

# ANNUAL REPORT 2022





## COMPANY PARTICULARS

### Registered Office

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  
John Hunter  
Joanna Jiang

### Secretary

John Hunter

### 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

# CVC LIMITED

ABN 34 002 700 361 AFSL 239665



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# CHAIRMAN'S LETTER

FOR THE YEAR ENDED 30 JUNE 2022

## Dear Shareholder

CVC Limited has enjoyed a year of continued progression on its strategic objectives. During the year to 30 June 2022 the company has achieved a number of significant milestones in the property sector, reinforcing its refocus further toward being a property investment company.

Major achievements include the rezoning of the Donnybrook project in VIC, further advancement with planning projects in NSW and acquisition of new ventures in QLD. During the year specific projects being Donnybrook, Marsden Park and Moore Point in Liverpool were valued by independent external third-party valuers. These valuations point to significant value uplift which are not reflected in the balance sheet of the company, but highlights future value being created through the current investment strategy.

In my 40 years of experience in the property sector in both private and public companies, I have rarely seen a property portfolio as impressive as the assets included within the CVC portfolio or in ventures with our partners. I look forward to the successful delivery of key milestones on projects over the coming years.

## OUR PEOPLE

In FY2022 our people have been able to start working together in person again as the impacts of the COVID-19 pandemic reduce. New skills developed during the last two years including flexibility in working arrangements, and greater levels of resilience, are continuing to provide benefits to the organisation. Our core strength is our people and the relationships we enjoy with our partners and stakeholders and the industry in general.

During the year we were also pleased to welcome John Leaver to the CVC Board as an Executive Director. I would like to personally thank all of our staff, Mark Avery CEO and fellow Directors Ian Campbell and John Leaver, our joint ventures partners and broader team including consultants and advisors.

## HIGHLIGHTS

In this period the company recorded a net profit to shareholders of \$12.9 million (2021:\$21.8 Million). The major contributor to this result was the property investment segment. The business portfolio is now heavily focused in real estate, with 89% of value being invested in that sector.



“ CVC’s endeavours in the property sector will deliver positive outcomes for shareholders on an ongoing basis. ”

During the period our investment in East Boundary Road, Bentleigh East, Victoria was sold closing out a very successful investment for the company. The Donnybrook project was granted rezoning approval in January 2022 and will now allow revenues to commence from the sales of residential land. Property backed lending continued to be strong within the business, delivering strong profits and returns.

Our smaller non-property investment portfolio was subdued during the year given the market performance at year end. This resetting of values may deliver uplift in some of our residual listed investments in FY2023.

Fully franked dividends for the FY2022 period have been maintained at 9 cents per share.

## OUTLOOK

Given the forward outlook across the companies’ investments, it is not possible to provide guidance on future profitability. The Board is however confident in the short-term profitability of ventures along with medium to longer term growth in the value of the investment

portfolio. CVC’s endeavours in the property sector will deliver positive outcomes for shareholders on an ongoing basis.

Using our core strengths in the property sector the business will continue to seek out partnering opportunities with our current and new partners. Our success is based on the people and businesses we work with, and these relationships deliver us opportunities on an ongoing basis. Currently there are challenges in the general property markets, which are likely to result in strong opportunities over the coming year. Our focus of deploying capital into appropriately de-risked real estate opportunities delivering superior returns continues.

The Board and management of CVC would like to thank CVC Shareholders for their continued support, and are looking forward to continuing to deliver shareholder value.



**Craig Treasure**  
Chairman



# THE YEAR IN REVIEW

FOR THE YEAR ENDED 30 JUNE 2022

## TOTAL INCOME

**\$83.9m**

▼ 4.2% on 2021

\$87.5m – 2021\*

## UNDERLYING NPAT

**\$12.9m**

▼ 53.9% on 2021

\$28.0m – 2021\*

## NPAT TO SHAREHOLDERS

**\$6.1m**

▼ 68.7% on 2021

\$19.5m – 2021\*

## ORDINARY DIVIDENDS

**9.0cps**

▲ 12.5% on 2021

8.0cps – 2021\*

## NET ASSETS TO SHAREHOLDERS

**\$178.5m**

▼ 2.1% on 2021

\$182.3m – 2021\*

## NET ASSETS PER SHARE

**\$1.53**

▼ 2.1% on 2021

\$1.56 – 2021\*

## CASH POSITION

**\$26.4m**

▼ 52.6% on 2021

\$55.7m – 2021\*

\*Comparative balances have been changed for consistency.



## GROUP SUMMARY

CVC Limited (the Company) recorded an underlying profit after tax to shareholders of \$6.1 million for the period ending 30 June 2022 (2021: profit of \$19.5 million).

Having started the period with a first half after tax profit to shareholders of \$10 million, the Company's negative second half unfortunately weighed on the full year outcome. Substantial valuation decline of \$4.8 million was experienced by the non-property segment of the business in this time which was in line with general negative performance experienced across the equities markets. While these devaluations were recorded in the accounts, these holdings remain on balance sheet and there is optimism that these values will recover in future periods.

Property investment is the major activity undertaken by CVC and property lending again provided a strong contribution to the financial result in this period. With interest rates now increasing, the environment for lending will remain an attractive place to invest capital.

Direct Property investment from a statutory perspective provided a lower contribution to profit than FY2021. The result does not however provide a full picture of the progression of this part of the portfolio.

With interest rates now increasing, the environment for lending will remain an attractive place to invest capital.

On 4 May 2022, the Company announced the impact of market valuations, on an "as is" basis of three major investments held as inventory in the accounts. If these valuations were to flow through to the accounts, it would represent an uplift of post-tax assets of \$132.8 million or an additional \$1.14 per share in net assets.

The business remains extremely focused on executing on its strategy to unlock the significant value which can be delivered from its portfolio of property investments, especially those large-scale land holdings that are currently in a rezoning process or have been recently rezoned and can now be realised or developed.

“ Our approach to building investment partnerships has delivered a consistent pipeline of quality investment opportunities. ”



# THE YEAR IN REVIEW

FOR THE YEAR ENDED 30 JUNE 2022

## SUMMARY OF OPERATING RESULTS

### PROPERTY

**\$27,430,732**

\$38,512,714 – 2021\*

### NON-PROPERTY

**\$1,195,241**

\$10,063,907 – 2021\*

### CONVERTIBLE NOTE INTEREST

**\$(2,864,294)**

\$(2,982,691) – 2021\*

### UNALLOCATED

**\$(10,597,848)**

\$(7,712,039) – 2021\*

### TAX EFFECT

**\$(2,256,443)**

\$(9,868,903) – 2021\*

### TOTAL COMPREHENSIVE INCOME

**\$12,907,388**

\$28,012,988 – 2021\*

## SEGMENT REVIEW

### Property

Total pre-tax contribution was \$27.4 million (2021: \$38.5 million). During the financial year a number of milestones were achieved which included:

- Divestment of the CVC holding in the East Bentleigh project. The sale represented the conclusion of what was a very successful investment which was first made in 2015.
- Rezoning of the Donnybrook project (49% CVC Limited in partnership with Avid Property Group) was achieved in January 2022. The outcome concluded a planning process of around 7 years. The resultant zoning outcomes give rise to a staged settlement of residentially designated land over the coming 30 months for approximately \$92m. The 75Ha of industrial land is a substantial asset for the joint venture and the business is working on unlocking this asset in FY2023.
- Completion of the Coles anchored Elara Village Town Centre located in Marsden Park, NSW. The transaction was a capital light position which was syndicated on a fund through structure and delivered very strong investment returns to CVC.
- Commencement of the Bunnings Warehouse and Coles Anchored Shopping Centre at Caboolture, QLD. Both developments are scheduled to complete in H1 FY2023. An associated bulky goods centre has recently commenced and is forecast to complete in H2 FY2023.
- Secured property loans have remained an important source of income for the Company. The risk / return profile of these investments is attractive, particularly as the market has become more unpredictable. Having the protection of headroom cover in this space provides a level of comfort. Moving forward CVC will continue to be selective in its lending arrangements and will target loans of around 12-18 months in duration secured by registered mortgages over real property.

\*Comparative balances have been changed for consistency.



### Progress on other property projects during the financial year include:

- Progression on the rezoning application on the Liverpool site in partnership with Leamac Property Group. Approval from Liverpool City Council achieved in April 2022 for the project to enter gateway determination process. Substantial work done on technical studies and design development to inform the application and the Department of Planning for their assessment. Anticipated outcome of application to enter Gateway Determination anticipated H1 FY2023.
- Further detailed planning work is continuing on the commercial property located in Woolloongabba, QLD. 35% owned by CVC, the land has approval for the development of approximately 710 apartments plus additional retail space. It is forecast to be a key development precinct in the lead up to the 2032 Olympics and will benefit significantly from large scale infrastructure upgrades in the immediate surrounds. The property was recently independently valued at a premium to the prior period carrying value.
- Substantial progression on both planning approvals and pre-leasing of the Coles anchored shopping centre in Werribee, VIC. Development of the c.\$85m asset is anticipated to commence H1 FY2023. Surrounding land purchased by CVC in prior periods has been partly sold at a strong premium to purchase price with unsold land targeted for the development of a 2,000sqm medical facility.
- Extensive work has been done on the progression of the Marsden Park rezoning application. Progress is anticipated to be made after the release of the findings which come from the NSW Governments flood enquiry.





# THE YEAR IN REVIEW

FOR THE YEAR ENDED 30 JUNE 2022

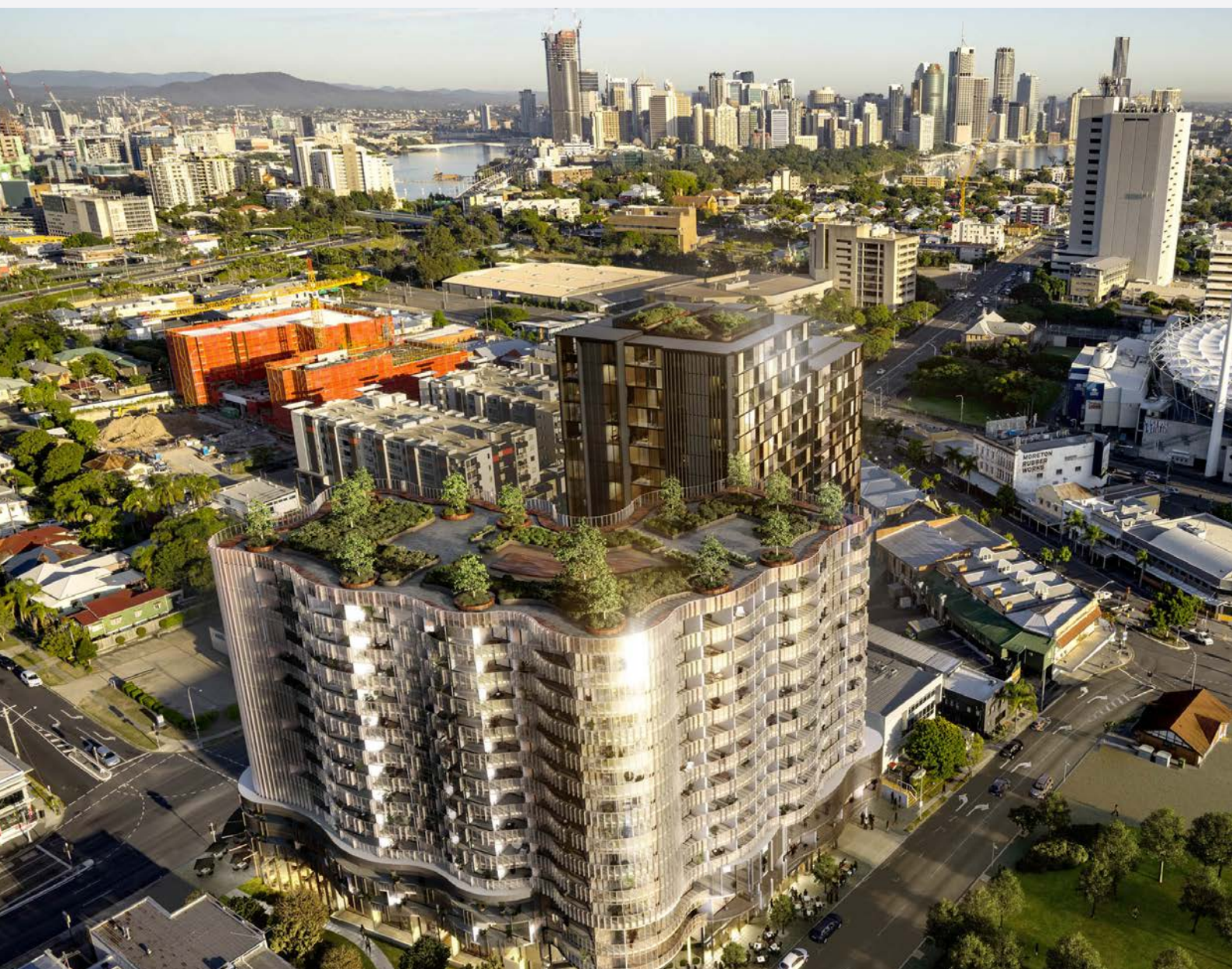
## SEGMENT REVIEW (CONT.)

### Revaluations of Significant Property Investments

As previously announced, the Board of CVC determined to get independent market valuations completed on three major assets within the Property portfolio, those being the land not subject to contracts at Donnybrook (the industrial land), the Liverpool property and the Marsden Park property.

The instruction to valuers were to value the land on the basis of their current land use entitlements (zoning) utilising a direct comparison approach. The aggregated valuations indicate that these investments have a current estimated value uplift of \$202.6 million to CVC shareholders.

The investments that were valued are carried as inventory in accordance with accounting standards, and therefore the impact of these revaluations does not flow to the accounts of the Company.







However, to give an update on current valuations surrounding the portfolio of investments, adopting these assessed values would be a post-tax increase in shareholder value of \$132.8 million, representing \$1.14 per share. When added to 30 June 2022 net assets, shareholder equity would increase to \$2.67 per share.

