

10 March 2023

Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

By: e-lodgement

Attention: Company Announcements Office

Liverpool Contract Variation and Property Investment Update

The Board of CVC Limited (ASX:CVC) (**CVC**) today provides an update on a commercially material variation to the contractual arrangements pertaining to the purchase of 1 Heathcote Road, Liverpool, New South Wales. In addition, the Board also provides a general update in relation to other key property investments within the business and current business activity.

Liverpool Contract Variation

As previously disclosed, CVC holds a 66.7% interest in LAC JV Pty Ltd as trustee for the LAC Unit Trust (**LAC**) in partnership with Leamac Property Group. LAC holds an option to acquire approximately 16.7 hectares of land located at 1 Heathcote Road, Liverpool (**Property**).

The Property is considered part of the Liverpool CBD and has significant frontage to the Georges River.

A variation to the call option deed dated 1 February 2016 (as varied) between Prysmian Australia Pty Ltd (**Vendor**) and LAC has been entered into by the parties in order to modify some settlement terms, security and access arrangements (**Variation**). The key commercial terms of the Variation are summarised below:

- Strike Price - \$165 million
- Expiry date for exercise of call option - 14 July 2023
- Balance of deposit payable on exercise of call option - \$30.3 million
- Further instalment payments:
 - \$3 million payable on 31 July 2024
 - \$3 million payable on 31 July 2025
 - \$3 million payable on 31 July 2026
- Balance of purchase price - \$124 million payable on 15 March 2027
- CVC will provide a corporate guarantee for the payment of all money payable by LAC under the put and call option and contract, and the performance of all of LAC's obligations under the put and call option and contract
- Access entitlements for Vendor:
 - A lease of the Property will be granted to an entity associated with the Vendor for a period prior to settlement until 30 September 2028 (**Lease**)
 - Additional options for extensions to the Lease have been granted for two additional terms of 12 months each
 - During the term of the Lease (as may be extended) LAC will be granted a licence to access parts of the Property in order to allow development works to commence in areas of the Property where such works will not materially impact the tenant's use of the leased premises.

Liverpool Property Activity Update

The Property is currently zoned IN2 Light Industrial and is the subject of a wider precinct rezoning application (**Planning Proposal**) which if approved, would see the site rezoned to enable mixed use development incorporating residential, commercial, retail, education and other associated uses.

The Planning Proposal is seeking approval of a Floor Space Ratio of 4.2:1 across the Property. On a high-level basis, assuming the Floor Space Ratio is approved, CVC expects that a rezoning outcome may deliver approval for the eventual development of approximately 5,000 apartments and 100,000sqm of non-residential floor-space. In April 2022, Liverpool City Council unanimously endorsed the Planning Proposal to proceed to the NSW Department of Planning and Environment for Gateway Determination. Once the Gateway Determination is made, it would allow the Planning Proposal to proceed to a formal consultation process with NSW Government agencies and a formal public exhibition process, which are key milestones in the finalization of any large-scale rezoning.

Other Key Property Investment Updates:

Donnybrook (VIC)

CVC (49% ownership) and Avid Property Group (51% ownership) purchased two adjoining sites in 2014 and 2015 in Donnybrook, Victoria and achieved a rezoning of the property to residential and industrial land uses in January 2022. Since that time, CVC and Avid have been progressing the subdivision of the property to allow the commencement of settlements which are tied to the pre-sale contracts with Satterley Property Group and Blueways.

As outlined in the commentary of the 1H FY23 accounts, settlement proceeds from these sales were unfortunately delayed due to the time taken to achieve approval and registration of the subdivision, which meant that no revenue was recorded in 1H FY23. However, land settlements have now commenced, with the first contract revenue being recorded in January 2023. Further project revenue is forecast to occur in this half year and beyond as further land settlements occur.

Outside the contracted land sales in the project, a significant land parcel of 75Ha remains, which has been zoned to accommodate industrial development. CVC and Avid are progressing achieving a planning permit for the site, to allow the development of this substantial asset. It is anticipated that a planning permit may be achieved in the second half of 2023.

Marsden Park North (NSW)

CVC (66% equity ownership) and Leamac Property Group (34% equity ownership) have been pursuing a rezoning of Lot 11 Richards Road, Riverstone, New South Wales. The property is located in the North West Growth Centre (**NWGC**) of Sydney and is currently in a Precinct Acceleration Protocol process which commenced in 2014. The NSW Government are focussed on the Hawkesbury Nepean Catchment and the impact of flood events within that catchment area. Specifically, a Flood Advisory Panel has been established by the NSW Department of Planning and Environment to determine how land within the NWGC should be developed. The Panel is expected to conclude its work by the end of June 2023. It is anticipated that a rezoning of the property could be achieved within 12-18 months following conclusion of the Panel's work, which would facilitate the development of the site in conjunction with Mirvac under the existing Development Management Agreement.

Varsity Lakes (QLD)

CVC, in 60/40 joint venture with a private developer, has contracted to purchase 5.4Ha of development land in Gold Coast for \$45m in 2022.

The settlement date of that contract has recently been extended from March 2023 to August 2023.

The property is currently being taken through a planning process to allow subdivision into super lots which would be suitable for a variety of development uses including residential, commercial and retail.

Valuations – Donnybrook Industrial land, Liverpool & Marsden Park:

The Board of CVC recently commissioned updated valuations of three major property investments (Donnybrook industrial land, Liverpool and Marsden Park). The valuation process was completed in February 2023 and resulted in the underlying properties remaining within 0.4% of the previous assessments undertaken and announced to the market in May 2022. Utilising the assessed values for the properties (being Donnybrook industrial land, Liverpool and Marsden Park) and the contract values for Donnybrook residential land, the impact would be an estimated post-tax increase in net assets of \$179.2 million and CVC shareholder value of \$129.2 million, representing \$1.11 per share.

The 1H FY23 accounts reported an estimated increase of \$1.13 per share to shareholder equity for the valuation uplift. The decrease of \$0.02 per share to shareholder equity is predominantly as a result of the \$5 million increase in the purchase price for the Liverpool Property (from \$160 million to \$165 million). Based on the financial statements reported as at 31 December 2022, applying this assessment of value, shareholder's equity would increase from \$1.48 per share to approximately \$2.59 per share.

For clarity, CVC did not request an opinion on the potential rezoned values of the Marsden Park or Liverpool properties, which remain subject to planning processes. The values are instead on the basis of their current approvals and status, given that this would require an understanding of items which impact value and would be contained in the conditions of a successful planning approval, including but not limited to, final approved yield outcomes; use rights; and infrastructure contributions, which may be applicable through development. However, the Board of CVC believes that in the event that either property achieves rezoning, the value is likely to be considerably higher than has currently been assessed. The Board and management of CVC remain focused on advancing each of these significant property investments and will provide further information as milestones are achieved.

New Opportunities:

CVC has seen an increase in property related investment opportunities since the start of 2023. The structure of those proposals have been across both credit and equity. The Board of CVC is conscious of current market uncertainty in the real estate sector, in particular the impact of recent interest rate rises and the potential implications these may have on property valuations. CVC will continue to undertake detailed due diligence on all potential transactions, with a strong focus on capital protection. Direct property investments will be centred around creating value through repositioning, development or achieving planning approvals. The company is committed to adhering to its strict investment processes to mitigate risk before committing to new investments.

- Ends -

Authorised by the Board for release