related Party Information

Parent entity

CVC Limited is the parent entity.

Subsidiaries

Interest in subsidiaries are set out in note 2.

Associates

Interest in associates are set out in note 16.

| | 2023 \$ | 2022 \$ |
|---|------------|------------|
| 30.1 Key Management Personnel Compensation | | |
| Short-term employee benefits | 1,988,488 | 1,989,773 |
| Post-employment benefits | 99,829 | 111,495 |
| Share-based payments | 185,047 | 645,405 |
| Termination benefit | 1,274,737 | - |
| Total | 3,548,101 | 2,746,673 |

Details of key management personnel remuneration and superannuation are set out in the Remuneration Report section of the Directors' Report.

30.2 Performance Rights

On 10 December 2021, CVC issued employees performance rights under the Employee Incentive Plan. Refer note 35. The table below provides a reconciliation of performance rights held by key management personnel. No performance rights have been issued to other key management personnel.

| | Grant Date | Vesting Date | Exercise Price | Balance at the Start of the Year | Granted during the Year | Other Changes During the Year | Balance at the End of the Year | Fair Value per Right at Grant Date |
|--------------------------------|-------------|--------------|----------------|----------------------------------|-------------------------|-------------------------------|--------------------------------|------------------------------------|
| Year ended 30 June 2023 | | | | | | | | |
| MA Avery | 10 Dec 2021 | 09 Dec 2025 | - | 1,700,000 | - | - | 1,700,000 | \$1.91 |
| CG Treasure | 10 Dec 2021 | 09 Dec 2025 | - | 1,300,000 | - | - | 1,300,000 | \$1.91 |
| JA Hunter (a) | 10 Dec 2021 | 09 Dec 2025 | - | 500,000 | - | (500,000) | - | \$1.91 |
| Year ended 30 June 2022 | | | | | | | | |
| MA Avery | 10 Dec 2021 | 09 Dec 2025 | - | - | 1,700,000 | - | 1,700,000 | \$1.91 |
| CG Treasure | 10 Dec 2021 | 09 Dec 2025 | - | - | 1,300,000 | - | 1,300,000 | \$1.91 |
| JA Hunter (a) | 10 Dec 2021 | 09 Dec 2025 | - | - | 500,000 | - | 500,000 | \$1.91 |

(a) Mr Hunter resigned as company secretary on 30 September 2022 and ceased to be considered as a key management personnel from this date.

Note 30: Related Party Information (Cont.)

30.3 Shares Held by Key Management Personnel

Key management personnel and their related entities hold interests in the following CVC subsidiaries. Movement of interests held during the year are disclosed below:

| | Opening Ownership Interest 1 July 2022 | Purchases | Closing Ownership Interest 30 June 2023 |
|--|---|-----------|--|
| Norwell Valley Collective Pty Ltd | | | |
| Mr C.G. Treasure | - | 10% | 10% |
| West Melb Land Holdings Pty Ltd | | | |
| Mr M.A. Avery | - | 6.5% | 6.5% |
| Mr C.G. Treasure | - | 6.5% | 6.5% |
| | | | 2023 \$ |
| | | | 2022 \$ |

30.4 Loans with Related Parties

Loans from associates:

| | | |
|--|-------------|-----------|
| Beginning of the year | 9,561,301 | 9,582,265 |
| Loan advanced received | 36,099,335 | - |
| Loan repayments made | (425,181) | (448,860) |
| Interest charged | 700,412 | 427,896 |
| Fair value adjustment on initial recognition | (4,307,312) | - |
| End of the year | 41,628,555 | 9,561,301 |

Loans to associates:

| | | |
|--------------------------|------------|--------------|
| Beginning of the year | 18,076,983 | 34,226,580 |
| Loans advanced | 7,515,250 | 6,761,870 |
| Loan repayments received | - | (15,746,313) |
| Interest charged | 1,821,203 | 3,336,762 |
| Interest received | - | (9,765,929) |
| Impairment | - | (735,987) |
| Impairment recovery | 2,068,025 | - |
| End of the year | 29,481,461 | 18,076,983 |

The loans to associates are generally for periods up to 10 years. The loans attract interest rates ranging from 0% to 20% (2022: 0% to 20%) per annum. The security held in relation to the various loans, differs for each loan and ranges from:

- Registered mortgage;
- General security agreements;
- Corporate and personal guarantees;
- Appointment to project control group; and
- Equity ownership.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 30: Related Party Information (Cont.)

30.5 Other Transactions

The following represent income and expenditure generated from transactions with related parties with CVC and its controlled entities during the financial year.

(a) Amounts recognised as assets and liabilities

Key management personnel have made co-investments in the projects of CVC and have contractual rights to receive distributions and capital returns received by CVC from the following projects.

Marsden Park Development Trust: the landowner of the property project in Marsden Park North, New South Wales

Donnybrook JV Pty Limited: the landowner of the property project in Donnybrook, Victoria

The following table shows the entitlement movement during the year.

| | Opening Ownership Interest 1 July 2021 | Other Changes during the Year | Closing Ownership Interest 30 June 2022 | Other Changes during the Year | Closing Ownership Interest 30 June 2023 |
|---------------------------------------|---|--|--|--|--|
| Marsden Park Development Trust | | | | | |
| Mr M.A. Avery | 0.5% | - | 0.5% | - | 0.5% |
| Mr J.A. Hunter (a) | 0.5% | - | 0.5% | (0.5%) | - |
| Donnybrook JV Pty Limited | | | | | |
| Mr M.A. Avery (b) | 1.3% | - | 1.3% | (1.3%) | - |
| Mr J.A. Hunter (a) | 0.8% | - | 0.8% | (0.8%) | - |
| Mr J.S. Leaver (c) | 2.0% | - | 2.0% | (2.0%) | - |

(a) During the financial year, CVC acquired Mr Hunter's investment in Marsden Park Development Trust and Donnybrook JV Pty Limited for a total consideration of \$770,000.

(b) During the financial year, CVC acquired Mr Avery's investment in Donnybrook JV Pty Limited for a total consideration of \$871,025.

(c) During the financial year, CVC acquired Mr Leaver's investment in Donnybrook JV Pty Limited for a total consideration of \$1,393,681.

At the end of the reporting period the following aggregate amounts were recognised in relation to the co-investment in Marsden Park and Donnybrook projects.

| | 2023 \$ | 2022 \$ |
|--------------------------|------------|------------|
| Trade and other payables | 53,114 | 231,179 |

Apart from the details disclosed in this financial report, no other Director or key management personnel has entered into a contract with the Company or CVC since the end of the previous financial year and there were no contracts involving Directors' interests existing at year-end.

Note 30: Related Party Information (Cont.)