## Non-Property Investment

Non-property investment is a lesser part of the Company than it was in the prior period. This segment generated

a total pre-tax contribution to profit of \$1.2 million (2021: \$10.1 million). During the period some loans in this segment were repaid and there were divestments or returns of capital from this area of the business. The listed and unlisted portfolio of non-property investments were particularly impacted negatively in the second half of the period. Mark-to-market positions hurt performance over that time in line with the performance of the wider market. The loss in value in the majority of investments in this area are not yet crystallised and there is optimism that values will climb moving forward.



# THE YEAR IN REVIEW

FOR THE YEAR ENDED 30 JUNE 2022

“CVC seeks to invest in great people and opportunities. Our focus is often where others are not looking.”

## BUSINESS OUTLOOK

The business remains committed to reducing the number of investments it has to allow appropriate focus on unlocking and delivering significant value from the existing portfolio of direct property assets.

The business is well capitalised and is seeing many opportunities in the market. Given the strategy to carry fewer investment positions, for a new transaction to be undertaken, the deal fundamentals will need to be exceptionally strong.



## Capital Management and 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. While the full year profit was less than the total dividend paid for the year, the Board concluded that the substantial rise in underlying shareholder value as a result of market-based assessments of its significant investments should also carry weight in the dividend decision. Statutory profits accounted for approximately 60% of the dividends across the period.

As the operations of CVC are transactional in nature it is not possible to forecast a likely result and dividends for FY2023.

The Board of CVC will continuously evaluate the merit of share and convertible note buybacks 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.



# FINANCIAL REPORT 2022

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

The Directors present the Financial Report of CVC Limited (the "Company") and its controlled entities ("CVC"), for the year ended 30 June 2022 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:

<b>Name:</b>	<b>MARK ANTHONY AVERY</b>
<b>Title:</b>	<i>Managing Director, Member of Audit Committee, Chief Executive Officer</i>
<b>Qualifications:</b>	B.Com.Pl.Ds. (UOM)
<b>Experience and expertise:</b>	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.
<b>Listed company directorships held within the last three years:</b>	Managing Director of Eildon Capital Group (From November 2015 to April 2022) and remains as Non-Executive Director of the company.
<b>Interests as at the date of this report:</b>	Ordinary shares: 9,500 Performance rights: 1,700,000
<b>Name:</b>	<b>CRAIG GRANVILLE TREASURE</b>
<b>Title:</b>	<i>Executive Chairman</i>
<b>Qualifications:</b>	BASc (Surveying) (QUT), FDIA
<b>Experience and expertise:</b>	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.
<b>Listed company directorships held within the last three years:</b>	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).
<b>Interests as at the date of this report:</b>	Ordinary shares: 68,000 Convertible notes: 2,000 Performance rights: 1,300,000



<b>Name:</b>	<b>IAN HOUSTON CAMPBELL</b>
<b>Title:</b>	<i>Non-Executive Director, Chairman of Audit Committee</i>
<b>Qualifications:</b>	FCA, MAICD
<b>Experience and expertise:</b>	Mr Campbell is currently a Non-Executive Director of Kip McGrath Education Centres Limited (ASX: KME) and Redox Limited. 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.
<b>Listed company directorships held within the last three years:</b>	Non-Executive Director and Chairman of Kip McGrath Education Centres Limited (Since August 2019).
<b>Interests as at the date of this report:</b>	Ordinary shares: 50,000

<b>Name:</b>	<b>JOHN SCOTT LEAVER</b>
<b>Title:</b>	<i>Non-Executive Director (Appointed 21 February 2022)</i>
<b>Qualifications:</b>	B.Ec. (Uni. of Sydney)
<b>Experience and expertise:</b>	John 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, John's experience was in the stockbroking industry. John has previously been a Director of Sunland Group Limited (ASX: SDG) and multiple other private and public entities.
<b>Listed company directorships held within the last three years:</b>	None
<b>Interests as at the date of this report:</b>	Ordinary shares: 51,055,643

## COMPANY SECRETARY

The Company Secretary in office during the whole of the financial year and up to the date of this report is:

<b>Name:</b>	<b>JOHN ANDREW HUNTER</b>
<b>Title:</b>	<i>Company Secretary, Chief Financial Officer</i>
<b>Qualifications:</b>	B.Com. (ANU), M.B.A. (MGSM), MAppFin (MAFC), CA
<b>Experience and expertise:</b>	Mr Hunter joined CVC in 2006 and has overseen the development and management of a number of investment vehicles with his core responsibility being management of financial and statutory reporting and compliance. Mr Hunter has extensive experience in ASX listed and unlisted public reporting and accounting for property, equity trusts, managed investment companies and schemes, due diligence and compliance.
<b>Interests as at the date of this report:</b>	Performance rights: 500,000

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

## KEY MANAGEMENT PERSONNEL

Key management personnel during the financial year includes the directors and John Andrew Hunter who is the Chief Financial Officer of the Company.

## 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 2022, and the number 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	4	4	2	2
Ian Houston Campbell	4	4	2	2
Craig Granville Treasure	4	4	2	2
John Scott Leaver	1	1	-	-

## 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 2022 of 4 cents per share amounting to \$4,672,964 was paid on 18 February 2022.

A final fully franked dividend in respect of the year ended 30 June 2021 of 5 cents per share amounting to \$5,841,205 was paid on 20 August 2021.

## CONSOLIDATED RESULTS

The financial performance for the 2022 financial year is as follows:

- Net profit after tax of \$6.1 million (2021: \$19.5 million) to shareholders;
- Net profit after tax of \$12.9 million (2021: \$28.0 million);
- Earnings per share of 5.23 cents (2021: 16.7 cents); and
- Decrease in Net Assets per share of 3 cents (2021: increase of 13 cents), following dividends per share totalling 9 cents (2021: 3 cents) paid during the year.

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

	2022 \$	2021 \$
Net profit after income tax	12,907,388	28,012,988
Net profit attributable to non-controlling interests	6,801,465	8,523,039
Net profit after income tax attributable to members of parent entity	6,105,923	19,489,949

## REVIEW OF OPERATIONS

Having started the period with a first half after tax profit to shareholders of \$10 million, the Company's negative second half unfortunately weighed on the full year outcome. Substantial valuation decline of \$4.8 million was experienced by the non-property segment of the business in this time which was in line with general negative performance experienced across the equities markets. While these devaluations were recorded in the accounts, these holdings remain on balance sheet and there is optimism that these values will recover in future periods.

Property investment is the major activity undertaken by CVC and property lending again provided a strong contribution to the financial result in this period. With interest rates now increasing, the environment for lending will remain an attractive place to invest capital.

Direct Property investment from a statutory perspective provided a lower contribution to profit than FY2021. The result does not however provide a full picture of the progression of this part of the portfolio. On 4 May 2022, the Company announced the impact of market valuations, on an "as is" basis of three major investments held as inventory in the accounts. If these valuations could flow through to the accounts, it would represent an uplift of post-tax assets of \$132.8 million or an additional \$1.14 per share in net assets.

The business remains extremely focused on executing on its strategy to unlock the significant value which can be delivered from its portfolio of property investments, especially those large-scale land holdings that are currently in a rezoning process or have been recently rezoned and can now be realised or developed.

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

	2022 \$	2021 \$
Property investments	27,430,732	38,512,714
Non-property investments	1,195,241	10,063,907
Convertible note interest	(2,864,294)	(2,982,691)
Unallocated	(10,597,848)	(7,712,039)
Tax effect	(2,256,443)	(9,868,903)
Total comprehensive income	12,907,388	28,012,988

Note, prior year balances have been reclassified for consistency.

### Property

Total pre-tax contribution was \$27.4 million (2021: \$38.5 million). During the financial year a number of milestones were achieved which included:

- Divestment of the CVC holding in the East Bentleigh project. The sale represented the conclusion of what was a very successful investment which was first made in 2015.
- Rezoning of the Donnybrook project (49% CVC Limited in partnership with Avid Property Group) was achieved in January 2022. The outcome concluded a planning process of around 7 years. The resultant zoning outcomes give rise to a staged settlement of residentially designated land over the coming 30 months for approximately \$92m. The 75Ha of industrial land is a substantial asset for the joint venture and the business is working on unlocking this asset in FY2023.
- Completion of the Coles anchored Elara Village Town Centre located in Marsden Park, NSW. The transaction

was a capital light position which was syndicated on a fund through structure and delivered very strong investment returns to CVC.

- Commencement of the Bunnings Warehouse and Coles Anchored Shopping Centre at Caboolture, QLD. Both developments are scheduled to complete in H1 FY2023. An associated bulky goods centre has recently commenced and is forecast to complete in H2 FY2023.
- Secured property loans have remained an important source of income for the Company. The risk / return profile of these investments is attractive, particularly as the market has become more unpredictable. Having the protection of headroom cover in this space provides a level of comfort. Moving forward CVC will continue to be selective in its lending arrangements and will target loans of around 12-18 months in duration secured by registered mortgages over real property.



# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

## REVIEW OF OPERATIONS (CONT.)

### Property (cont.)

*Progress on other property projects during the financial year include:*

- Progression on the rezoning application on the Liverpool site in partnership with Leamac Property Group. Approval from Liverpool City Council achieved in April 2022 for the project to enter gateway determination process. Substantial work done on technical studies and design development to inform the application and the Department of Planning for their assessment. Anticipated outcome of application to enter Gateway Determination anticipated H1 FY2023.
- Further detailed planning work is continuing on the commercial property located in Woolloongabba, QLD. 35% owned by CVC, the land has approval for the development of approximately 710 apartments plus additional retail space. It is forecast to be a key development precinct in the lead up to the 2032 Olympics and will benefit significantly from large scale infrastructure upgrades in the immediate surrounds. The property was recently independently valued at a premium to the prior period carrying value.
- Substantial progression on both planning approvals and pre-leasing of the Coles anchored shopping centre in Werribee, VIC. Development of the site is anticipated to commence H1 FY2023. Surrounding land purchased by CVC in prior periods has been partly sold at a strong premium to purchase price with unsold land targeted for the development of a 2,000sqm medical facility.
- Extensive work has been done on the progression of the Marsden Park rezoning application. Progress is anticipated to be made after the release of the findings which come from the NSW Governments flood enquiry.

### Revaluations of Significant Property Investments

As previously announced, the Board of CVC determined to get independent market valuations completed on three major assets within the Property portfolio, those being the land not subject to contracts at Donnybrook (the industrial land), the Liverpool property and the Marsden Park property.

The instruction to valuers were to value the land on the basis of their current land use entitlements (zoning) utilising a direct comparison approach. The aggregated valuations indicate that these investments have a current estimated value uplift of \$202.6 million to CVC shareholders.

The investments that were valued are carried as inventory in accordance with accounting standards, and therefore the impact of these revaluations does not flow to the accounts of the Company.

However, to give an update on current valuations surrounding the portfolio of investments, adopting these assessed values would be a post-tax increase in shareholder value of \$132.8

million, representing \$1.14 per share. When added to the 30 June 2022 net assets, shareholder equity would increase to \$2.67 per share.

### Non-Property

Non-property investment is a lesser part of the Company than it was in the prior period. This segment generated a total pre-tax contribution to profit of \$1.2 million (2021: \$10.1 million). During the period some loans in this segment were repaid and there were divestments or returns of capital from this area of the business. The listed and unlisted portfolio of non-property investments were particularly impacted negatively in the second half of the period. Mark-to-market positions hurt performance over that time in line with the performance of the wider market. The loss in value in the majority of investments in this area are not yet crystallised and there is optimism that values will climb moving forward.

### Business Outlook

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 business remains committed to reducing the number of investments it has to allow appropriate focus on unlocking and delivering significant value from the existing portfolio of direct property assets.

The business is well capitalised and is seeing many opportunities in the market. Given the strategy to carry fewer investment positions, for a new transaction to be undertaken, the deal fundamentals will need to be exceptionally strong.

## STATE OF AFFAIRS

Following a reduction in the ownership interest in Eildon Capital Group ("EDC") as well as a change to the board of directors of EDC and executive team, CVC concluded that it no longer controlled the group during the financial year. As such, effective 26 April 2022 the operations of EDC was deconsolidated from CVC.

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

A final dividend in respect of the year ended 30 June 2022 of 5 cents per share was declared on 29 July 2022 to be paid on 18 August 2022 to those shareholders registered on 3 August 2022.

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 19 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 key management personnel are as follows:

#### – Base salary per annum:

Mark Anthony Avery	\$440,000
Craig Granville Treasure	\$400,000
John Andrew Hunter	\$425,000

- 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 John Scott Leaver is a major shareholder and founder of CVC, he doesn't have any service contract.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

## 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.

		Short-term Employee Benefits		Post – Employ't Benefits	Share-based		
		Base Salary	STI Bonus	Super'n	Payment (f)	Total	Base %
		Fees	(a)			\$	(b)
		\$	\$	\$	\$		
<b>MA Avery</b>	<b>2022</b>	<b>440,000</b>	<b>220,000</b>	<b>27,500</b>	<b>313,482</b>	<b>1,000,982</b>	<b>47%</b>
Managing Director	2021	407,500	285,000	25,000	-	717,500	60%
<b>CG Treasure (c)</b>	<b>2022</b>	<b>384,818</b>	<b>100,000</b>	<b>27,500</b>	<b>239,722</b>	<b>752,040</b>	<b>55%</b>
Executive Chairman	2021	-	-	-	-	-	n/a
<b>IH Campbell</b>	<b>2022</b>	<b>82,192</b>	<b>-</b>	<b>8,219</b>	<b>-</b>	<b>90,411</b>	<b>100%</b>
Non-Executive Director	2021	82,192	-	7,808	-	90,000	100%
<b>AJ Rapajic-Leaver (d)</b>	<b>2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>n/a</b>
Non-Executive Director	2021	34,247	-	3,253	-	37,500	100%
<b>JS Leaver (e)</b>	<b>2022</b>	<b>207,763</b>	<b>-</b>	<b>20,776</b>	<b>-</b>	<b>228,539</b>	<b>100%</b>
Head of Strategic Operations	2021	207,763	-	19,737	-	227,500	100%
<b>JA Hunter</b>	<b>2022</b>	<b>425,000</b>	<b>130,000</b>	<b>27,500</b>	<b>92,201</b>	<b>674,701</b>	<b>67%</b>
Company Secretary	2021	405,000	195,000	25,000	-	625,000	69%
	<b>2022</b>	<b>1,539,773</b>	<b>450,000</b>	<b>111,495</b>	<b>645,405</b>	<b>2,746,673</b>	
	2021	1,136,702	480,000	80,798	-	1,697,500	

Notes:

- (a) 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.
- (b) Base % reflects the amount of base level remuneration that is not dependent on individual or CVC performance.
- (c) Mr Treasure was appointed as director from 29 June 2021. No fees were paid to Mr Treasure by CVC for the period he was appointed as director in 2021.
- (d) Mr Rapajic-Leaver resigned as director on 29 June 2021. The amount paid in 2021 relates to the period that Mr Rapajic-Leaver was appointed as director. Following the resignation of Mr Rapajic-Leaver as director, he is no longer considered to be a key management personnel of the Company.
- (e) Mr John Leaver was appointed as director from 21 February 2022.
- (f) Share-based payment is in relation to performance rights issued. Refer note 34.1.