30.5 Other Transactions (Cont.)

(b) Amounts recognised as revenue or expense

| | 2023 | | 2022 | |
|---------------------------------------|------------|----------------|------------|----------------|
| | Paid \$ | Received \$ | Paid \$ | Received \$ |
| Management and consulting fees | | | | |
| Associated entities | - | 640,000 | 44,954 | 666,667 |
| Other related entities | - | - | 1,474,081 | - |
| Interest income | | | | |
| Associated entities | - | 1,984,362 | - | 3,336,762 |
| Borrowing costs | | | | |
| Associated entities | 863,571 | - | 427,895 | - |

Management and consulting fees and administration cost were made on normal commercial terms and conditions and at market rates. Refer to note 29.3 and 29.4 (a) for terms and conditions for other transactions.

| | 2023 | | 2022 | |
|-----------------------------------|------------------|------------------------------|------------------|------------------------------|
| | Impairment \$ | Impairment Recovery \$ | Impairment \$ | Impairment Recovery \$ |
| Investment in associated entities | 1,400,403 | - | 2,065,493 | - |
| Loan to associated entities | - | 2,068,025 | 958,034 | 245,296 |

Note 31: Financial Risk Management

CVC's activities expose it to a variety of financial risks: market risk (including market price risk, interest rate risk and currency risk), credit risk and liquidity risk. CVC's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group.

CVC uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and price risk.

The responsibility for operational risk management resides with the Board of Directors who seeks to manage the exposure of CVC. There have been no significant changes in the types of financial risks, or CVC's risk management program (including methods used to measure the risks) since the prior year.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 31: Financial Risk Management (Cont.)

CVC holds the following financial instruments:

Financial assets

At amortised cost:

- Cash and cash equivalents (note 26)
- Trade and other receivables (note 9)
- Loans to associated entities (note 9)
- Loans to other entities (note 9)

At fair value through profit or loss:

- Investments in listed entities (note 13)
- Investments in unlisted entities (note 13)

Financial liabilities

At amortised cost:

- Trade and other payables (note 19)
- Interest bearing loans and borrowings (note 21)
- Other liabilities (note 22)

31.1 Interest Rate Risk

CVC's exposure to interest rate risks of financial assets and liabilities at the reporting date are as follows:

| | Note | Weighted Average Interest Rate | Floating Interest Rate \$ | Fixed Interest | | Non-Interest Bearing \$ | Total \$ |
|---------------------------------------|------|--------------------------------------|---------------------------------|----------------------|--------------------|-------------------------------|-------------|
| | | | | 1 Year or Less \$ | 1 to 5 Years \$ | | |
| 2023: | | | | | | | |
| Financial assets | | | | | | | |
| Cash and cash equivalents | 26 | 4.4% | 51,174,771 | - | - | 502 | 51,175,273 |
| Financial assets at amortised cost | 9 | 9.3% | - | 30,640,404 | 36,055,141 | 13,312,717 | 80,008,262 |
| Financial liabilities | | | | | | | |
| Trade and other payables | 19 | - | - | - | - | 4,932,472 | 4,932,472 |
| Interest bearing loans and borrowings | 21 | 4.8% | 30,957,102 | - | 27,168,869 | 29,676,033 | 87,802,004 |
| Other liabilities | 22 | 5% | - | 145,088 | - | - | 145,088 |
| 2022: | | | | | | | |
| Financial assets | | | | | | | |
| Cash and cash equivalents | 26 | 0.7% | 26,408,748 | - | - | 502 | 26,409,250 |
| Financial assets at amortised cost | 9 | 12.0% | - | 53,140,765 | 34,341,691 | 6,066,729 | 93,549,185 |
| Financial liabilities | | | | | | | |
| Trade and other payables | 19 | - | - | - | - | 5,748,353 | 5,748,353 |
| Interest bearing loans and borrowings | 21 | 5% | 59,803,485 | - | 24,059,228 | - | 83,862,713 |
| Other liabilities | 22 | 14.2% | - | 448,502 | - | - | 448,502 |

Note 31: Financial Risk Management (Cont.)

30.1 Interest Rate Risk (Cont.)

CVC holds a significant amount of cash balances which are exposed to movements in interest rates.

CVC has made a commercial decision to not hedge against movements in interest rates. CVC business operations includes borrowing funds at low interest rates and lending at higher rates. Although hedging provides a level of certainty from moving interest rates, it reduces the flexibility of being able to repay loans with excess, undeployed funds if the need arises.

Given the short-term funding requirements for investment opportunities, CVC accepts lower rates of interest in exchange for liquidity in relation to cash deposits. CVC typically deposits uncommitted cash with financial institutions with an "investment grade" credit rating of BBB or higher to maintain liquidity for any investment opportunity that arises. Interest bearing loans and receivables are made at fixed rates. CVC is not charged interest on outstanding trade and other payable balances. CVC enters into loans and borrowings with fixed rates of interest when it is considered commercial and necessary to manage cash flows.

Sensitivity

Given market changes, CVC expects that the Bank Bill Swap Rates (BBSW) to increase during the 2023 financial year by 0.5%. The impact at reporting date if interest rates increase by 0.5% (2022: 1.5%), whilst all other variables are held constant, is as follows:

| | Increase of 50 bp \$ |
|-----------------|--------------------------|
| 2023 | |
| Net loss | 118,134 |
| Equity decrease | 118,134 |
| | Increase of 150 bp \$ |
| 2022 | |
| Net loss | 570,329 |
| Equity decrease | 570,329 |

31.2 Price Risk

Equity securities price risk

CVC has investments in listed securities which could be adversely affected if general equity market values were to decline. CVC also has investments in unlisted securities however these are less susceptible to movements in value as a result of market sentiment as they are valued based on operational fundamentals. CVC does not hedge its exposure to the risk of a general decline in equity market values, believing that such strategies are not cost-effective.

Sensitivity

At reporting date, if equity prices had been 10% higher/(lower) while all other variables were held constant the impact would be:

| | Increase of 10% \$ | Decrease of 10% \$ |
|----------------------------|-----------------------|-----------------------|
| 2023 | | |
| Net profit/(loss) | 1,100,834 | (1,100,834) |
| Equity increase/(decrease) | 1,100,834 | (1,100,834) |
| 2022 | | |
| Net profit/(loss) | 828,584 | (828,584) |
| Equity increase/(decrease) | 828,584 | (828,584) |

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 31: Financial Risk Management (Cont.)

31.3 Credit Risk Exposure

Credit risk refers to the loss that CVC would incur if a debtor or counterparty fails to perform under its obligations. CVC is exposed to credit risk from financial assets including cash and cash equivalents held at banks, trade and other receivables and loans to various entities. The carrying amounts of financial assets recognised in the statement of financial position best represent CVC's maximum exposure to credit risk at reporting date.

CVC does not have any material credit risk exposure to any single counterparty or group of counterparties under financial instruments entered into by CVC. CVC manage the credit risk as follows:

i) Cash deposits:

This is mitigated by the requirement that deposits are only held with institutions with an "investment grade" credit rating of BBB or higher.

ii) Loans made to various entities:

This is mitigated by collateral held with a value in excess of the counterparty's obligations to CVC, providing a "margin of safety" against loss. Collateral is in the form of guarantees, security deeds and undertakings which can be called upon if the counterparty is in default under the terms of the agreement.

iii) Trade and other receivables:

Trade and other receivables are mainly related to management of development projects. This is mitigated by underlining collateral held with a value in excess of the counterparty's obligations to CVC, providing a "margin of safety" against loss.

31.4 Liquidity Risk

Liquidity risk is the risk that CVC might be unable to meet its obligations. CVC manages liquidity risk by maintaining sufficient cash balances and holding liquid investments that could be realised to meet commitments. CVC continuously monitors forecast and actual cash flows and matches the maturity profiles of financial assets and liabilities.

The following table details maturity profiles of CVC's contractual liabilities.

| | Less than 6 Months \$ | 6 Months to 1 Year \$ | 1 to 5 Years \$ | Total \$ |
|------------------------------|-----------------------------|-----------------------------|--------------------|-------------|
| 2023 | | | | |
| Trade and other payables | 4,932,472 | - | - | 4,932,472 |
| Interest bearing liabilities | 1,073,558 | - | 86,728,446 | 87,802,004 |
| Other liabilities (a) | 145,088 | - | - | 145,088 |
| Lease liabilities | 237,751 | 233,732 | 961,479 | 1,432,962 |
| 2022 | | | | |
| Trade and other payables | 5,748,353 | - | - | 5,748,353 |
| Interest bearing liabilities | 9,800,000 | 48,929,927 | 25,132,786 | 83,862,713 |
| Other liabilities (a) | 321,786 | 126,716 | - | 448,502 |
| Lease liabilities | 235,690 | 231,580 | 1,432,962 | 1,900,232 |

(a) Payments to unitholders of Eildon Debt Fund and Eildon Property Investment (E) Fund are matched with the cash flows of the repayment of specific loans classified as "Financial assets classified at amortised cost".

Note 31: Financial Risk Management (Cont.)

31.5 Currency Risk

Currency risk is measured using sensitivity analysis. A portion of CVC investments are in companies listed on foreign exchanges and sales and purchases are made in foreign currencies. CVC is exposed to a decline in the values of those currencies relative to the Australian dollar.

Considering the quantum of the investments in absolute terms as well as relative terms compared to CVC's total investment portfolio it is not cost-effective to hedge against foreign exchange fluctuations, which means that CVC does not actively manage its currency risk.

At balance date CVC had the following exposure to the United States dollar and New Zealand dollar that is not designated as cash flow hedges:

| | 2023 \$ | 2022 \$ |
|---|------------------|------------------|
| Financial assets | | |
| Financial assets at amortised cost | 4,166,222 | 3,733,539 |
| Financial assets at fair value through profit or loss | 1,077,306 | 1,131,667 |
| | 5,243,528 | 4,865,206 |

Foreign currency sensitivity

CVC is exposed to the US dollar (USD) and New Zealand dollar (NZD). The following table details CVC's sensitivity to a 10% change in the Australian dollar against the respective currencies with all other variables held constant as at reporting date for unhedged foreign exchange exposure.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed on a historic basis and market expectations for future movement.

| | 2023 \$ | Net Profit/(Loss) 2022 \$ | Equity Increase/(Decrease) 2023 \$ | 2022 \$ |
|------------------------|------------|---------------------------------|--|------------|
| USD | | | | |
| Increase in AUD of 10% | (68,556) | (76,470) | (68,556) | (76,470) |
| Decrease in AUD of 10% | 83,791 | 93,463 | 83,791 | 93,463 |
| NZD | | | | |
| Increase in AUD of 10% | (242,064) | (237,589) | (242,064) | (237,589) |
| Decrease in AUD of 10% | 295,856 | 290,386 | 295,856 | 290,386 |

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 32: Fair Value Measurements

Fair value reflects the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Quoted prices or rates are used to determine fair value where an active market exists. If the market for an asset is not active, fair values are estimated using valuation techniques, based on market conditions prevailing at the measurement date. Such techniques include using recent arm's length market transactions; net asset backing; reference to current market value of another instrument that is substantially the same and discounted cash flow analysis.

The fair value of liquid assets maturing within three months are approximate to their carrying amounts. This assumption is applied to liquid assets and the short-term portion of all other financial assets and financial liabilities. Judgements and estimates were made in determining the fair values of certain financial instruments and non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, CVC has classified its financial instruments and non-financial assets into three levels prescribed under the accounting standards.

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset that are not based on observable market data.

The fair value of the assets and liabilities as well as the methods used to estimate the fair value are summarised in the table below.

| | Valuation Technique – Market Observable Inputs (Level 2) \$ | Valuation Technique Non-Market Observable Inputs (Level 3) \$ | Total \$ |
|--|--|--|-------------|
| Year ended 30 June 2023 | | | |
| Financial assets | | | |
| <i>“Fair value through profit or loss” investments</i> | | | |
| Investments in listed entities | 15,726,204 | - | 15,726,204 |
| Investments in unlisted entities | - | 14,996,136 | 14,996,136 |
| Non-financial assets | | | |
| Investment properties | - | 4,000,000 | 4,000,000 |
| | 15,726,204 | 18,996,136 | 34,722,340 |
| Year ended 30 June 2022 | | | |
| Financial assets | | | |
| <i>“Fair value through profit or loss” investments</i> | | | |
| Investments in listed entities | 11,836,917 | - | 11,836,917 |
| Investments in unlisted entities | - | 26,973,111 | 26,973,111 |
| Non-financial assets | | | |
| Investment properties | - | 2,400,000 | 2,400,000 |
| | 11,836,917 | 29,373,111 | 41,210,028 |

2023
\$

2022
\$

Note 32: Fair Value Measurements (Cont.)

Reconciliation of Level 3 fair value movements:

| | | |
|--|-------------------|-------------------|
| Balance at the beginning of the year | 29,373,111 | 43,028,970 |
| Purchases | 8,158,245 | 5,703,633 |
| Sales | - | (439,287) |
| Capital return | (19,427,945) | (478,398) |
| Gain recognised in profit or loss (a) | 892,725 | 7,281,892 |
| Transfer to Level 3 | - | 15,436,586 |
| Derecognition of investments (b) | - | (41,160,285) |
| Balance at the end of the year | 18,996,136 | 29,373,111 |
| (a) Unrealised gain recognised in profit or loss attributable to assets held at the end of the reporting period. | 944,703 | 1,205,568 |

(b) The investments were held by subsidiaries which were deconsolidated during the 2022 financial year. As such, these were derecognised along with the deconsolidation.

Level 2 financial assets at fair value through profit or loss are listed investments which CVC has significant holdings. The fair value has been determined using the "last-price". Refer note 34.2.

The fair value of Level 3 assets has been determined as follows:

(a) Financial assets at fair value through profit or loss – with reference to valuation techniques, including:

- recent arm's length market transactions; and
- net asset backing.

Refer note 13.

(b) Investment properties

- Retail: the fair value has been determined based on an independent valuation prepared by CBRE Valuation & Advisory Services Pty Ltd based on an Equivalent (Market) Yield of 7.93% on 30 June 2023.

Sensitivity analysis

The table below shows the pre-tax sensitivity to reasonable possible alternative assumptions for Level 3 assets whose fair values are determined in whole or in part using unobservable inputs.

| | 2023 \$ | Net Profit/(Loss) 2022 \$ | Equity Increase/(Decrease) 2023 \$ | 2022 \$ |
|---|-------------|---------------------------------|--|-------------|
| Investments in unlisted entities | | | | |
| Favourable changes | 1,499,614 | 2,697,311 | 1,499,614 | 2,697,311 |
| Unfavourable changes | (1,499,614) | (2,697,311) | (1,499,614) | (2,697,311) |
| Investment properties | | | | |
| Favourable changes | 525,000 | 292,800 | 525,000 | 292,800 |
| Unfavourable changes | (380,000) | (24,000) | (380,000) | (24,000) |

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 32: Fair Value Measurements (Cont.)