## REMUNERATION REPORT (AUDITED) (CONT.)

### 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 2022 is as follows:

#### Ordinary shares:

	Opening	Purchases	Closing
MA Avery	9,500	-	9,500
CG Treasure	68,000	-	68,000
IH Campbell	50,000	-	50,000
JS Leaver	50,622,889	432,754	51,055,643
JA Hunter	-	-	-

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

#### Convertible notes:

Mr Treasure held 2,000 convertible notes as at 30 June 2022, there was no movement during the year. No other key management personnel holds any convertible notes.

#### 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%

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

## REMUNERATION REPORT (AUDITED) (CONT.)

### Additional disclosures relating to key management personnel (cont.)

#### (i) Shareholding in the Company (Cont.)

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

#### Year ended 30 June 2022

	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
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

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.

#### (ii) Other Transactions with key management personnel

Key management personnel hold units and 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 %	Donnybrook JV Pty Limited %
MA Avery	0.5	1.3
JA Hunter	0.5	0.8
JS Leaver	-	2.0

At the end of the reporting period \$231,179 were recognised in trade and other payables in the statement of financial position in relation to the co-investment in Marsden Park and Donnybrook Projects.

## REMUNERATION REPORT (AUDITED) (CONT.)

### 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.

	2022 \$	2021 \$	2020 \$	2019 \$	2018 \$
Net profit/(loss) attributable to members of the parent entity	6,105,923	19,489,949	(2,074,480)	(2,060,002)	22,716,376
Other comprehensive loss attributable to members of the parent entity	-	-	-	-	-
Total comprehensive income/(loss) attributable to members of the parent entity	6,105,923	19,489,949	(2,074,480)	(2,060,002)	22,716,376
Dividends paid	10,514,169	3,504,722	9,413,760	17,920,128	17,929,918
Shares bought back on market	-	864,524	671,904	4,878,540	-
Share price at year end	2.45	1.97	1.41	2.59	2.66
Change in share price	0.48	0.56	(1.18)	(0.07)	0.80
Net assets per share	1.53	1.56	1.43	1.53	1.71
Change in net assets per share	(0.03)	0.13	(0.10)	(0.18)	0.05

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 issued performance rights to key management personnel. Refer to page 19.

## 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.



# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

## 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.

## AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

CVC appointed Pitcher Partners Sydney as the auditors for the 2022 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 26.

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 23.

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

Dated at Sydney 24 August 2022.



**MARK AVERY**  
Director



**CRAIG TREASURE**  
Director

# AUDITOR'S INDEPENDENCE DECLARATION

FOR THE YEAR ENDED 30 JUNE 2022

**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 2022, 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 2022.

Dated at Sydney 24 August 2022.



**John Gavljak**  
Partner



**Pitcher Partners**  
Sydney

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$	2021 \$
<b>INCOME FROM CONTINUING OPERATIONS</b>			
Development sales and fees	4	45,179,060	27,751,674
Change in fair value of investment property	16	5,823,004	8,543,877
Interest and fee income	4	20,283,192	20,268,409
Share of net profits of associates accounted for using the equity method	15	2,686,162	13,172,848
Other income	4	9,912,661	17,787,248
<b>Total income</b>		<b>83,884,079</b>	<b>87,524,056</b>
<b>EXPENSES</b>			
Property development cost	5	38,822,916	22,569,794
Employee and director costs	5	7,057,618	4,994,888
Finance costs	5	9,246,886	9,873,406
Impairment loss	5	3,738,725	7,026,407
Management and consultancy fees		2,898,301	2,075,282
Other expenses	5	6,955,802	3,102,388
<b>Total expenses</b>		<b>68,720,248</b>	<b>49,642,165</b>
<b>Profit before related income tax expense</b>		<b>15,163,831</b>	<b>37,881,891</b>
Income tax expense	6	2,256,443	9,868,903
<b>Net profit for the year</b>		<b>12,907,388</b>	<b>28,012,988</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>12,907,388</b>	<b>28,012,988</b>
<b>Net profit for the year attributable to</b>			
Shareholders		6,105,923	19,489,949
Non-controlling interest		6,801,465	8,523,039
		<b>12,907,388</b>	<b>28,012,988</b>
<b>Total comprehensive income for the year attributable to</b>			
Shareholders		6,105,923	19,489,949
Non-controlling interest		6,801,465	8,523,039
		<b>12,907,388</b>	<b>28,012,988</b>
Basic earnings per share	7	0.0523	0.1666
Diluted earnings per share	7	0.0517	0.1666

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 2022

	Notes	2022 \$	2021 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	25	26,409,250	55,754,136
Financial assets at amortised cost	9	57,795,083	106,564,899
Financial assets at fair value through profit or loss	12	14,048,329	-
Inventories	13	32,967,202	-
Other assets	14	1,471,564	1,436,910
		132,691,428	163,755,945
<b>Assets classified as held for sale</b>	10	5,128,205	-
<b>Total current assets</b>		137,819,633	163,755,945
<b>NON-CURRENT ASSETS</b>			
Financial assets at amortised cost	9	35,754,102	40,058,975
Financial assets at fair value through profit or loss	12	24,761,699	26,227,698
Inventories	13	19,172,915	30,911,954
Investments accounted for using the equity method	15	38,905,039	43,789,144
Property, plant and equipment		123,111	208,611
Intangible assets	17	-	1,570,000
Right-of-use assets	11	1,832,123	2,557,958
Investment properties	16	2,400,000	34,900,000
Other assets	14	14,881,773	13,022,991
Deferred tax assets	6	3,577,084	5,143,555
<b>Total non-current assets</b>		141,407,846	198,390,886
<b>TOTAL ASSETS</b>		279,227,479	362,146,831
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	5,748,353	6,440,099
Interest bearing loans and borrowings	20	58,729,927	16,406,743
Other liabilities	21	448,502	16,376,609
Lease liabilities	11	467,270	551,301
Provisions	19	914,060	815,886
Current tax liabilities		6,656,621	4,490,036
<b>Total current liabilities</b>		72,964,733	45,080,674
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing loans and borrowings	20	25,132,786	75,053,417
Other liabilities	21	-	8,879,798
Lease liabilities	11	1,432,962	2,081,703
Deferred tax liabilities	6	3,573,744	11,389,030
<b>Total non-current liabilities</b>		30,139,492	97,403,948
<b>TOTAL LIABILITIES</b>		103,104,225	142,484,622
<b>NET ASSETS</b>		176,123,254	219,662,209
<b>EQUITY</b>			
Contributed equity	22	97,231,880	97,231,880
Other equity	23	1,881,405	1,881,405
Retained earnings		79,270,687	84,123,111
Other reserves	24	98,993	(919,557)
Total parent entity interest		178,482,965	182,316,839
Non-controlling interest		(2,359,711)	37,345,370
<b>TOTAL EQUITY</b>		176,123,254	219,662,209

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 2022

	Notes	Contributed Equity \$	Retained Earnings \$	Other Reserves \$
<b>At 1 July 2021</b>		<b>97,231,880</b>	<b>84,123,111</b>	<b>(919,557)</b>
<b>Profit for the year</b>		-	<b>6,105,923</b>	-
<b>Other comprehensive income</b>		-	-	-
<b>Total comprehensive income for the year</b>		-	<b>6,105,923</b>	-
<i>Transactions with shareholders:</i>				
Change in non-controlling ownership interests		-	-	<b>(104,100)</b>
Return of capital		-	-	-
Dividends paid	8	-	<b>(10,514,169)</b>	-
Deconsolidation of subsidiaries		-	-	-
Share based payment	24	-	-	<b>678,472</b>
Transfer from reserve		-	<b>(444,178)</b>	<b>444,178</b>
<b>At 30 June 2022</b>		<b>97,231,880</b>	<b>79,270,687</b>	<b>98,993</b>
<b>At 1 July 2020</b>		<b>98,096,404</b>	<b>68,137,884</b>	<b>(433,655)</b>
<b>Profit for the year</b>		-	<b>19,489,949</b>	-
<b>Other comprehensive income</b>		-	-	-
<b>Total comprehensive income for the year</b>		-	<b>19,489,949</b>	-
<i>Transactions with shareholders:</i>				
Shares bought back, net of transaction costs and tax	22	<b>(864,524)</b>	-	-
Change in non-controlling ownership interests		-	-	<b>(505,149)</b>
Return of capital		-	-	-
Dividends paid	8	-	<b>(3,504,722)</b>	-
Share based payment	24	-	-	<b>19,247</b>
<b>At 30 June 2021</b>		<b>97,231,880</b>	<b>84,123,111</b>	<b>(919,557)</b>

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	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
1,881,405	167,682,038	26,083,762	193,765,800
-	19,489,949	8,523,039	28,012,988
-	-	-	-
-	19,489,949	8,523,039	28,012,988
-	(864,524)	-	(864,524)
-	(505,149)	6,347,953	5,842,804
-	-	(119,321)	(119,321)
-	(3,504,722)	(3,519,426)	(7,024,148)
-	19,247	29,363	48,610
1,881,405	182,316,839	37,345,370	219,662,209



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 \$	2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts in the course of operations		5,201,754	7,102,952
Cash payments in the course of operations		(16,309,839)	(9,324,867)
Cash proceeds from land held for resale		7,000,000	4,522,303
Cash payment for land held for resale		(24,981,236)	(12,359,069)
Proceeds on disposal of equity investments		4,317,317	36,195,670
Payments for equity investments		(8,329,273)	(26,818,829)
Payment on construction contract		(34,798,533)	(17,542,055)
Proceeds from construction contract		44,360,703	21,261,268
Loans provided		(88,865,522)	(59,848,762)
Loans repaid		83,594,860	76,706,442
Dividends received		1,762,503	7,335,817
Interest received		17,071,371	15,006,874
Interest paid		(4,029,600)	(6,314,718)
Income taxes (paid)/refund received		(5,277,259)	75,792
<b>Net cash (used in)/provided by operating activities</b>	25	<b>(19,282,754)</b>	<b>35,998,818</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for acquisition and development of investment properties		(76,996)	(56,123)
Payments for property, plant and equipment		(15,694)	(131,772)
Sale of subsidiaries, net of cash		17,387,745	-
Cash held by subsidiaries deconsolidated		(14,323,043)	-
<b>Net cash provided by/(used in) investing activities</b>		<b>2,972,012</b>	<b>(187,895)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(20,539,783)	(18,141,980)
Proceeds from borrowings		25,611,797	22,396,518
Principal elements of lease payments		(537,815)	(485,964)
Convertible loan note purchased		(3,513,835)	(4,110,334)
Dividends paid		(15,103,823)	(7,178,621)
Payments for share buy-back		-	(865,236)
Transactions with non-controlling interests		1,238,615	5,822,280
Payments for return of capital		(189,300)	(119,321)
<b>Net cash used in financing activities</b>		<b>(13,034,144)</b>	<b>(2,682,658)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(29,344,886)</b>	<b>33,128,265</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>55,754,136</b>	<b>22,625,871</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	25	<b>26,409,250</b>	<b>55,754,136</b>

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 2022

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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 the 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 33.1);
- Assessment of recoverable amount of financial assets at amortised cost (refer note 9);
- Valuation of inventories (refer note 13);
- Valuation of investment properties (refer note 16);

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT.)

### 1.3 Critical Accounting Estimates and Judgements (Cont.)

- Fair value of certain financial assets at fair value through profit or loss (refer note 12 and note 33.2);
- 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 33.3);
- Recoverable value of other assets (refer note 14);
- 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 34).

### 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 does not have a material impact on CVC.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 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 2022 (“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.



## NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT.)

### 1.6 Principles of Consolidation (Cont.)

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);
- 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT.)

### 1.8 Income Tax and Other Taxes (Cont.)

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.

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 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 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 tax funding agreement requires payment as a result of the transfer of tax amounts.

#### **Goods and Services Tax**

Revenues, expenses and assets 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 to 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

## NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT.)

### 1.9 Business Combination (Cont.)

- 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.

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 combination which involved 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%

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT.)

### 1.16 Property, Plant and Equipment (Cont.)

#### 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 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 payments 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.

### 1.18 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



## NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT.)

### 1.18 Financial Assets (Cont.)

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 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.

### 1.19 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.

### 1.20 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.

### 1.21 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 is expensed in profit or loss.

### 1.22 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.

### 1.23 Revenue Recognition

#### 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. Where revenues are associated with uncertain project expenditure, including rental guarantees and lease incentive payments, the revenue is not recognised until it is highly probable that there will be no reversal or adjustment in the future.

Where the contract term is for periods of one year or less, as permitted under AASB 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT.)

### 1.23 Revenue Recognition (Cont.)

#### *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.

#### *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; and
- 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.

#### *Other income*

##### *Rental income*

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

##### *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.

##### *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.

### 1.24 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 term 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.