Significant unobservable inputs

The following table contains information about the significant unobservable inputs used in Level 3 valuations, and the valuation techniques used to measure fair value. The range of values represent the highest and lowest input used in the valuation techniques. Therefore, the range does not reflect the level of uncertainty regarding a particular input, but rather the different underlying characteristics of the relevant assets.

| | Valuation Techniques | Significant Unobservable Inputs | Range of Inputs | | | |
|---|--------------------------|---------------------------------|-----------------|---------------|-------------|--------|
| | | | 2023 Min | Max | 2022 Min | Max |
| Investments in unlisted entities | Net asset backing | Value per security | Down 10% | Up 10% | Down 10% | Up 10% |
| Investment properties | | | | | | |
| Retail | Capitalisation of income | Capitalisation Rate | 4.0% | 5.0% | 7.5% | 8.5% |

Note 33: Events Subsequent to Year End

Subsequent to the year end, CVC acquired 17.5% of 79 Logan Trust and 79 Logan Road Pty Ltd which resulted in CVC's holding increasing to 52.5%. As such, the entities became subsidiaries of CVC post year end.

A final dividend in respect of the year ended 30 June 2023 of 5 cents per share was declared on 31 July 2023 to be paid on 18 August 2023 to those shareholders registered on 3 August 2023.

Other than as set out above, there are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of CVC, the results of those operations or the state of affairs of CVC in future financial years.

Note 34: Critical Accounting Estimates and Judgements

CVC makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

34.1 Investments Accounted for Using the Equity Method

The carrying value of the following investments have been valued based on the net asset backing methodology, using the most recent reports provided by the entity:

- 79 Logan Road Trust as \$8,471,784 (2022: \$8,471,784);
- EFM Harpley Town Centre Property Trust as \$7,344,204 (2022: nil); and
- CVC Emerging Companies Fund as \$7,641,888 (2022: \$8,112,545).

The carrying value of Donnybrook JV Pty Limited has been calculated as \$8,561,747 (2022: \$3,664,463) based on the net asset backing methodology, using the most recent reports provided by the entity. A valuation of the remaining properties of \$178.2 million indicates that CVC's investment would have a value of approximately \$37 million.

The investment in Eildon Capital Group, a stapled security listed on ASX, had a carrying value of \$17,481,128 as at 30 June 2022 using the "last-price".

Net asset backing methodology

The net asset backing methodology considers that the net assets of an entity reflects the future value of the business. This is because:

- the underlying value of the business operations may be focused specifically on increasing the value of its assets base; or
- there is insufficient repetitive income or profits to justify the use of different valuation techniques such as discounted cash flows or multiple of earnings.

Note 34: Critical Accounting Estimates and Judgements (Cont.)

34.2 Investments in Listed Entities

Significant share holdings are held in Cyclopharm Limited, Heritage Brands Ltd and Tasfoods Limited. The number of shares held is greater than what would reasonably be considered to be liquid as each company does not trade on a daily basis; each trade that is executed is small in size; and the market capitalisation is small. CVC has determined that although an active market may not exist, the active market in small amounts of trading does provide a guide for valuation in that it indicates whether or not the market values the intangible assets of an entity. Additionally, CVC has been able to exit larger shareholdings over a period of time without impacting the prevailing share price, particularly when larger investors are seeking to acquire holdings. These factors have been used in determining the valuation of each entity.

34.3 Assessment of Control

Eildon Capital Group (“EDC”)

Prior to 26 April 2022

During the 2020 financial year, EDC completed a restructure on 25 May 2020 which resulted in CVC’s holdings in EDC increasing to 45.5%. The impact of the restructure was that both EDC and 79 Logan Road Trust were treated as subsidiaries of CVC.

During the 2021 financial year, EDC completed a capital raising on 23 March 2021, which resulted in CVC’s holding in EDC being diluted to 39.6%. Although the holding in EDC decreased, there was no change to the significant judgement and EDC continued to be considered a controlled entity for accounting purposes.

From 26 April 2022

On 26 April 2022, Mr Avery, Manager Director of CVC, stepped down as Managing Director of EDC while a new Chief Executive Officer and an additional independent director had been appointed by EDC. Although Mr. Avery will remain a board member for a transition period, his appointment becomes one of fiduciary oversight rather than being an executive managing the day-to-day operations of EDC. Further, in early November 2021 Mr Hunter, Company Secretary and Chief Financial Officer of CVC, stepped down as Chief Financial Officer of EDC and a new Chief Financial Officer was appointed by EDC. In addition, CVC’s holding in EDC reduced to 37.2% following both sale of shares and dilution of ownership during the 2022 financial year. Given the restructure of the board and executive team of EDC and the reduction in the relative ownership of CVC in EDC, the board of directors is of the opinion that CVC no longer satisfies the test of controlling EDC effective 26 April 2022. As such, EDC became an associate of CVC on 26 April 2022.

On 24 April 2023 CVC sold all holdings in Eildon Capital Group for \$16.3m and derecognised the equity accounted investment.

Eildon Debt Fund (“EDF”)

While EDC was considered to be a controlled entity of CVC until 26 April 2022, specified units issued by EDF, a contributory mortgage scheme managed by Eildon Investment Services Pty Limited, a 100% owned subsidiary of EDC, were considered to be controlled by CVC. This was the case even though CVC held less than half of the total voting rights for the fund.

Following EDC becoming an associate of CVC on 26 April 2022, EDC and its controlled entities ceased to be subsidiaries of CVC and as such CVC is no longer considered to control specified classes of units in EDF that it holds less than half of the total voting rights.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

Note 35: Share-Based Payments

CVC Limited

On 10 December 2021, CVC issued employees performance rights under the CVC Employee Incentive Plan. The Employee Incentive Plan was approved by shareholders at the 2021 Annual General Meeting, and is designed to provide long-term incentives for senior managers and above to deliver long-term shareholder returns. Under the plan, participants are granted rights that deliver ordinary shares to employees (at no cost) which only vest if Total Shareholder Return (TSR) hurdles are met. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Performance rights carry no dividend or voting rights or rights to participate in any other share issue of CVC or any other entity. When exercisable, each performance right is entitled to receive one ordinary share.

TSR is the compound annual rate measured between the grant date and the vesting date which is calculated based on a combination of share price growth and dividends to shareholders. The total number of rights that vest, if any, depends on the TSR hurdle achieved and will be determined by the directors of CVC with reference to the below table.

| Return (p.a.) | Vesting Amount |
|---------------|----------------|
| < 12.5% | nil |
| 12.5% - 15% | 25% |
| 15% - 17.5% | 50% |
| 17.5% - 20% | 75% |
| >20% | 100% |

The following table illustrates movements in the number of performance rights on issue during the period.

| Grant Date | Vesting Date | Exercise Price | Balance at the Start of the Year | Granted during the Year | Balance at End of the Year | Fair Value per Right at Grant Date |
|--------------------------------|--------------|----------------|----------------------------------|-------------------------|----------------------------|------------------------------------|
| Year ended 30 June 2023 | | | | | | |
| 10 Dec 2021 | 09 Dec 2025 | - | 3,500,000 | - | 3,500,000 | \$1.91 |
| Year ended 30 June 2022 | | | | | | |
| 10 Dec 2021 | 09 Dec 2025 | - | - | 3,500,000 | 3,500,000 | \$1.91 |

The fair value of the rights at grant date was based on the following inputs:

- Share price of \$2.30 on grant date;
- Implied volatility: 34.42%;
- Risk-free interest rate for the life of the rights: 1.35%; and
- 5 cps dividend paid on half yearly basis.

During the year an expense of \$199,281 (2022: \$645,405) was recognised in profit or loss in respect of the rights issued under the Employee Incentive Plan. The total fair value of performance rights outstanding at year end was \$1,331,834 (2022: \$2,176,520).

Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2023

In the opinion of the Directors of CVC Limited:

- (a) The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1; and
- (c) there are reasonable grounds to believe that CVC Limited will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with s.295A of the *Corporations Act 2001* for the financial period ended 30 June 2023.

Dated at Sydney 29 August 2023.

Signed in accordance with a resolution of the Board of Directors.



MA Avery
Director



CG TREASURE
Director

Independent Auditor's Report

FOR THE YEAR ENDED 30 JUNE 2023

To the Members of CVC Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of CVC Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the director's declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are

further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be on the same terms if given to the Directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those that, in our professional judgement, were of more significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key Audit Matter

How our Audit Addressed the Key Audit Matter

Financial Assets at Amortised Cost – Valuation (Refer to Note 9 Financial Assets at Amortised Cost)

We focused our audit effort on the valuation of the Group's Financial Assets at Amortised Cost as it is the largest asset of the Group, and the assessment of recoverability requires significant judgement.

As at 30 June 2023, the Group had Financial Assets at Amortised Cost of \$80.0 million, including an allowance for expected credit losses of \$0.4 million.

A significant portion of the balance relates to loans receivable provided to entities associated with property development activities and asset backed finance lending.

The Group applies the Expected Credit Loss ("ECL") model under AASB 9 *Financial Instruments*.

The assessment to determine the ECL for impairment of Financial Assets at Amortised Cost involves significant estimates and judgements made by management. These include an assessment of the credit worthiness of the relevant counterparties, expected future collections, historical impairments, and consideration of the estimated value of any secured assets provided as collateral.

Our procedures included, amongst others:

- Obtaining an understanding of and evaluating the design and implementation of controls surrounding asset backed finance lending;
- Obtaining and reviewing loan agreements and other supporting documentation to gain an understanding of the loans provided and any related secured assets provided as collateral;
- Evaluating compliance of management's methodology for determining the provision for the allowance for expected credit losses with AASB 9;
- Reviewing and challenging the significant estimates and judgements used by management in determining the recoverability of financial assets; and
- Assessing the adequacy of disclosures in the Financial statements.

Key Audit Matter

How our Audit Addressed the Key Audit Matter

Investment in Property Assets - Valuation and Classification (Refer to Note 14 Inventories, Note 16 Investments accounted for using the Equity Method and Note 17 Investment Properties)

We focused our audit effort on the valuation and classification of the Group's property assets as they are significant assets of the Group and their valuation and classification requires significant judgement.

The Group's investment in property assets include investment properties and inventories, which are held either directly by entities within the Group or indirectly through Group associate investments accounted for using the equity method.

There is significant focus in ensuring that the investments are correctly classified as their classification leads to different accounting outcomes. The classification of investments is important as it determines how revenue and fair value adjustments (realised and unrealised) are reported, be it in profit or loss or through other comprehensive income or in the case of an associate through the equity accounting method.

As at 30 June 2023, the Group had Investment Property of \$4.0 million, Inventories of \$18.2 million and Investments accounted for using the Equity Method of \$33.4 million.

Investment property is held at fair value and inventories are held at the lower of cost and net realisable value.

The valuation of property assets is determined using internal methodologies or through the use of external valuation experts.

The valuation of property assets involves the use of significant estimates and judgements, including both qualitative and quantitative assumptions. These include but are not limited to capitalisation rates, discount rates and forecasted income.

Our procedures included, amongst others:

- Obtaining an understanding of and evaluating the design and implementation of controls surrounding the accounting of investments in property assets;
- Evaluating the appropriateness of the classification of the Group's property investments;
- Assessing the scope, competence and objectivity of external valuation experts and management's valuation assessments;
- Assessing the methodologies used in the valuations of property assets, for consistency with accounting standards, industry practice and the Group's accounting policies;
- Challenging the significant estimates and judgements used in recoverability assessments and valuations; and
- Assessing the adequacy of disclosures in the financial statements.

Independent Auditor's Report

FOR THE YEAR ENDED 30 JUNE 2023

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Directors' for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure, and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 25 of the Directors' Report for the year ended 30 June 2023. In our opinion, the Remuneration Report of CVC Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



John Gavljak
Partner



Pitcher Partners
Sydney

29 August 2023

Corporate Governance Statement

CVC LIMITED AND ITS CONTROLLED ENTITIES

This Corporate Governance Statement, which has been approved by the Board, describes the corporate governance policies, framework and practices of CVC Limited (ASX: CVC).

This Corporate Governance Statement is current as at 30 June 2023.

Principle 1 – Lay solid foundations for management and oversight.

A listed entity should establish and disclose the respective roles and responsibilities of board and management and how their performance is monitored and evaluated.

Recommendation 1.1 – A listed entity should disclose the respective roles and responsibilities of its board and management, and those matters expressly reserved to the board and those delegated to management.

The business of CVC is managed under the direction of the board which is responsible for its corporate governance. The Board comprises Mr Mark Avery, Mr Craig Treasure, Mr Ian Campbell and Mr John Leaver.

The Board meets on a regular basis and is required to discuss pertinent business developments, investment decisions and issues, and review the operations and performance of CVC. The Board will seek to ensure that the investment strategy is aligned with the expectations of shareholders and is effectively managed in a manner that is properly focused on its investment strategy as well as conforming to regulatory and ethical requirements.

Provision is made at each regular meeting of the Board for the consideration of critical compliance and risk management issues as they arise.

The primary objectives of the Board will be to:

- Set and review strategic direction;
- Approve all material transactions;
- Approve and monitor financial policies and financial statements;
- Establish, promote and maintain proper processes and controls to maintain the integrity of financial accounting, financial records and reporting;
- Develop and implement key corporate policies, procedures and controls as necessary to ensure appropriate standards of accountability, risk management and corporate governance and responsibility; and
- Ensure shareholders receive high quality, relevant and accurate information on a timely manner.

The Board has delegated responsibility for day-to-day management to the Managing Director.

Recommendation 1.2 – A listed entity should:

- (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and
- (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Prior to appointing a director or putting forward a new candidate for election, screening checks are undertaken as to the person's experience, education, criminal history and bankruptcy history.

When presenting a director for re-election, CVC provides shareholders with details of the director's skills and experience, independence and current term served by the director in office and whether the Board supports the re-election.

Recommendation 1.3 – A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The Directors have been engaged according to Letters of Appointment.

Recommendation 1.4 – The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company Secretary is accountable to the Board, through the Chairperson, for all governance matters.

Each Director has access to the Company Secretary.

The appointment and removal of the Company Secretary must be determined by the Board as a whole.

Recommendation 1.5 – A listed entity should:

- (a) have and disclose a diversity policy;
- (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally;
- (c) disclose in relation to each reporting period:
 - (i) the measurable objectives set for that period to achieve gender diversity;
 - (ii) the entity's progress towards achieving those objectives; and
 - (iii) either:
 - (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or

(B) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.