### 1.25 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.

### 1.26 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.

## NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT.)

### 1.27 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.

### 1.28 Comparative Figures

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

### 1.29 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.

### 1.30 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 2022

## 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	
	2022 %	2021 %	2022 %	2021 %
<b>Direct Controlled Entities:</b>				
Albemarle Altifi Investments Unit Trust	100	100	-	-
Biomedical Systems Pty Limited	100	100	-	-
CVC Bentleigh (Developer) Pty Limited	-	100	-	-
CVC Bentleigh (Loan) Pty Limited	-	100	-	-
CVC Caboolture Unit Trust	60	60	40	40
CVC Elara Developments Pty Ltd	100	100	-	-
CVC Elara Pty Ltd	-	100	-	-
CVC Investment Managers Pty Limited	100	100	-	-
CVC Managers Pty Limited	100	100	-	-
CVC Masters Unit Trust	50	50	50	50
CVC Mezzanine Finance Pty Limited	100	100	-	-
CVC (Newcastle) Pty Limited	100	100	-	-
CVC Property Investments Pty Limited	100	100	-	-
CVC Rockhampton Trust	-	81.8	-	18.2
CVC Renewables Pty Limited	94	94	6	6
EFM Harpley Property Trust	100	100	-	-
EFM Harpley Town Centre Property Trust	100	100	-	-
Eildon Capital Group (a)	n/a	39.6	n/a	60.4
Eildon Debt Fund (b)				
- V Class	96	n/a	4	n/a
- AB Class	100	n/a	-	n/a
Eildon Property Investment (E) Fund (b)				
- B Class	95	95	5	5
- C Class	100	100	-	-
Elara Development Trust	67	67	33	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	n/a	50	n/a
LAC JV No. 2 Unit Trust	50	n/a	50	n/a
MAC 1 MP Pty Ltd	66	66	34	34
Marsden Park Development Trust	66	66	34	34
Safari Capital Pty Limited	100	100	-	-
Stinoc Pty Limited	99	99	1	1

(a) Eildon Capital Limited and Eildon Funds Management Limited ("EFM") as Responsible Entity for Eildon Capital Trust are stapled together, and are referred to as the Eildon Capital Group ("EDC"). For the period up to 26 April 2022, even though CVC held less than half of the voting rights of EDC, having considered CVC's ownership interests in EDC, the composition of the EDC share register and common key management personnel of CVC and EDC, EDC was considered to be a controlled entity for financial reporting purposes in accordance with AASB 10 *Consolidated Financial Statements*. 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 satisfies the tests of controlling EDC effective 26 April 2022. As such EDC became an equity accounted associate of CVC from 26 April 2022. Refer note 2.2 and note 33.3.

(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.)

### 2.1 Composition of Consolidated Group (Cont.)

	Interest Held by Consolidated Entity		Interest Held by Non-controlling Interests	
	2022	2021	2022	2021
	%	%	%	%
<b>Controlled Entities owned by CVC Rockhampton Trust:</b>				
iLiv CVC Rockhampton Trust	-	55	-	45
<b>Controlled Entities jointly owned by CVC Limited and CVC Renewables Pty Limited:</b>				
Wind Corporation Australia Pty Limited	100	100	-	-
Hampton Wind Park Company Pty Limited	-	100	-	-
<b>Controlled Entities jointly owned by CVC Property Investments Pty Limited and Eildon Capital Group:</b>				
79 Logan Road Pty Ltd (a)	n/a	70	n/a	30
79 Logan Road Trust (a)	n/a	70	n/a	30
LAC JV No. 2 Pty Limited	n/a	67	n/a	33
LAC JV No. 2 Unit Trust	n/a	67	n/a	33
<b>Controlled Entities owned by Eildon Capital Group:</b>				
Eildon Funds Management Limited (b)	n/a	100	n/a	-
Eildon Investments Services Pty Limited (b)	n/a	100	n/a	-
EFM Nominee Services Pty Limited (b)	n/a	100	n/a	-
Eildon Asset Management Pty Limited (b)	n/a	50	n/a	50
Eildon Asset Management Trust	n/a	50	n/a	50
<b>Controlled Entities jointly owned by CVC Limited and Eildon Capital Group:</b>				
Eildon Debt Fund (c)				
- H Class	n/a	23	n/a	77
- I Class	n/a	100	n/a	-
- K Class	n/a	45	n/a	55
- P Class	n/a	85	n/a	15
- S Class	n/a	35	n/a	65
- U Class	n/a	100	n/a	-
- V Class	n/a	96	n/a	4

- (a) 79 Logan Road Pty Ltd and 79 Logan Road Trust became associates of CVC effective 26 April 2022 as a result of Eildon Capital Group becoming an equity accounted associate of CVC.
- (b) On 17 November 2020, CVC sold 100% of EFM and its controlled entities to EDC, a subsidiary of CVC. Refer to note 2.4. Following EDC becoming an associate of CVC on 26 April 2022, EFM and its controlled entities ceased to be subsidiaries of CVC.
- (c) The directors have concluded that CVC controlled specified unit classes in Eildon Debt Fund ("EDF") until 26 April 2022, even though it holds less than half of the total voting rights of the fund. The significant judgements considered are as follows:
- Eildon Investments Services Pty Limited ("EIS"), a 100% owned subsidiary of EFM, is the fund manager for EDF.
  - EIS has the decision-making authority to direct the relevant activities of EDF and make decisions in the best interests of all investors.
  - The investors' rights to remove the fund manager are protective as they are excisable only when EIS is in default.
  - Each class of unit issued by the fund is only entitled returns generated from the specified asset associated with the specific class of unit. Each class of unit is non-recourse to each other class of unit issued by the fund.
  - CVC holds more than 20% of specific classes of units issued by EDF. This creates sufficient exposure for EIS to be a principal for the relevant specified units and their associated assets.

Following EDC becoming an associate of CVC on 26 April 2022, EDC and its controlled entities, including EFM and EIS, 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 from 26 April 2022. Refer note 2.2 and note 33.3.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 2: CONTROLLED ENTITIES (CONT.)

### 2.2 Deconsolidation of Subsidiaries

#### *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 2.2 and note 33.3) at which point EDC became an associate.

#### *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. Refer to note 2.2.

#### *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 15).

### 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, CVC Masters Unit Trust, Eildon Debt Fund, Eildon Property Investment (E) Fund, Elara Development Trust, 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 asset of negative \$2,359,711 (2021: \$ 37,345,370).

#### *(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 33.3.

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 33.3.

## 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	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
<b>Summarised statement of financial position</b>						
Current assets	1,845,000	696,452	17,305,111	136,521	561,388	4,924,834
Current liabilities	23,100	5,344	1,837,961	1,102,078	568,236	4,923,528
<b>Current net assets</b>	<b>1,821,900</b>	<b>691,108</b>	<b>15,467,150</b>	<b>(965,557)</b>	<b>(6,848)</b>	<b>1,306</b>
Non-current assets	13,077,460	12,735,468	5,231,549	12,628,146	-	-
Non-current liabilities	18,070,928	15,585,817	23,844,303	13,999,883	-	-
<b>Non-current net assets</b>	<b>(4,993,468)</b>	<b>(2,850,349)</b>	<b>(18,612,754)</b>	<b>(1,371,737)</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>(3,171,568)</b>	<b>(2,159,241)</b>	<b>(3,145,604)</b>	<b>(2,337,294)</b>	<b>(6,848)</b>	<b>1,306</b>
Accumulated NCI	(1,495,296)	(1,155,714)	(1,258,241)	(934,918)	(2,260)	431
<b>Summarised statement of comprehensive income</b>						
Revenue	38,223	2,168,136	22,862,597	2,137,817	22,749,708	23,185,244
(Loss)/profit for the period	(1,012,327)	1,307,995	(808,310)	(709,935)	4,168,810	2,782,292
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>(1,012,327)</b>	<b>1,307,995</b>	<b>(808,310)</b>	<b>(709,935)</b>	<b>4,168,810</b>	<b>2,782,292</b>
(Loss)/profit allocated to NCI	(354,213)	457,667	(323,324)	(283,974)	1,375,707	918,156
Dividends paid to NCI	-	-	-	-	1,378,398	907,121
<b>Summarised statement of cash flows</b>						
Cash flows (used in)/from operating activities	(1,442,037)	(1,850,342)	(5,962,179)	(1,510,239)	1,969,530	(1,437)
Cash flows from/(used in) financing activities	1,463,117	1,852,053	6,318,065	1,334,244	(1,943,463)	495,176
<b>Net increase/(decrease) cash and cash equivalents</b>	<b>21,080</b>	<b>1,711</b>	<b>355,886</b>	<b>(175,995)</b>	<b>26,067</b>	<b>493,739</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 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 (a)	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Summarised statement of financial position</b>				
Current assets	-	39,958,912	-	138,578
Current liabilities	-	2,042,000	-	11,649,227
Current net assets	-	37,916,912	-	(11,510,649)
Non-current assets	-	15,660,575	-	32,500,000
Non-current liabilities	-	1,556,176	-	-
Non-current net assets	-	14,104,399	-	32,500,000
Net assets	-	52,021,311	-	20,989,351
Accumulated NCI	-	31,423,990	-	7,649,622
<b>Summarised statement of comprehensive income</b>				
Revenue	11,019,920	10,626,826	6,997,816	9,983,555
Profit for the period	5,566,684	4,927,183	6,630,633	9,455,476
Other comprehensive income	-	-	-	-
Total comprehensive income	5,566,684	4,927,183	6,630,633	9,455,476
Profit allocated to NCI	3,410,285	2,786,631	2,579,190	4,189,459
Dividends paid to NCI	1,452,739	2,019,130	-	140,048
<b>Summarised statement of cash flows</b>				
Cash flows from/(used in) operating activities	8,717,066	8,757,814	(706,865)	(349,345)
Cash flows used in investing activities	(3,444,191)	(7,614,797)	-	-
Cash flows (used in)/from financing activities	(3,432,131)	1,471,308	631,000	395,174
Net increase/(decrease) cash and cash equivalents	1,840,744	2,614,325	(75,865)	45,829

(a) Eildon Capital Group and 79 Logan Road Trust became equity accounted associates 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.



## NOTE 2: CONTROLLED ENTITIES (CONT.)

### 2.4 Transactions with Non-Controlling Interests

#### *Eildon Capital Limited ("EDC")*

In March 2021, EDC issued 6,140,000 stapled securities for \$5,985,398. As a result, CVC's holding in EDC decreased by 5.94%. Immediately prior to the transaction, the carrying amount of the existing non-controlling interests in EDC was \$24,975,396. CVC recognised an increase in non-controlling interest of \$6,338,132 and a decrease in equity attributable to the owner of the parent of \$352,734.

During the 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 the owner of the parent of \$5,192.

During the 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 the owner of the parent of \$98,913.

#### *Internalisation of Eildon Funds Management Limited*

On 17 November 2020, CVC sold 100% of Eildon Funds Management Limited ("EFM") and its controlled entities to Eildon Capital Group ("EDC"), a subsidiary of CVC. EFM is a fund manager and the holder of a financial services license which provides funds management services to CVC entities as well as external funds. At the time of the sale, as CVC held 45.53% of the equity in EDC, resulting in CVC continuing to have an indirect interest in EFM following the transaction. As a result, CVC decreased its holding in EFM by 54.47%. Although CVC held less than half of the voting rights of EFM, EFM continued to be considered as a subsidiary of CVC by virtue of EDC being a subsidiary of CVC until 26 April 2022, when EDC became an associate of CVC.

#### *LAC JV No. 2 Unit Trust*

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 the owners of the parent and non-controlling interest.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 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:

	2022 \$	2021 \$
Current assets	79,471,811	68,275,390
<b>TOTAL ASSETS</b>	<b>249,983,545</b>	<b>258,775,849</b>
Current liabilities	56,218,456	5,029,069
<b>TOTAL LIABILITIES</b>	<b>149,461,515</b>	<b>144,918,582</b>
<b>EQUITY</b>		
Contributed equity	97,231,880	97,231,880
Retained earnings	763,340	14,743,982
Other equity	1,881,405	1,881,405
Other reserve	645,405	-
<b>TOTAL EQUITY</b>	<b>100,522,030</b>	<b>113,857,267</b>
<b>Net profit</b>	<b>3,466,473</b>	<b>12,947,666</b>
<b>Total comprehensive income for the year</b>	<b>3,466,473</b>	<b>12,947,666</b>

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.

### 3.2 Commitments and Contingent Liabilities

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

Unrelated entities	9,578,083	15,885,283
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#### Amounts available to be drawn by borrowers under existing loan facility agreements

Unrelated entities	2,885,768	-
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### 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	13,752,650
Guarantee (b)	-	12,655,000

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

(b) Guarantee provided to the vendor of a property being acquired by CVC.