The Group’s approach to business promotes a culture of equal opportunity and has the core principles of meritocracy based on ability, fairness and equality. CVC does not discriminate on gender, race, religion or cultural grounds.

The Board has adopted a diversity policy, however given the size, nature and scale of CVC has not set out measurable objectives to achieve specific diversity targets. Instead, the Board aims to:

- promote the principles of merit and fairness when considering Board member appointments; and
- recruit from a diverse pool of qualified candidates, seeking a diversity of skills and qualifications.

The Board’s composition is reviewed on an annual basis. In the event a vacancy exists, the Board will include diversity in its selection process.

The Board intends to set measurable objectives annually for achieving gender diversity, and will each year report the Group’s progress toward achieving them.

CVC currently does not have any women appointed in senior management roles, and currently represent 56% of employees of the company.

Recommendation 1.6 – A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and**
- (b) disclose for each reporting period whether a performance evaluation has been undertaken period in accordance with that process during or in respect of that period.**

The Board Charter outlines that:

- the Board to review its performance (at least annually) against previously agreed measurable and qualitative indicators;
- the Chairperson of the Board to review each Director’s performance;
- a nominated Director to review the Chairperson’s performance; and
- the Board to undertake a formal annual review of its overall effectiveness.

The objective is to review the Board’s performance in terms of CVC’s objectives, results and achievements. The Board ensures each Director has the necessary skills, experience and expertise, and the mix remains appropriate for the Board to function effectively.

As a result of these performance reviews, the Board may implement changes to improve the effectiveness of the Board and corporate governance structures.

Independent professional advice may be sought as part of this process.

The Board did not undertake a formal review of its performance, skills, experience and expertise during the year.

Recommendation 1.7 – A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of its senior executives; and**
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in accordance with that process during or in respect of that period.**

Performance reviews for senior executives will take place at least annually. The Board intends to ensure the appropriate disclosures in the remuneration report are made in relation to each reporting period as to the performance evaluations that were undertaken and the process that was followed.

Principle 2 – Structure the board to add value

The board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.

Recommendation 2.1 – The board of a listed entity should:

- (a) have a nomination committee which:**
 - (i) has at least three members, a majority of whom are independent directors; and**
 - (ii) is chaired by an independent director, and disclose:**
 - (A) the charter of the committee;**
 - (B) the members of the committee; and**
 - (C) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**
- (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.**

Given the size, scale and nature of CVC, there is not a separate nomination committee. The full Board considers the issues that would otherwise be a function of a separate nomination committee.

Corporate Governance Statement

CVC LIMITED AND ITS CONTROLLED ENTITIES

Principle 2 – Structure the board to add value (cont.)

Recommendation 2.1 (cont.)

CVC's policy is that the Board considers an appropriate mix of skills, experience, expertise and diversity (including gender diversity).

When evaluating, selecting and appointing Directors, the Board considers:

- the candidate's competencies, qualifications and expertise, addition to diversity of the Board and his/her fit with the current membership of the Board;
- the candidate's knowledge of the industry in which the Group operates;
- directorships previously held by the candidate and his/her current commitments to other boards and companies;
- existing and previous relationships with the Group and Directors;
- the candidate's independence status, including the term of office currently served by the director;
- criminal record and bankruptcy history (for new candidates);
- the need for a majority or equal balance on the Board; and

- requirements of the *Corporations Act 2001*, ASX Listing Rules, the Constitutions of the Company and the Trust and Board Charter.

The Board seeks to ensure that:

- its membership represents an appropriate balance between Directors with investment management and real estate industry experience and Directors with an alternative strategic perspective; and
- the size of the Board is conducive to effective discussion and efficient decision-making.

Under the terms of the Company's Constitution:

- an election of Directors must be held at each Annual General Meeting and at least one Director must retire from office; and
- each Director must retire from office at the third Annual General Meeting following his/her last election.

Where eligible, a Director may stand for re-election.

Recommendation 2.2 – A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

Board Skills Matrix for the Board

| | Skill, Experience and Expertise | | | | | | | | | | |
|-----------|---------------------------------|----------------------------|-----------------|-------|----------|-------------------------|--------------------------|-----------------------|---------------------|------------------|----------------------|
| | Finance | | | Legal | Strategy | Public Board Experience | Regulatory/Public Policy | Industry Knowledge | | | |
| Directors | Financial Accounting & Audit | Audit Committee Experience | Risk Management | | | | | Property Transactions | Property Management | Legal Compliance | Statutory Compliance |
| | 75% | 50% | 75% | 75% | 100% | 100% | 50% | 50% | 50% | 75% | 75% |

Recommendation 2.3 – A listed entity should disclose:

- the names of the directors considered by the board to be independent directors;
- if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
- the length of service of each director.

The Board currently comprises one Independent Director, being Ian Campbell who was appointed to the Board on 16 March 2015.

Directors must disclose any material personal or family contract or relationship in accordance with the *Corporations Act 2001*. Directors also adhere to constraints on their participation and voting in relation to matters in which they may have an interest in accordance with the *Corporations Act 2001* and the Group's policies.

Details of offices held by Directors with other organisations are set out in the Directors' Report. Full details of related party dealings are set out in notes to the accounts as required by law.

If a Director's independence status changes, this will be disclosed and explained to the market in a timely manner.

Recommendation 2.4 – A majority of the board of a listed entity should be independent directors.

The composition of the Board is as follows:

- Craig Treasure – Executive Chairman;
- Ian Campbell – Independent Director;
- Mark Avery – Managing Director; and
- John Leaver – Executive Director.

The Board regularly reviews its composition, and although the Board does not currently comprise a majority of independent directors given the size, scale and nature of the operations of the company the Board believes that the current structure operates effectively and efficiently, allowing for it to collectively exercise its authority without the need for the appointment of additional independent directors.

Recommendation 2.5 – The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

The Chairperson of the Board is Craig Treasure, who is an Executive Director. Mr Treasure has significant experience chairing boards as well as running businesses consistent with CVC. As such, the Board believes that given the size, scale and nature of the operations of CVC as well as the experience of Mr Treasure that he be appointed as chairman of the company.

Recommendation 2.6 – A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

The annual performance assessment provides an opportunity for all directors to identify required training although directors can request professional development opportunities at any time.

Principle 3 – Instil a culture of acting lawfully, ethically and responsibly

A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly

Recommendation 3.1 – A listed entity should articulate and disclose its values.

CVC's values are:

- integrity;
- respect;
- safe and non-discriminatory work environment; and
- acting in a manner consistent with community standards.

These values are set out in the Code of Conduct.

Recommendation 3.2 – A listed entity should:

- (a) have and disclose a code of conduct for its directors, senior executives and employees; and
- (b) ensure that the board or a committee of the board is informed of any material breaches of that code.

The Board has adopted a Code of Conduct which is disclosed on the Group's website. It requires officers, employees, contractors, representatives, consultants and associates, and other persons that act on behalf of the Group to act honestly, in good faith, and in the best interests of the Group as a whole, whilst in accordance with the letter (and spirit) of the law.

Recommendation 3.3 – A listed entity should:

- (a) have and disclose a whistleblower policy; and
- (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.

The Board has adopted a whistleblower policy which is disclosed on CVC's website.

Recommendation 3.4 – A listed entity should:

- (a) have and disclose an anti-bribery and corruption policy; and
- (b) ensure that the board or a committee of the board is informed of any material breaches of that policy

The Board has adopted an anti-bribery and corruption policy which is disclosed on CVC's website.