	2022 \$	2021 \$
<b>NOTE 4: INCOME</b>		
<b>Development sales and fees:</b>		
Contract revenue	38,179,060	23,640,489
Sale of land	7,000,000	4,111,185
	45,179,060	27,751,674
<b>Interest and fee income:</b>		
Interest income	18,086,116	19,130,465
Facility fee income	2,197,076	1,137,944
	20,283,192	20,268,409
<b>Other income:</b>		
<i>Profit on financial assets at fair value through profit or loss:</i>		
Dividends	864,448	845,184
Gain on deconsolidation (note 2.2)	1,269,914	-
Gain on investment at fair value through profit or loss	-	8,305,172
<i>Recovery of financial assets at amortised cost:</i>		
Impairment recovery	3,549,395	1,844,183
Loan forgiveness	27,314	2,157,227
<b>Others</b>		
Recovery of investments in associates	-	127,653
Management fee income	2,432,599	2,666,035
Rental income	1,507,242	1,589,259
All other income	261,749	252,535
	9,912,661	17,787,248

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 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	OtherContract Revenue (a) \$'000's
<b>Timing of revenue recognition</b>				
<b>Year Ended 30 June 2022</b>				
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
<b>Year Ended 30 June 2021</b>				
At a point in time	4,111	221	1,741	8
Over time	23,641	917	925	217
Revenue from contracts with customers	27,752	1,138	2,666	225

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



	2022 \$	2021 \$
<b>NOTE 5: EXPENSES</b>		
<b>Property development cost:</b>		
Contract cost	32,198,084	20,089,373
Cost of land sold	6,624,832	2,480,421
	<b>38,822,916</b>	<b>22,569,794</b>
<b>Employee and director costs:</b>		
Superannuation	411,869	327,029
Share-based payments	737,348	48,610
Non-executive director fees	127,500	127,500
Other employee costs	5,780,901	4,491,749
	<b>7,057,618</b>	<b>4,994,888</b>
<b>Finance costs:</b>		
Interest and finance charges paid/payable for financial liabilities at amortised cost	4,654,022	5,127,047
Finance cost for non-controlling interest in trust classified as liabilities	3,305,746	3,478,441
Amortisation of prepaid finance cost (a)	1,255,019	1,255,019
Lease liabilities	32,099	12,899
	<b>9,246,886</b>	<b>9,873,406</b>
(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.		
<b>Impairment loss:</b>		
Impairment of financial assets at amortised cost	1,076,081	3,954,421
Impairment of investments in associates	2,065,493	385,617
Impairment of other assets	597,151	2,686,369
	<b>3,738,725</b>	<b>7,026,407</b>
<b>Other expenses:</b>		
Loss on investment at fair value through profit or loss	3,869,411	-
Depreciation and amortisation	587,302	653,287
All other overhead expenses	2,499,089	2,449,101
	<b>6,955,802</b>	<b>3,102,388</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	2022 \$	2021 \$
<b>NOTE 6: INCOME TAX</b>		
<b>6.1 Income Tax Expense</b>		
Accounting profit before income tax	15,163,831	37,881,891
<b>Income tax expense at the statutory income tax rate of 30%</b>	<b>4,549,149</b>	<b>11,364,567</b>
<b>Increase in income tax expense due to:</b>		
Sundry items	250,476	140,905
Trust losses not deductible	726,584	961,615
Net deferred tax not recognised	-	22,474
<b>Decrease in income tax expense due to:</b>		
Dividends received	(583,064)	(575,352)
Trust profit not assessable	(1,646,295)	(1,938,262)
Deferred tax balance not previously recognised	(1,042,391)	(77,238)
	<b>2,254,459</b>	<b>9,898,709</b>
Adjustments in respect of current income tax of previous years	1,984	(29,806)
<b>Income tax expense</b>	<b>2,256,443</b>	<b>9,868,903</b>
The major components of income tax expense are:		
Current income tax charge	7,086,781	4,585,846
Deferred income tax	(4,832,322)	5,312,863
Adjustments in respect of current income tax of previous years	1,984	(29,806)
<b>Income tax expense reported in the statement of profit or loss</b>	<b>2,256,443</b>	<b>9,868,903</b>

	Included in Income \$	Included in Equity \$	Total \$
<b>6.2 Deferred Tax Assets</b>			
Deferred income tax at 30 June related to the following deferred tax assets:			
<i>Year ended 30 June 2022</i>			
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)
	<b>3,575,790</b>	<b>1,294</b>	<b>3,577,084</b>

	Included in Income \$	Included in Equity \$	Total \$
<b>NOTE 6: INCOME TAX (CONT.)</b>			
<b>6.2 Deferred Tax Assets (Cont.)</b>			
<i>Year ended 30 June 2021</i>			
Provisions and accrued expenses	695,745	-	695,745
Financial assets	3,741,014	-	3,741,014
Property, plant and equipment	193,273	-	193,273
Intangible assets	412,803	-	412,803
Equity accounted income	73,852	-	73,852
Other	119,005	66,961	185,966
Tax losses	952,417	-	952,417
Deferred tax assets not recognised	(1,111,515)	-	(1,111,515)
	5,076,594	66,961	5,143,555

### 6.3 Deferred Tax Liabilities

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

<i>Year ended 30 June 2022</i>			
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
<i>Year ended 30 June 2021</i>			
Financial assets	52,596	806,316	858,912
Change in fair value of investment property	2,907,354	-	2,907,354
Equity accounted income	7,592,431	-	7,592,431
Gain on acquisition	21,950	-	21,950
Other	8,383	-	8,383
	10,582,714	806,316	11,389,030

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 2022

	2022 \$	2021 \$
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## NOTE 7: EARNINGS PER SHARE

Basic earnings per share	0.0523	0.1666
Diluted earnings per share	0.0517	0.1666

### Reconciliation of earnings used in calculation of earnings per share:

Profit after income tax	12,907,388	28,012,988
Less: non-controlling interest	6,801,465	8,523,039
Net profit attributable to members of the parent entity	6,105,923	19,489,949

	Number of Shares	
<b>Weighted average number of shares</b>		
Weighted average number of shares used in calculating basic earnings per share	116,824,094	116,964,649
Adjustment for calculation of diluted earnings per share (a)	1,352,474	-
Weighted average number of shares and potential ordinary shares used in calculating earnings per share	118,176,568	116,964,649

(a) The adjustment to weighted number of average shares relates to performance rights issued during the period. The convertible notes on issue are considered to be potential ordinary shares, however they have not been included in the determination of diluted number of shares. The current market price of CVC securities quoted on the ASX at half-year end is below the conversion price of the convertible notes of \$3.40 and are currently unlikely to be converted by noteholders into shares. As such the convertible notes are currently not considered to be dilutive for the purpose of calculating diluted average number of shares.

## 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
2022 Interim dividend on ordinary shares	4.00	4,672,964	18 February 2022	30%	100%
2021 Final dividend on ordinary shares	5.00	5,841,205	20 August 2021	30%	100%
2021 Interim dividend on ordinary shares	3.00	3,504,722	8 February 2021	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 2022 of 5 cents per share amounting to \$5,841,205 was paid on 18 August 2022.

	The Company	
	2022	2021
	\$	\$
<b>Dividend franking account</b>		
Franking credits available to shareholders for subsequent financial years	9,765,006	6,596,297

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.

	2022	2021
	\$	\$

## NOTE 9: FINANCIAL ASSETS AT AMORTISED COST

### Current

Trade receivables	119,292	337,401
Other receivables	4,654,057	6,631,208
Loans to associated entities	2,068,025	22,945,690
Expected credit loss for loans to associated entities	(2,068,025)	(500,000)
Loans to other entities	53,337,924	78,646,238
Expected credit loss for loans to other entities	(316,190)	(1,495,638)
	57,795,083	106,564,899

### Non-current

Loans to associated entities	18,257,055	13,070,953
Expected credit loss for loans to associated entities	(180,072)	(1,290,063)
Loans to other entities	17,677,119	32,913,169
Expected credit loss for loans to other entities	-	(4,635,084)
	35,754,102	40,058,975

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 9: FINANCIAL ASSETS AT AMORTISED COST (CONT.)

### 9.1 Trade Receivables and Other Receivables

Trade 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.

The gross carrying amounts of trade receivables of \$119,292 (2021: \$337,401) and other receivables of \$4,654,057 (2021: \$6,631,208) are not considered to have an exposure to credit risk over their lifetime.

### 9.2 Loans to Various Entities

Loans to various entities include Loans to associated entities, Loans to key management personnel 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 forwarding-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.

	2022	2021
	\$	\$
<i>Movements in the provision for impairment loss were as follows:</i>		
Carrying amount at the beginning of the year	7,920,785	5,579,940
Expected credit loss allowance recognised during the year	1,076,081	3,934,420
Unused amount reversed	(3,526,146)	(1,489,302)
Loans written off during the year as uncollectable	(2,906,433)	(104,273)
Carrying amount at the end of the year	2,564,287	7,920,785

Further details of loans are set out in note 30.

### 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.

	2022 \$	2021 \$
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## NOTE 10: ASSETS CLASSIFIED AS HELD FOR SALE

### Non-current asset held for sale

Shares in unlisted corporation	5,128,205	-
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CVC has agreed with the remaining 50% of shareholders of Mooloolaba Wharf Holding Company Pty Ltd that it will 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 15). The asset is presented within total assets of the Property Investment segment (refer note 28). Cash settlement is expected to be finalised within the next 6 months.

## NOTE 11: 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 27.1). Leased assets may not be used as security for borrowing purposes.

### Right-of-use assets

Office leases	1,811,968	2,546,817
Equipment	20,155	11,141
	1,832,123	2,557,958

### Lease liabilities

Current	467,270	551,301
Non-current	1,432,962	2,081,703
	1,900,232	2,633,004

Additions to the right-of-use assets during the year ended 30 June 2022 was \$20,474 (2021: \$2,717,951) and the total cash outflow for leases was \$537,816 (2021: \$498,863).

### Depreciation charge of right-of-use assets

Office leases	452,992	536,163
Equipment	11,459	24,911
	464,451	561,074

No modification has been made to the leases for financial year 2022 and 2021.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	2022 \$	2021 \$
<b>NOTE 12: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		
<b>Current</b>		
Investments in unlisted entities	14,048,329	-
<b>Non-current</b>		
Investments in listed entities	11,836,917	18,098,728
Investments in unlisted entities	12,924,782	8,128,970
	24,761,699	26,227,698

## 12.1 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 33.2.

## 12.2 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; net asset backing; reference to the current market value of another instrument that is substantially the same and discounted cash flow analysis. Refer note 31 for further information on fair value measurement.

## NOTE 13: INVENTORIES

### Current

Land development sites held for resale	32,967,202	-
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### Non-current

Land development sites held for resale	19,172,915	30,911,954
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### Reconciliation:

Land development sites held for resale		
- Subject to independent valuation (a)	13,077,460	22,793,615
- Subject to Director's assessment (b), (d)	22,639,859	-
- Work in progress (c)	16,422,798	8,118,339
Land development sites held for resale	52,140,117	30,911,954

Inventories recognised as an expense for the year ended 30 June 2022 totalled \$6,624,832 (2021: \$2,480,421). 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 (2021: nil). These were recognised as an expense and included in cost of sales 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 13: INVENTORIES (CONT.)

The projects represent developments at Marsden Park, New South Wales; Caboolture, Queensland; and Werribee, Victoria. The carrying value has been determined as follows:

**(a) Subject to independent valuation**

*Residential development, Marsden Park, New South Wales*

An Independent valuation was completed by Knight Frank NSW Valuation & Advisory Pty Ltd on 7 March 2022 valuing the site at \$70 million on a direct comparison basis compared to a current carrying value of \$13,077,460. 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) Subject to Director's assessment**

*Uncontracted land, Caboolture, Queensland*

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.

**(c) Work in progress**

*Retail centre development, Caboolture, Queensland*

The value of the land subject to development has been determined based on a cost to complete basis. The Directors of the opinion that the current carrying value continues to be comparable to the underlying market value of the property.

**(d) Subject to Director's assessment**

*Retail precinct development, Werribee, Victoria*

The acquisition of the properties were completed on 21 December 2020 and 17 December 2021. CVC is of the opinion that the purchase prices are a reasonable estimate of the carrying value of the properties at 30 June 2022.

CVC is of the opinion that the NRV of the above land development sites exceeds the current carrying value.

	2022 \$	2021 \$
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## NOTE 14: OTHER ASSETS

**Current**

Prepayments (a)	1,130,574	1,419,529
Other current assets	340,990	17,381
	<b>1,471,564</b>	<b>1,436,910</b>

**Non-current**

Prepayments (a)	-	1,041,837
Other non-current assets (b)	14,881,773	11,981,154
	<b>14,881,773</b>	<b>13,022,991</b>

(a) The prepayments include an amount of \$1,041,837 (2021: \$2,296,856) 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.

(b) Other non-current assets include call options at deemed cost to purchase property, non-refundable call option fees paid and associated due diligence costs paid in relation to land subject to rezoning and further development. An impairment of \$597,151 (2021: \$2,686,369) had been charged against two of the call options during the year.

An Independent valuation was completed by Colliers Valuation & Advisory Services on 22 March 2022 valuing the underlining land in relation to the option to acquire in Moorebank, New South Wales at \$300 million on a direct comparison basis. CVC is of the opinion that the current value would be significantly higher as further progress has been made in the rezoning the underlying site.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	2022 \$	2021 \$
<b>NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD</b>		
<b>Non-current</b>		
Equity accounted interests in joint ventures	199,108	18,297,799
Equity accounted shares in listed associated companies	17,481,128	-
Equity accounted shares in other associated companies	21,224,803	25,491,345
	<b>38,905,039</b>	<b>43,789,144</b>

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 33.1.

## Reconciliation

Balance at the beginning of the year	43,789,144	37,379,060
New interests acquired	1,078,073	9,546,400
Share of profits	2,686,162	13,172,848
Return of capital	(5,771,197)	(9,757,768)
Dividend paid	(1,829,415)	(5,388,033)
Impairment of investment	(2,065,493)	(385,617)
Derecognition of associate investments upon loss of significant influence (a)	(8,789,070)	-
Recognition of associate investments upon loss of control (b)	26,735,692	-
Disposal of interests	(16,928,857)	(777,746)
Balance at the end of the year	<b>38,905,039</b>	<b>43,789,144</b>

(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 during the year. Refer note 2.2 and note 33.3.

## NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT.)

### 15.1 Details of Material Interests in Investments Accounted for Using the Equity Method are as follows:

	Ownership Interest Consolidated		Investment Information
	2022 %	2021 %	
Associated entities in Australia			
79 Logan Road Pty Ltd (a)	35.0	n/a	Trustee of 79 Logan Road Trust
79 Logan Road Trust (a)	35.0	n/a	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
Burnley Maltings Pty Ltd (b)	n/a	32.2	A residential property development in Yarra, Victoria
Cravenda Pty Ltd (c)	50.0	50.0	Trustee of Cravenda Unit Trust
Cravenda Unit Trust (c)	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 (c)	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 (d)	37.2	n/a	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
JAK Contributory Mortgage Fund Loan Trust No 8	-	20.6	An investment entity that provides Senior Debt Funding to residential property developers
LC Menangle Unit Trust (c)	50.0	50.0	A residential property development in Menangle, New South Wales
LC Norwell Valley Pty Ltd (c)	50.0	50.0	A residential property development in Norwell Valley, New South Wales

- (a) 79 Logan Road Trust and 79 Logan Road Pty Limited were reclassified as associates on 26 April 2022 following Eildon Capital Group becoming an associate of CVC. Refer note 2.2.
- (b) 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.
- (c) Cravenda Pty Ltd, Cravenda Unit Trust, CVC Emerging Companies IM Pty Ltd, LC Menangle Unit Trust and LC Norwell Valley Pty Ltd 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.
- (d) 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 33.3.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT.)

15.1 Details of Material Interests in Investments Accounted for Using the Equity Method are as follows (Cont.):

	Ownership Interest Consolidated		Investment Information
	2022 %	2021 %	
Associated entities in Australia			
Lewcorp Properties Pty Ltd	-	20.0	A residential property development in Elsternwick, Victoria
Mooloolaba Wharf Holding Company Pty Limited (a), (b)	n/a	50.0	The landowner of “The Wharf” Mooloolaba, Parkland Parade and River Esplanade in Mooloolaba, Queensland
Tango Development No.6 Pty Ltd	42.5	-	A residential property development in Mornington, Victoria
The Maroochydore Medical Centre Facility Unit Trust (a)	-	50.0	A residential property development in Maroochydore, Queensland
Turrella Property Pty Ltd (a)	50.0	50.0	A residential property development in Turrella, New South Wales
Turrella Property Unit Trust (a)	50.0	50.0	Trustee of Turrella Property Unit Trust
Joint Ventures in Australia			
Drey Pty Ltd (a)	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 (a)	50.0	50.0	A residential property development in Craigieburn West, Victoria
MAKE 246 EBRB Pty Ltd (a)	-	50.0	The landowner of a commercial site at 240-246 East Boundary Rd, East Bentleigh, Victoria. The property is progressing through a re-zoning process for a range of commercial, retail and residential uses
MAKE EBRB Dev Nominee Pty Ltd (a)	-	50.0	The developer of 240-246 East Boundary Rd, East Bentleigh, Victoria

- (a) Drey Pty Ltd, Mooloolaba Wharf Holding Company Pty Limited, The Maroochydore Medical Centre Facility Unit Trust, Turrella Property Pty Ltd, Turrella Property Unit Trust, JAK Mickleham Road Pty Ltd and North Victorian Buddhist Association Inc Joint Venture, MAKE EBRB Dev Nominee Pty Ltd and MAKE 246 EBRB Pty Ltd 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.
- (b) Mooloolaba Wharf Holding Company Pty Limited was reclassified to Assets Classified as Held for Sale on 30 June 2022. Refer note 10.

## NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT.)

### 15.2 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)	
	2022	2021
	\$	\$
<b>Summarised statement of financial position</b>		
Cash and cash equivalents	-	79,822
Other assets	-	658,719
<b>Current assets</b>	-	738,541
<b>Non-current assets</b>	-	67,300,000
Other current liabilities	-	742,699
<b>Current liabilities</b>	-	742,699
Financial liabilities (excluding trade payables)	-	30,989,325
<b>Non-current liabilities</b>	-	30,989,325
<b>Net assets</b>	-	36,306,517
<b>Reconciliation to carrying amounts:</b>		
Opening net assets 1 July	-	12,622,724
Profit for the period	-	23,683,793
Sale	-	-
<b>Closing net assets</b>	-	36,306,517
Group's share - percentage		50%
Group's share - dollars	-	18,153,258
Adjusted to market value	-	(79)
<b>Carrying amount</b>	-	18,153,179
<b>Summarised statement of comprehensive income</b>		
Revenue	1,735,389	29,148,749
Depreciation and amortisation	(3,940)	(11,206)
Interest expense	(3,145,140)	(3,165,956)
<b>(Loss)/profit for the period</b>	<b>(3,785,540)</b>	23,683,793
<b>Total comprehensive income</b>	<b>(3,785,540)</b>	23,683,793
<b>Dividends received</b>	-	-

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT.)

### 15.2 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 (a)		Burnley Maltings Pty Ltd (b)	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Summarised statement of financial position</b>								
Current assets	2,107,748	33,782,638	36,633,135	-	251,285	-	-	11,600,540
Non-current assets	38,066,065	2,048,259	22,352,141	-	38,400,000	-	-	520
Current liabilities	5,977,370	97,032	2,646,980	-	149,950	-	-	5,538,995
Non-current liabilities	29,484,863	22,974,640	1,616,321	-	11,490,000	-	-	-
<b>Net assets</b>	<b>4,711,580</b>	<b>12,759,225</b>	<b>54,721,975</b>	<b>-</b>	<b>27,011,335</b>	<b>-</b>	<b>-</b>	<b>6,062,065</b>
Group's share - percentage	49%	49%	37.2%	n/a	35%	n/a	n/a	32.2%
Group's share - dollars	2,308,674	6,252,020	20,356,575	-	9,453,967	-	-	1,951,985
Impairment	-	-	(2,875,447)	-	(982,183)	-	-	-
Goodwill	1,355,789	1,355,789	-	-	-	-	-	-
<b>Carrying amount</b>	<b>3,664,463</b>	<b>7,607,809</b>	<b>17,481,128</b>	<b>-</b>	<b>8,471,784</b>	<b>-</b>	<b>-</b>	<b>1,951,985</b>
<b>Summarised statement of comprehensive income</b>								
Revenue	255,865	30,139	2,037,311	-	222,194	-	5,141,979	-
<b>(Loss)/profit for the period</b>	<b>(85,215)</b>	<b>(213,518)</b>	<b>636,870</b>	<b>-</b>	<b>150,351</b>	<b>-</b>	<b>4,707,095</b>	<b>(3,115,189)</b>
<b>Total comprehensive income</b>	<b>(85,215)</b>	<b>(213,518)</b>	<b>636,870</b>	<b>-</b>	<b>150,351</b>	<b>-</b>	<b>4,707,095</b>	<b>(3,115,189)</b>
Dividends received	-	-	263,534	-	44,800	-	-	-

(a) Eildon Capital Group and 79 Logan Road Trust became equity accounted associates of CVC on 26 April 2022. Refer note 2.2 and note 33.3. The amounts disclosed relate to the period from 26 April 2022 to 30 June 2022.

(b) 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.



## NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT.)

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

Associates	Mooloolaba Wharf Holding Company Pty Limited (a)		CVC Emerging Companies Fund		JAK Contributory Mortgage Fund Loan Trust No. 8	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
<b>Summarised statement of financial position</b>						
Current assets	-	1,537,443	41,396,274	1,591,583	-	6,016,940
Non-current assets	-	20,100,644	-	48,025,785	-	-
Current liabilities	-	516,339	5,030,511	123,225	-	-
Non-current liabilities	-	13,603,694	-	5,363,193	-	-
<b>Net assets</b>	-	7,518,054	36,365,763	44,130,950	-	6,016,940
Group's share - percentage	n/a	50%	22.3%	22.3%	n/a	20.6%
Group's share - dollars	-	3,759,027	8,109,565	9,841,202	-	1,239,490
Impairment	-	(25)	-	-	-	-
Goodwill	-	-	2,980	3,877	-	197,040
<b>Carrying amount</b>	-	3,759,002	8,112,545	9,845,079	-	1,436,530
<b>Summarised statement of comprehensive income</b>						
Revenue	6,158,704	3,498,720	3,043,701	15,128,486	21,862	1,293,077
<b>Profit/(loss) for the period</b>	5,302,458	573,370	(2,515,187)	7,170,549	21,862	1,293,069
<b>Total comprehensive income</b>	5,302,458	573,370	(2,515,187)	7,170,549	21,862	1,293,069
Dividends received	-	-	1,171,647	4,938,889	21,862	258,761

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

#### Impairment

The carrying value of investments in associates and joint ventures has been reviewed for impairment. An impairment of \$2,065,493 (2021: \$385,617) 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 assets backing.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT.)

### 15.3 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.

	2022 \$	2021 \$
Aggregate carrying amount of individually immaterial investments accounted for using the equity method	1,175,119	1,035,560
Aggregate amounts of CVC's share of:		
Profit for the period	52,097	302,032
Total comprehensive income	52,097	302,032

## NOTE 16: INVESTMENT PROPERTIES

### Non-current

Leased properties	2,400,000	34,900,000
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### Reconciliation:

Investment properties at the beginning of the year	34,900,000	26,300,000
Additions – capital expenditure	76,996	56,123
Derecognised as a result of deconsolidation of a subsidiary	(38,400,000)	-
Fair value adjustment	5,823,004	8,543,877
<b>Carrying amount at the end of the year</b>	<b>2,400,000</b>	<b>34,900,000</b>

### Amounts recognised in comprehensive income

Rental income	1,507,242	1,589,259
Outgoing recovery	30,511	27,824
Direct operating expenses from property that generated rental income	38,628	38,214

Investment properties are carried at fair value. Information about the valuation of investment properties is provided in note 31.

### Lessor commitments

Investment properties are leased to tenants under operating leases with rental payments payable monthly. The remaining lease terms are on average 1.33 years (2021: 3.34 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	208,019	1,518,946
Between one and two years	70,019	1,564,514
Between two and three years	-	1,467,210
Between three and four years	-	589,314
Between four and five years	-	606,994
	<b>278,038</b>	<b>5,746,978</b>

	2022 \$	2021 \$
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## NOTE 17: INTANGIBLE ASSETS

Goodwill	-	1,570,000
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### Reconciliations

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

- (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 33.3.

Goodwill is not deductible for tax purpose.

## NOTE 18: TRADE AND OTHER PAYABLES

### Current

Trade payables	3,555,689	227,251
Sundry creditors and accruals	2,192,664	6,212,848
	5,748,353	6,440,099

## NOTE 19: PROVISIONS

### Current

Employee entitlements	914,060	815,886
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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	2022 \$	2021 \$
<b>NOTE 20: INTEREST BEARING LOANS AND BORROWINGS</b>		
<b>Current</b>		
Secured loan (note 20.1)	9,800,000	16,406,743
Convertible notes (note 20.3)	48,929,927	-
	<b>58,729,927</b>	<b>16,406,743</b>
<b>Non-current</b>		
Secured loans (note 20.1)	15,571,485	13,967,176
Unsecured loan from associated entity (note 20.2)	9,561,301	9,582,265
Convertible notes (note 20.3)	-	51,503,976
	<b>25,132,786</b>	<b>75,053,417</b>
<b>20.1 Secured Loans</b>		
The secured loans are generally for periods up to 10 years. The loans attract interest rates ranging from 3.5% to 5.6% (2021: 2.6% to 9%) per annum. The loans are secured by a first ranking charge over the applicable assets.		
<b>Facility amount</b>		
Bank loans	10,873,558	12,563,558
Non-bank loans	14,497,927	17,810,361
	<b>25,371,485</b>	<b>30,373,919</b>
<b>Security held</b>		
Inventories	52,140,117	30,911,954
Investment properties	2,400,000	34,900,000
<b>ASX listed shares</b>		
Financial assets – “at fair value through profit or loss”		
Non-current (note 12)	-	18,098,728
Eildon Capital Group (a)	-	20,130,090
	<b>54,540,117</b>	<b>104,040,772</b>

(a) The value of Eildon Capital Group (“EDC”) was determined based on the “last-traded” price on the ASX at the end of the 2021 financial year. EDC was a subsidiary of CVC and the carrying value of CVC’s interest was \$20,597,321 as at 30 June 2021.

## 20.2 Unsecured Loan from Associated Entity

This loan is an unsecured loan from Winten (No. 20) Pty Limited at an interest rate of 4.35% (2021: 5.25%) per annum repayable by 10 July 2023. Refer note 29.4.

## NOTE 20: INTEREST BEARING LOANS AND BORROWINGS (CONT.)

### 20.3 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 are convertible into ordinary shares of the Company, at the option of the holder, or repayable on 22 June 2023. The conversion price is \$3.40 per ordinary share but subject to adjustments for reconstructions of equity. A total of 35,532 (2021: 43,847) notes were bought back during the year. The convertible notes are presented in the Statement of Financial Position as follows:

	2022 \$	2021 \$
Face value of notes issued at the end of the year	49,828,500	53,381,700
Other equity securities – value of conversion rights (note 23)	(2,784,907)	(2,784,907)
Transaction cost – liability component	(1,996,652)	(1,996,652)
	45,046,941	48,600,141
Cumulative interest expense (a)	13,844,917	10,980,624
Cumulative interest paid	(10,301,507)	(8,350,006)
Cumulative gain on notes bought back	1,040,807	823,398
Cumulative debt settlement expenses (b)	(701,231)	(550,181)
Liability	48,929,927	51,503,976
Accrued interest expense (c)	7,588	5,529

- (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 and 30 June 2021 were included in other payables.

### 20.4 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.

## NOTE 21: OTHER LIABILITIES

Current	448,502	16,376,609
Non-current	-	8,879,798
	448,502	25,256,407

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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

	2022 Number	The Company \$	2021 Number	\$
<b>NOTE 22: CONTRIBUTED EQUITY</b>				
<b>Issued and paid-up ordinary share capital</b>				
Balance at the beginning of the year	116,824,094	97,231,880	117,357,320	98,096,404
Shares bought back	-	-	(533,226)	(862,863)
Share buyback transaction costs	-	-	-	(2,373)
Income tax on buyback transaction costs	-	-	-	712
Balance at the end of the year	116,824,094	97,231,880	116,824,094	97,231,880

On 23 November 2021 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 30 June 2021 Annual Report.

	2022 \$	2021 \$
<b>NOTE 23: OTHER EQUITY</b>		
Value of conversion rights – convertible notes	2,784,907	2,784,907
Transaction cost – equity component	(97,186)	(97,186)
Deferred tax liability component	(806,316)	(806,316)
	1,881,405	1,881,405

The value of the conversion rights relates to the convertible notes. See note 20.3.