Principle 4 – Safeguard the integrity of corporate reports

A listed entity should have appropriate processes to verify the integrity of its corporate reports.

Recommendation 4.1 – The board of a listed entity should:

- (a) have an audit committee which:
 - (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
 - (ii) is chaired by an independent director, who is not the chair of the board, and disclose:
 - (A) the charter of the committee;
 - (B) the relevant qualifications and experience of the members of the committee; and
 - (C) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

Corporate Governance Statement

CVC LIMITED AND ITS CONTROLLED ENTITIES

Principle 4 – Safeguard the integrity of corporate reports (cont.)

Recommendation 4.1 (cont.)

- (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Board has established an Audit and Risk Committee.

The Audit and Risk Committee has three members: Mr Ian Campbell (Chairperson), and Mr Craig Treasure and Mr Mark Avery.

The Audit and Risk Committee does not have a majority of Non-Executive Independent Directors, although the Chairperson is an independent Director. To ensure that the Audit and Risk Committee operates effectively it has adopted and approved charter and all Directors of CVC are appointed as members.

The Audit and Risk Committee has authority (within the scope of its responsibilities) to seek any information it requires from CVC employees or external party. Members may also meet with auditors (internal and/or external) without management present and consult independent experts, where the Audit and Risk Committee considers it necessary to carry out its duties.

The purpose of the Audit and Risk Committee is to manage the process of financial reporting and accounting practices of CVC.

Its key responsibilities are to:

- review and recommend the financial statements (including key financial and accounting principles adopted by CVC);
- review and monitor risks and the implementation of mitigation measures for those risks as appropriate;
- assess the appointment of external auditors and monitor the conduct of audits;
- monitor compliance with statutory obligations;
- review and monitor the adequacy of management information and internal control systems; and
- ensure that any shareholder queries relating to such matters are dealt with expeditiously.

Attendance is recorded at Audit and Risk Committee meetings and the experience of the members is provided in the Directors' Report.

Recommendation 4.2 – The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a

true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Before the Board approves the financial statements, it receives declarations of the CEO and the Financial Controller that, in their opinion, the financial records of CVC have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the company, and that their opinion has been formed on the basis of a sound risk management system and internal controls which are operating effectively.

Recommendation 4.3 – A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

CVC will disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

Principle 5 – Make timely and balanced disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities

Recommendation 5.1 – A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.

The Board has adopted a Disclosure and Communications Policy which is disclosed on CVC's website.

The Board is committed to:

- the promotion of investor confidence by ensuring that trading in CVC's securities takes place in an efficient, competitive and informed market;
- complying with CVC's disclosure obligations under the ASX Listing Rules and the *Corporations Act 2001*; and
- ensuring the stakeholders have the opportunity to access externally available information issued by CVC.

The Company Secretary is responsible for coordinating the disclosure of information to Regulators and securityholders and ensuring that any notifications/reports to the ASX are promptly posted on CVC's website.

Recommendation 5.2 – A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

CVC ensures that all Directors receive copies of all material market announcements promptly after they have been made.

Recommendation 5.3 – A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

CVC will ensure that if it gives a new and substantive investor or analyst presentation it will release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

Principle 6 – Respect the rights of security holders

A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively

Recommendation 6.1 – A listed entity should provide information about itself and its governance to investors via its website.

Information about CVC and its corporate governance items are posted on its website at www.cvc.com.au.

Recommendation 6.2 – A listed entity should have an investor relations program to facilitate effective two-way communication with investors.

The Board has adopted a Disclosure and Communication Policy that describes the Board’s policy for ensuring shareholders and potential investors receive or obtain access to information publicly released.

CVC’s primary portals are its website, Annual Report, Annual General Meeting, Half-Yearly Report, and notices to the ASX.

The Board, with the assistance of the Company Secretary, oversees and coordinates the distribution of all information by CVC to the ASX, shareholders, the media and the public.

All shareholders have the opportunity to attend the Annual General Meeting and ask questions of the Board.

Recommendation 6.3 – A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.

The Company holds an Annual General Meeting (“AGM”) of shareholders in November each year. The date, time and venue of the AGM are notified to the ASX when the notice of the AGM is circulated to securityholders and lodged with the ASX each year.

The Board will choose a date, venue and time considered convenient to the greatest number of its shareholders.

A notice of meeting will be accompanied by explanatory notes on the items of business and together they will seek to clearly and accurately explain the nature of the business of the meeting.

Shareholders are encouraged to attend the meeting, or if unable to attend, to vote on the motions proposed by appointing a proxy. The proxy form included with the Notice of Meeting will seek to explain clearly how the proxy form is to be completed and submitted.

Recommendation 6.4 – A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands

CVC will ensure that all substantive securityholder resolutions are decided by poll.

Recommendation 6.5 – A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

CVC provides its security holders with an electronic communication option.

Principle 7 – Recognise and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework

Recommendation 7.1 – The board of a listed entity should:

- (a) have a committee or committees to oversee risk, each of which:
 - (i) has at least three members, all of whom are independent directors; and
 - (ii) is chaired by an independent director, and disclose:
 - (A) the charter of the committee;
 - (B) the members of the committee;
 - (C) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity’s risk management framework.

The Board of CVC, through the Audit and Risk Committee, is responsible for ensuring that:

- there are adequate policies for the oversight and management of material business risks;
- there are effective systems in place to identify, assess, monitor and manage the risks and to identify material changes to the risk profile; and
- arrangements are adequate for monitoring compliance with laws and regulations applicable to CVC.

Corporate Governance Statement

CVC LIMITED AND ITS CONTROLLED ENTITIES

Principle 7 – Recognise and manage risk (cont.)

Recommendation 7.2 – The board or a committee of the board should:

- (a) review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and
- (b) disclose, in relation to each reporting period, whether such a review has taken place.

The Audit and Risk Committee reviews the Group’s risk management framework at least annually.

Recommendation 7.3 – A listed entity should disclose:

- (a) if it has an internal audit function, how the function is structured and what role it performs; or
- (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Given the size, scale and nature of CVC, it does not have an internal audit function. The Board is responsible for considering the material business risks of CVC.

Recommendation 7.4 – A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.

The Board has adopted a Risk Management Statement which outlines the process for identifying, monitoring and mitigating risks as well as generic sources of risk. This is reviewed on an annual basis.

Principle 8 – Remunerate fairly and responsibly

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives to align their interests with the creation of value for security holders.

Recommendation 8.1 – The board of a listed entity should:

- (a) have a remuneration committee which:
 - (i) has at least three members, a majority of whom are independent directors; and
 - (ii) is chaired by an independent director, and disclose:
 - (A) the charter of the committee;
 - (B) the members of the committee; and
 - (C) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

- (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

Given the size, scale and nature of CVC, there is not a separate remuneration committee. The full Board considers the issues that would otherwise be a function of a separate remuneration committee.

Remuneration for an Independent Director is set at market rates commensurate with the responsibilities borne by the Director. Independent professional advice may be sought.

The Board, excluding the Managing Director, is responsible for determining the remuneration of the Managing Director. The full Board is responsible for determining the remuneration of all employees of CVC.

The Board also regularly considers the level and composition of remuneration of CVC’s employees.