	Asset Revaluation Reserve		Share-based Payment Reserve		Total	
	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$
<b>NOTE 24: OTHER RESERVES</b>						
Balance at the beginning of the year	938,804	433,655	(19,247)	-	919,557	433,655
Change in non-controlling ownership interests	104,100	505,149	-	-	104,100	505,149
Share based payment	-	-	(678,472)	(19,247)	(678,472)	(19,247)
Transfer to retained earnings	(496,492)	-	52,314	-	(444,178)	-
Balance at the end of the year	546,412	938,804	(645,405)	(19,247)	(98,993)	919,557

## 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 25: NOTES TO STATEMENT OF CASH FLOWS

### 25.1 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:

	2022 \$	2021 \$
Cash on deposit	26,409,250	55,754,136

### 25.2 Reconciliation of Profit/(Loss) after Income Tax to Cash provided by Operating Activities

Net profit	12,907,388	28,012,988
<i>Adjustments for:</i>		
Share of equity accounted profit	(2,686,162)	(13,172,848)
Depreciation of property, plant and equipment	587,302	653,287
Performance right	737,348	48,610
Change in fair value of investment properties	(5,823,004)	(8,543,877)
Impairment of other assets	597,151	2,686,369
Impairment expenses on financial instruments	3,141,574	4,340,038
Impairment recoveries on financial instruments	(3,549,395)	(1,971,836)
Impairment of inventory	3,179,877	-
Gain on loan forgiveness	(27,314)	(2,157,227)
Net loss/(gain) on equity investments	3,869,411	(8,305,172)
Gain on deconsolidation	(1,269,914)	-
Net foreign currency differences	120,938	13,402
<i>Changes in operating assets and liabilities:</i>		
Trade and other receivables	(4,182,816)	(10,017,440)
Inventories	(21,536,281)	(9,878,647)
Equity investments	(4,011,957)	9,376,841
Other assets	(3,947,412)	(555,096)
Trade and other payables	5,389,727	35,296,540
Provisions	241,600	228,191
Current tax liabilities	1,957,535	4,591,676
Deferred tax assets and liabilities	(4,978,350)	5,353,019
<b>Net cash (used in)/provided by operating activities</b>	<b>(19,282,754)</b>	<b>35,998,818</b>

### 25.3 Financing Facilities

CVC had access to the following specific lines of credit.

Total facilities available:

Secured bank loans	10,873,558	32,563,558
Secured non-bank loans	14,497,927	17,810,361
<b>Total facilities</b>	<b>25,371,485</b>	<b>50,373,919</b>

**Total facilities used (note 20.1):**

Secured bank loans	10,873,558	12,563,558
Secured non-bank loans	14,497,927	17,810,361
<b>Total facilities used</b>	<b>25,371,485</b>	<b>30,373,919</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 25: NOTES TO STATEMENT OF CASH FLOWS (CONT.)

### 25.4 Interest Bearing Loans and Borrowings

	Change in liabilities arising from financing activities			
	Other liabilities (a)	Borrowings	Leases (a)	Total
	\$	\$	\$	\$
<b>Year ended 30 June 2022</b>				
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)	(537,815)	(8,779,636)
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
<b>Year ended 30 June 2021</b>				
Liabilities at the beginning of the year	22,750,617	97,169,924	401,017	120,321,558
Acquisition - lease	-	-	2,717,951	2,717,951
Cash flows	2,470,155	(2,325,951)	(485,964)	(341,760)
Other changes	35,635	(3,383,813)	-	(3,348,178)
Liabilities at the end of the year	25,256,407	91,460,160	2,633,004	119,349,571

(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.

## NOTE 26: AUDITORS' REMUNERATION

The auditor of the Company is Pitcher Partners Sydney.

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

<b>Audit or review of the financial report</b>		
Pitcher Partners Sydney	198,528	251,315
HLB Mann Judd NSW Partnership	-	31,715
<b>Non-audit services</b>		
<i>Other assurance services</i>		
Pitcher Partners Sydney	7,750	1,000

## NOTE 27: COMMITMENTS AND CONTINGENCIES

### 27.1 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.

	2022 \$	2021 \$
Guarantees (a)	25,369,400	21,741,450
Guarantee (b)	-	12,655,000
Bank guarantees (c)	236,699	380,083
Bank guarantees (d)	267,335	579,040

- (a) Guarantees provided to various banks as securities for loan facilities.
- (b) Guarantee provided to the vendor of a property being acquired by CVC.
- (c) Bank guarantees provided to various landlords.
- (d) Bank guarantees and bonds granted for development properties contingent on planning approvals.

### 27.2 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	11,584,343
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### 27.3 Loans and Other Investments

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

Unrelated entities	2,885,768	41,153,678
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#### Amounts available to be called by investees for partially paid shares and units

Unrelated entities	10,717,138	5,471,308
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## NOTE 28: SEGMENT INFORMATION

### 28.1 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 2022

	Property Investment \$'000's	Non-Property Investment \$'000's	Consolidated \$'000's
<b>NOTE 28: SEGMENT INFORMATION (CONT.)</b>			
<b>28.2 Segments – Profit or Loss</b>			
<b>Year Ended 30 June 2022</b>			
<b>Revenue:</b>			
Segment revenue	78,331	5,484	83,815
<i>Unallocated amounts:</i>			
Interest income			69
Corporate income			-
Consolidated revenue			83,884
<b>Results:</b>			
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
<b>Year Ended 30 June 2021</b>			
<b>Revenue:</b>			
Segment revenue	73,201	12,900	86,101
<i>Unallocated amounts:</i>			
Interest income			144
Corporate income			1,279
Consolidated revenue			87,524
<b>Results:</b>			
Total profit for reportable segments	38,513	10,064	48,577
<i>Unallocated amounts:</i>			
Corporate expenses			(10,695)
Income tax expenses			(9,869)
Consolidated profit after tax			28,013



	Property Investment \$'000's	Non-Property Investment \$'000's	Consolidated \$'000's
<b>NOTE 28: SEGMENT INFORMATION (CONT.)</b>			
<b>28.3 Segments – balance sheet</b>			
<b>Year Ended 30 June 2022</b>			
<b>Assets:</b>			
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
<b>Liabilities:</b>			
Segment liabilities	35,596	-	35,596
<i>Unallocated amounts:</i>			
Other liabilities			67,508
Total liabilities			103,104
<b>Year Ended 30 June 2021</b>			
<b>Assets:</b>			
Segment assets	250,544	46,446	296,990
<i>Unallocated amounts:</i>			
Cash and cash equivalents			55,754
Other assets			9,403
Total assets			362,147
<b>Liabilities:</b>			
Segment liabilities	67,347	-	67,347
<i>Unallocated amounts:</i>			
Other liabilities			75,138
Total liabilities			142,485

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 29: 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 15.

	2022 \$	2021 \$
<b>29.1 Key Management Personnel Compensation</b>		
Short-term employee benefits	1,989,773	1,616,702
Post-employment benefits	111,495	80,798
Share-based payments	645,405	-
<b>Total</b>	<b>2,746,673</b>	<b>1,697,500</b>

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

### 29.2 Performance Rights

On 10 December 2021, CVC issued employees performance rights under the Employee Incentive Plan. Refer note 34.1. 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.

#### Year ended 30 June 2022

	Grant Date	Vesting Date	Exercise Price	Balance at the Start of the Year	Granted during the Year	Balance at the End of the Year	Fair value per right
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

### 29.3 Shares Held by Key Management Personnel

Mr Rapajic-Leaver and his related entity hold interests in the following CVC subsidiaries. The movement of interests held during the 2021 financial year is disclosed below:

	Opening Ownership Interest 1 Jul 2020	Other Changes (a)	Closing Ownership Interest 30 Jun 2021
LAC JV Pty Limited	33.3%	(33.3%)	-
LAC JV Unit Trust	33.3%	(33.3%)	-
LAC JV No. 2 Pty Limited	33.3%	(33.3%)	-
LAC JV No. 2 Unit Trust	33.3%	(33.3%)	-
Marsden Park Development Trust	34.0%	(34.0%)	-

(a) Mr Rapajic-Leaver was resigned as director on 29 June 2021.

	2022 \$	2021 \$
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## NOTE 29: RELATED PARTY INFORMATION (CONT.)

### 29.4 Loans with Related Parties

#### Loans from associates:

Beginning of the year	9,582,265	9,581,805
Loan repayments made	(448,860)	(510,576)
Interest charged	427,896	511,036
End of the year	9,561,301	9,582,265

#### Loans to associates:

Beginning of the year	34,226,580	29,853,919
Loans advanced	6,761,870	8,289,748
Loan repayments received	(15,746,313)	(6,522,855)
Interest charged	3,336,762	3,674,113
Interest received	(9,765,929)	(550,712)
Impairment	(735,987)	(517,633)
End of the year	18,076,983	34,226,580

The loans to associates are generally for periods up to 10 years. The loans attract interest rates ranging from 0% to 14% (2021: 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.

#### Loans to key management personnel (a)

Beginning of the year	-	7,550,425
Loans advanced	-	745,706
Interest charged	-	824,450
Transfer loans to other entities (b)	-	(9,120,581)
End of the year	-	-

(a) This relates to loans to entities related to Mr Rapajic-Leaver.

(b) Mr Rapajic-Leaver was resigned as director on 29 June 2021.

Loans to key management personnel are for periods that match the timing of delivery of the underlying projects that are being delivered. The loans attract an interest rate of 10% per annum for 2021 financial year and are secured by the projects of the entities listed in note 29.3.

No write-downs or allowances for doubtful receivables have been recognised in relation to any loans made to key management personnel.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 29: RELATED PARTY INFORMATION (CONT.)

### 29.5 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 Jul 2020	Other Changes during the Year	Closing Ownership Interest 30 Jun 2021 and 30 Jun 2022
<b>Marsden Park Development Trust</b>			
Mr MA Avery	0.5%	-	0.5%
Mr JA Hunter	0.5%	-	0.5%
<b>Donnybrook JV Pty Limited</b>			
Mr MA Avery	1.3%	-	1.3%
Mr AJ Rapajic-Leaver (a)	0.4%	(0.4%)	-
Mr JA Hunter	0.8%	-	0.8%
Mr JS Leaver	2.0%	-	2.0%

(a) Mr Rapajic-Leaver resigned as director on 29 June 2021.

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.

	2022 \$	2021 \$
Trade and other payables	231,179	372,975

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 29: RELATED PARTY INFORMATION (CONT.)****29.5 Other Transactions (Cont.)***(b) Amounts recognised as revenue or expense*

	2022		2021	
	Paid \$	Received \$	Paid	Received \$
<i>Management and consulting fees</i>				
Associated entities	44,954	666,667	-	607,542
Key management personnel	-	-	612,500	-
Other related entities	1,474,081	-	-	-
<i>Interest income</i>				
Associated entities	-	3,336,762	-	3,674,113
Key management personnel	-	-	-	824,450
<i>Borrowing costs</i>				
Associated entities	427,895	-	511,036	-
<i>Administrative cost</i>				
Key management personnel	-	-	-	44,179

Management and consulting fees and administration cost were made on normal commercial terms and conditions and at market rates. Refer to note 29.4 and 29.5 (a) for terms and conditions for other transactions.

	2022		2021	
	Impairment \$	Impairment Recovery \$	Impairment \$	Impairment Recovery \$
Investment in associated entities	2,065,493	-	385,617	127,653
Loan to associated entities	958,034	245,296	1,129,990	612,357

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 30: 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.

### 30.1 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 \$		
<b>2022:</b>							
<b>Financial assets</b>							
Cash and cash equivalents	25	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
<b>Financial liabilities</b>							
Trade and other payables	18	-	-	-	-	5,748,353	5,748,353
Interest bearing liabilities	20	5%	59,803,485	-	24,059,228	-	83,862,713
Other liabilities	21	14.2%	-	448,502	-	-	448,502
<b>2021:</b>							
<b>Financial assets</b>							
Cash and cash equivalents	25	0.3%	55,753,634	-	-	502	55,754,136
Financial assets at amortised cost	9	12.0%	-	100,571,290	38,706,565	7,346,019	146,623,874
<b>Financial liabilities</b>							
Trade and other payables	18	-	-	-	-	6,440,099	6,440,099
Interest bearing liabilities	20	4.3%	52,577,534	15,333,185	23,549,441	-	91,460,160
Other liabilities	21	10.5%	-	16,376,609	8,879,798	-	25,256,407



## NOTE 30: 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 1.25% - 1.5%. The impact at reporting date if interest rates increase by 1.5% (2021: 0.5%), whilst all other variables are held constant, is as follows:

	Increase of 150 bp \$
<b>2022</b>	
Net loss	570,329
Equity decrease	570,329
<b>2021</b>	
Net loss	137,006
Equity decrease	137,006

### 30.2 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% \$
<b>2022</b>		
Net profit/(loss)	828,584	(828,584)
Equity increase/(decrease)	828,584	(828,584)
<b>2021</b>		
Net profit/(loss)	1,266,911	(1,266,911)
Equity increase/(decrease)	1,266,911	(1,266,911)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 30: FINANCIAL RISK MANAGEMENT (CONT.)

### 30.3 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.

### 30.4 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 \$
<b>2022</b>				
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
<b>2021</b>				
Trade and other payables	6,440,099	-	-	6,440,099
Interest bearing liabilities	16,406,743	-	75,053,417	91,460,160
Other liabilities (a)	16,020,487	356,122	8,879,798	25,256,407
Lease liabilities	280,053	271,248	2,081,703	2,633,004

(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 30: FINANCIAL RISK MANAGEMENT (CONT.)

### 30.5 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:

	2022 \$	2021 \$
<b>Financial assets</b>		
Financial assets at amortised cost	3,733,539	3,534,579
Financial assets at fair value through profit or loss	1,131,667	1,208,597
	<b>4,865,206</b>	<b>4,743,176</b>

### 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.

	2022 \$	Net Profit/(Loss) 2021 \$	Equity Increase/(Decrease) 2022 \$	2021 \$
<b>USD</b>				
Increase in AUD of 10%	(76,470)	(74,658)	(76,470)	(74,658)
Decrease in AUD of 10%	93,463	91,249	93,463	91,249
<b>NZD</b>				
Increase in AUD of 10%	(237,589)	(224,928)	(237,589)	(224,928)
Decrease in AUD of 10%	290,386	274,912	290,386	274,912

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 31: 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 \$
<b>Year ended 30 June 2022</b>			
<b>Financial assets</b>			
<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
<b>Non-financial assets</b>			
Investment properties	-	2,400,000	2,400,000
	11,836,917	29,373,111	41,210,028
<b>Year ended 30 June 2021</b>			
<b>Financial assets</b>			
<i>"Fair value through profit or loss" investments</i>			
Investments in listed entities	18,098,728	-	18,098,728
Investments in unlisted entities	-	8,128,970	8,128,970
<b>Non-financial assets</b>			
Investment properties	-	34,900,000	34,900,000
	18,098,728	43,028,970	61,127,698

	2022 \$	2021 \$
<b>NOTE 31: FAIR VALUE MEASUREMENTS (CONT.)</b>		
<b>Reconciliation of Level 3 fair value movements:</b>		
Balance at the beginning of the year	43,028,970	32,881,920
Purchases	5,703,633	9,389,968
Sales	(439,287)	(5,881,021)
Capital return	(478,398)	(1,894,834)
Gain/(loss) recognised in profit or loss (a)	7,281,892	8,532,937
Transfer to Level 3	15,436,586	-
Derecognition of investments (b)	(41,160,285)	-
Balance at the end of the year	29,373,111	43,028,970
(a) Unrealised gain/(loss) recognised in profit or loss attributable to assets held at the end of the reporting period.	1,205,568	8,221,946

(b) The investments were held by subsidiaries which were deconsolidated during the 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 33.2.

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 12.

(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 a yield of 7.99% on 30 July 2021.

#### 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.

	2022 \$	Net Profit/(Loss) 2021 \$	Equity Increase/(Decrease) 2022 \$	2021 \$
<b>Investments in unlisted entities</b>				
Favourable changes	2,697,311	812,897	2,697,311	812,897
Unfavourable changes	(2,697,311)	(812,897)	(2,697,311)	(812,897)
<b>Investment properties</b>				
Favourable changes	292,800	5,141,251	292,800	5,141,251
Unfavourable changes	(24,000)	(4,525,308)	(24,000)	(4,525,308)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 31: 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			
			2022 Min	2022 Max	2021 Min	2021 Max
<b>Investments in unlisted entities</b>	Net asset backing	Value per security	Down 10%	Up 10%	Down 10%	Up 10%
<b>Investment properties</b>						
Retail	Capitalisation of income	Capitalisation Rate	7.5%	8.5%	7.5%	8.5%
Commercial	Capitalisation of income	Capitalisation Rate	n/a	4.5%	4%	4.5%
	Comparable Sales	Dollars per sqm	n/a	n/a	\$3,000/sqm	\$4,000/sqm

## NOTE 32: EVENTS SUBSEQUENT TO YEAR END

A final dividend in respect of the year ended 30 June 2022 of 5 cents per share was declared on 29 July 2022 to be paid on 18 August 2022 to those shareholders registered on 3 August 2022.

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 33: 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.

### 33.1 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; and
- CVC Emerging Companies Fund as \$8,112,545 (2021: \$9,845,079).

The carrying value of Donnybrook JV Pty Limited has been calculated as \$3,664,463 (2021: \$7,607,809) based on the net asset backing methodology, using the most recent reports provided by the entity. A valuation of the property of \$197.7 million indicates that CVC's investment would have a value of approximately \$59.1 million.

The investment in Eildon Capital Group has a carrying value of \$17,481,128 using the "last-price". Refer note 33.2.

### 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 33: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT.)

### 33.2 Investments in Listed Entities

Significant share holdings are held in Cyclopharm Limited, Eildon Capital Group, 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.

### 33.3 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. Refer note 2 for further information.

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 has reduced to 37.2% following both sale of shares and dilution of ownership during the 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.

#### *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 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 2022

## NOTE 34: SHARE-BASED PAYMENTS

### 34.1 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 the End of the Year	Value per Right
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 \$645,405 (2021: \$nil) was recognised in profit or loss or the rights issued under the Employee Incentive Plan. The total fair value of performance rights outstanding at year end was \$2,176,520 (2021: \$nil).

## NOTE 34: SHARE-BASED PAYMENTS (CONT.)

### 34.2 Eildon Capital Group

On 1 February 2021, Eildon Capital Group ("EDC"), a subsidiary of CVC, issued its employees performance rights under the EDC Employee Incentive Plan. The Employee Incentive Plan was approved by shareholders at the 2020 Annual General Meeting, and is designed to provide long-term incentives for senior managers and above to deliver long-term securityholder returns. Under the plan, participants are granted rights that deliver ordinary stapled securities to employees (at no cost) which only vest if certain performance 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/unit issue of EDC or any other entity. When exercisable, each performance right is entitled to receive one stapled security.

The number of rights that vest depends on achieving certain performance hurdles.

#### Total Shareholder Return (TSR)

TSR is calculated based on a combination of share price growth, dividends and distributions to securityholders of EDC. The percentage of Performance Rights subject to the TSR Hurdle that vest, if any, will be determined by the directors of EDC with reference to the below table.

50% subject to a Total Security Holders Return hurdle of EDC	
Return	Vesting Amount
< 8%	nil
8% - 10%	50%
10% - 12%	75%
>12%	100%

#### Return on Assets (ROA)

ROA is calculated on an annual basis, as earnings before interest and tax generated on average assets deployed. The percentage of Performance Rights subject to the TSR Hurdle that vest, if any, will be determined by the directors of EDC with reference to the below table.

50% subject to a Return on Assets hurdle of EDC	
Return	Vesting Amount
< 12%	nil
12%	50%
12% - 13.5%	50% - 100%
>13.5%	100%

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## NOTE 34: SHARE-BASED PAYMENTS (CONT.)

### 34.2 Eildon Capital Group

#### Return on Assets (ROA) (Cont.)

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	Forfeited during the Year	Other (a)	Balance at the End of the Year	Fair Value per Right
<b>Year ended 30 June 2022</b>								
16 Mar 2022	15 Mar 2025	-	-	387,000	-	(387,000)	-	\$0.38
1 Feb 2021	31 Jan 2024	-	409,300	-	53,400	(355,900)	-	\$0.27
<b>Year ended 30 June 2021</b>								
1 Feb 2021	31 Jan 2024	-	-	409,300	-	-	409,300	\$0.87

(a) EDC ceased to be a controlled entity of CVC during the financial year.

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

- Share price of \$1.09 at grant date;
- Share price of \$1.03 which is based on placement in March 2022;
- 2 cps distribution paid on a quarterly basis;
- Net assets of \$1.11 as at 31 January 2022; and
- Vesting date of 31 January 2024.

EDC has not issued performance rights to key management personnel of CVC.

# DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2022

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 2022 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 2022.

Dated at Sydney 24 August 2022.

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 2022

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 2022, 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 2022 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 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 2022, the Group had Financial Assets at Amortised Cost of \$93.5 million, including an allowance for expected credit losses of \$2.6 million.

A significant portion of the balance relates to loans receivable provided to corporate 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
<b>Investment in Property Assets - Valuation and Classification (Refer to Note 13 Inventories, note 15 Investments accounted for using the Equity Method and Note 16 Investment Properties)</b>	
<p>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.</p> <p>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.</p> <p>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.</p> <p>As at 30 June 2022, the Group had Investment Property of \$2.4 million, Inventories of \$52.1 million and Investments accounted for using the Equity Method of \$38.9 million.</p> <p>Investment properties are held at fair value and inventories are held at the lower of cost and net realisable value.</p> <p>The valuation of property assets is determined using internal methodologies or through the use of external valuation experts.</p> <p>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.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>– Obtaining an understanding of and evaluating the design and implementation of controls surrounding the accounting of investments in property assets;</li> <li>– Evaluating the appropriateness of the classification of the Group's property investments;</li> <li>– Assessing the scope, competence and objectivity of external valuation experts and management's valuation assessments;</li> <li>– Assessing the methodologies used in the valuations of property assets, for consistency with accounting standards, industry practice and the Group's accounting policies;</li> <li>– Challenging the significant estimates and judgements used in recoverability assessments and valuations; and</li> <li>– Assessing the adequacy of disclosures in the financial statements.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2022

## Key Audit Matter

## How our Audit Addressed the Key Audit Matter

### Significant Judgement – Loss of Control of Eildon Capital Group (Refer to Note 2 Controlled Entities)

We focused audit effort on the determination of control given the significant judgement involved in assessing whether control exists in scenarios where less than half of the voting rights are held.

In prior reporting periods, despite having a less than majority interest in Eildon Capital Group

(EDC) the Group determined that it had control over EDC in accordance with AASB 10: *Consolidated Financial Statements*.

On 26 April 2022, EDC undertook an organisation restructure in which a new CEO was appointed, and an additional independent board member was assigned to its board. At this point in time, the Group's equity holding interest in EDC was 37.2% (down from its peak of 45.5% on 25 May 2020).

Management has assessed that on 26 April 2022, having considered the Group's ownership interest in EDC, the composition of EDC's share register, and the composition of EDC management and its board, that the Group no longer has the ability to exercise power over the relevant activities of EDC.

Thus, effective from 26 April 2022, EDC is no longer considered to be a controlled entity and ceased to be consolidated by CVC.

Our procedures included, amongst others:

- Obtaining an understanding of and evaluating the design and implementation of controls surrounding the consolidation process, including the assessment of control;
- Evaluating the board and management's assessment of CVC's control of EDC and ensuring that it was in accordance with AASB 10: *Consolidated Financial Statements*;
- Reviewing and challenging the significant judgements made by the board and managements in the assessment of CVC's ability to exercise power over the relevant activities of EDC;
- Assessing the accuracy of the gain/loss recognised on deconsolidation as well as the initial equity accounting treatment of the investment; and
- Assessing the adequacy of disclosures in the Group's financial report

## 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 2022 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.

- 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.

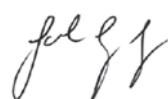
## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 21 of the Directors' Report for the year ended 30 June 2022. In our opinion, the Remuneration Report of CVC Limited, for the year ended 30 June 2022, 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

24 August 2022

# 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 2022.

### 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. Mr Leaver was appointed to the board on 21 February 2022.

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 CVC Directors and senior management 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 50% 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 of Directors’ 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							Industry Knowledge			
Directors	Financial Accounting & Audit	Audit Committee Experience	Risk Management					Legal	Strategy	Public Board Experience	Regulatory/Public Policy
	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 CFO 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](http://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 2021 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 15 August 2022.

### Distribution Schedule

The distribution of shareholders and their shareholdings was as follows:-

Category (Size of Holding)	Number of Ordinary Shareholders	Number of Convertible Noteholders
1 - 1,000	193	881
1,001 - 5,000	206	60
5,001 - 10,000	115	-
10,001 - 100,000	178	3
100,001 - over	63	-
<b>Total</b>	<b>755</b>	<b>944</b>

	Minimum Parcel Size	Number of Shareholders
<b>Unmarketable Parcels</b>		
<i>Ordinary shares</i>		
Minimum \$500.00 parcel at \$2.41 per share	207	95
<i>Convertible notes</i>		
Minimum \$500.00 parcel at \$99.2 per note	5	-

### On market share buy-back

The Company has a current on market share buy-back which commenced on 23 November 2021.

### 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)	51,055,643
Southsea (Aust) Pty Limited	17,610,506
J K M Securities Pty Limited	12,200,000
Anglo Australian Christian & Charitable Fund	9,712,816

(a) Mr Leaver's holding includes 20,704,611 shares held by Leagou Pty Limited and 3,301,465 shares held by Wenola Pty Limited.

# ADDITIONAL INFORMATION

## CVC LIMITED AND ITS CONTROLLED ENTITIES

### 20 largest shareholders – ordinary shares

As at 15 August 2022, the top 20 shareholders and their shareholdings were as follows:

Shareholder	Shares Held	% of Issued Capital Held
<b>Ordinary Shares</b>		
Mr John Scott Leaver	27,049,567	23.15
Leagou Pty Limited	19,000,000	16.26
Southsea (Aust) Pty Limited	17,610,506	15.07
J K M Securities Pty Limited <Ljk Noms P/L Pen Fund A/C>	12,200,000	10.44
Anglo Australian Christian & Charitable Fund	9,712,816	8.31
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
Cannington Corporation Pty Ltd <Cannington Super Fund>	471,534	0.40
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
J A Investments Limited	420,000	0.36
HSBC Custody Nominees (Australia) Limited	387,821	0.33
Jasperson Pty Limited <New South Wales Concrete Works Superannuation Fund>	381,817	0.33
Mr Geoffrey Leaver	350,000	0.30
	101,740,799	87.07
<b>Convertible Bonds</b>		
J P Morgan Nominees Australia Pty Limited	51,508	10.34
Bnp Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <Drp A/C>	35,913	7.21
Twenty Second Natro Pty Ltd <Cap Superannuation Fund A/C>	12,500	2.51
Radder Investments Pty Ltd	4,030	0.81
Vantage Capital Management Pty Ltd	4,000	0.80
Vision Australia Foundation <Vision Australia Credit A/C>	3,934	0.79
R S Management Pty Limited	3,734	0.75
Abbawood Nominees Pty Limited <Abbott Family Account>	3,530	0.71
Mentany Pty Ltd <Sandra Mitchell Family A/C>	3,500	0.70
Zumbro Pty Ltd <Ian Henderson Super Fund A/C>	3,300	0.66
Ksc Investments Pty Ltd	3,000	0.60
Ciano Investments Pty Ltd	2,550	0.51
Dr Andrew Robert Small	2,500	0.50
Delta Asset Management Pty Ltd	2,500	0.50
Erwin Small Pty Ltd	2,500	0.50
Fairfield Lodge Pty Ltd <Cmbagot Executive Fund A/C>	2,500	0.50
Waterloo Medical Centre Pty Ltd <Waterloo Med Ctr Super A/C>	2,500	0.50
Bagot Family Investments Pty Ltd	2,500	0.50
Burrows Management Pty Limited <Burrows Management A/C>	2,200	0.44
Mr James Vincent Chester Guest <Rjcg F A/C>	2,069	0.42
	150,768	30.25

### 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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