Recommendation 8.2 – A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Remuneration for the Independent Directors is set at market rates commensurate with the responsibilities borne by an Independent Director. Independent professional advice may be sought.

The Board, excluding the Managing Director, is responsible for determining the remuneration of the Managing Director. The full Board is responsible for determining the remuneration of all employees of CVC.

Further information is provided in the Remuneration Report set out in the Directors’ Report.

Recommendation 8.3 – A listed entity which has an equity-based remuneration scheme should:

- (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- (b) disclose that policy or a summary of it.

CVC adopted an employee incentive plan at its 2022 annual general meeting.

The Board has adopted a securities trading policy which restricts all directors, officers and employees of CVC from entering into hedging arrangements.

Additional Information

CVC LIMITED AND ITS CONTROLLED ENTITIES

The following information was current as at 11 August 2023.

Distribution Schedule

The distribution of shareholders and their shareholdings was as follows:-

| Category (Size of Holding) | Number of Ordinary Shareholders | Number of Loan Note Holders |
|-------------------------------|------------------------------------|--------------------------------|
| 1 - 1,000 | 192 | 216 |
| 1,001 - 5,000 | 187 | 30 |
| 5,001 - 10,000 | 107 | 1 |
| 10,001 - 100,000 | 176 | 6 |
| 100,001 - over | 62 | - |
| Total | 724 | 253 |

| | Minimum Parcel Size | Number of Shareholders |
|---|---------------------|------------------------|
| Unmarketable Parcels | | |
| <i>Ordinary shares</i> | | |
| Minimum \$500.00 parcel at \$2.49 per share | 201 | 95 |
| <i>Loan notes</i> | | |
| Minimum \$500.00 parcel at \$100 per note | 5 | - |

On market share buy-back

The Company has a current on market share buy-back which commenced on 29 November 2022.

Substantial Holders

The names of the Company's substantial holders and the number of ordinary shares in which each has a relevant interest as disclosed in substantial holder notices given to the Company are as follows:

| Shareholder | Number of Ordinary Shares in which Interest Held |
|--|---|
| Mr John Scott Leaver (a) | 40,703,337 |
| Southsea (Aust) Pty Limited | 17,610,506 |
| J K M Securities Pty Limited | 12,300,000 |
| Mr Vanda Gould (b) | 11,091,199 |
| Anglo Australian Christian & Charitable Fund | 9,712,816 |

(a) Mr Leaver's holding includes 3,301,465 shares held by Wenola Pty Limited.

(b) Mr Gould's holding includes 10,352,306 shares held by Leagou Pty Limited, 162,000 shares held by Russell Gould Pty Ltd and 576,893 shares held by Melbourne Corporation of Australia Pty Ltd.

Additional Information

CVC LIMITED AND ITS CONTROLLED ENTITIES

20 Largest Shareholders – Ordinary Shares

As at 11 August 2023, the top 20 shareholders and their shareholdings were as follows:

| Shareholder | Shares Held | % of Issued Capital Held |
|--|-------------|--------------------------|
| Ordinary Shares | | |
| Mr John Scott Leaver | 37,401,872 | 32.02 |
| Southsea (Aust) Pty Limited | 17,610,506 | 15.07 |
| J K M Securities Pty Limited <LJK NOMS P/L Pen Fund A/C> | 12,300,000 | 10.53 |
| Anglo Australian Christian & Charitable Fund | 9,712,816 | 8.31 |
| Leagou Pty Limited | 8,647,695 | 7.40 |
| Chemical Overseas Limited | 4,861,741 | 4.16 |
| Wenola Pty Limited <Pension Fund> | 3,301,465 | 2.83 |
| Leagou Pty Limited | 1,704,611 | 1.46 |
| Mr Nigel Cameron Stokes | 1,000,000 | 0.86 |
| Dr Raymond Joseph Healey | 831,928 | 0.71 |
| Melbourne Corporation Of Australia Pty Ltd <Superfund A/C> | 576,893 | 0.49 |
| Heasman Superannuation Pty Ltd <Allan J Heasman P/L S/F A/C> | 505,100 | 0.43 |
| Mr Julian Tertini | 480,000 | 0.41 |
| Syvest Pty Ltd <Syvest P/L S/F A/C> | 450,000 | 0.39 |
| John Angela Pty Limited <J C Criticos P/L P/F A/C> | 445,000 | 0.38 |
| Miss Kate Imogen Leaver | 436,027 | 0.37 |
| J A Investments Limited | 420,000 | 0.36 |
| Jasperson Pty Limited <New South Wales Concrete Works Superannuation Fund> | 381,817 | 0.33 |
| Mr Geoffrey Leaver | 350,000 | 0.30 |
| Buduva Pty Ltd | 339,214 | 0.29 |
| | 101,756,685 | 87.10 |

Additional Information

CVC LIMITED AND ITS CONTROLLED ENTITIES

20 Largest Shareholders – Loan Notes

As at 11 August 2023, the top 20 shareholders and their shareholdings were as follows:

| Shareholder | Shares Held | % of Issued Capital Held |
|---|-------------|--------------------------|
| Loan Note | | |
| J P Morgan Nominees Australia Pty Limited | 46,164 | 14.82 |
| BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C> | 29,598 | 9.50 |
| Charlie MID Pty Ltd <Charlie Superannuation Fund> | 20,000 | 6.42 |
| Leaver Funds Management Pty Ltd | 20,000 | 6.42 |
| J K M Securities Pty Limited <LJK NOMS P/L PEN Fund A/C> | 12,000 | 3.85 |
| Vision Australia Foundation <Vision Australia Credit A/C> | 10,934 | 3.51 |
| Racing Victoria Limited <Credit A/C> | 7,500 | 2.41 |
| Nora Goodridge Investments Pty Ltd | 5,000 | 1.61 |
| Mrs Deborah Anne Treasure | 4,000 | 1.28 |
| Faithful Companions of Jesus Property Association <FCJ Society A/C> | 3,906 | 1.25 |
| R S Management Pty Limited | 3,734 | 1.20 |
| Mentany Pty Ltd <Sandra Mitchell Family A/C> | 3,500 | 1.12 |
| Dewrang Investments Pty Ltd <Kelly Family Super Fund A/C> | 3,000 | 0.96 |
| KSC Investments Pty Ltd | 3,000 | 0.96 |
| HSBC Custody Nominees (Australia) Limited | 2,500 | 0.80 |
| Bagot Family Investments Pty Ltd | 2,500 | 0.80 |
| Dr Andrew Robert Small | 2,500 | 0.80 |
| Erwin Small Pty Ltd | 2,500 | 0.80 |
| Fairfield Lodge Pty Ltd <Cmbagot Executive Fund A/C> | 2,500 | 0.80 |
| Waterloo Medical Centre Pty Ltd <Waterloo Med Ctr Super A/C> | 2,500 | 0.80 |
| Trustee of the Missionary Oblates of Mary Immaculate | 2,500 | 0.80 |
| | 189,836 | 60.91 |

Voting Rights

The Company's constitution details the voting rights of members and states that every member, present in person or by proxy, shall have one vote for every ordinary share registered in his or her name.

Registered Office

The Company is registered and domiciled in Australia. Its registered office and principal place of business are at Level 40 Governor Philip Tower, 1 Farrer Place, SYDNEY NSW 2000.

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