

22 July 2020

ASX Limited
20 Bridge Street
Sydney NSW 2000

By: e-lodgement

Attention: Company Announcements Office

Market Update

On 2 April 2020 the Board of CVC Limited (ASX: CVC) indicated that given the market volatility and uncertainty as a result of COVID-19, it was difficult to provide a forecast of the operating result for the year ending 30 June 2020. The Board has now undertaken a preliminary review of the financial results and expects CVC will record a net loss after tax to shareholders for the financial year in the range of approximately \$3 - \$4 million, which is still subject to audit and potentially further adjustments. This figure compares to the forecast loss of \$9 - \$11 million provided on 2 April 2020 and the half year loss after tax to shareholders at 31 December 2019 of \$2.7 million.

The investment portfolio of CVC has been rationalised to be more concentrated around property assets and loan exposures. These investments, plus cash balances account for approximately 64% of the current investment portfolio. The property loan portfolio provided a significant contribution for the year, of approximately \$10 million.

A review of all investments has been undertaken over the course of the second half of the year and while the property portfolio is largely unaffected in terms of impairment, the carrying value of certain non-property investments has been reduced.

The Board and management team of CVC will continue to monitor the investment portfolio and are committed to the continued rationalisation of the business, with a specific focus on our area of expertise. CVC continues to trade within its lending covenants, including those applicable to the Convertible Note.

Capital Management

In light of the current year loss, and in line with previous updates, the Board does not consider the payment of a dividend appropriate for the 2020 financial year. The Board will continue to balance the return of capital to shareholders against maintaining appropriate balance sheet strength to allow investment and deliver long term shareholder performance.

Share Buyback

CVC has the capacity to buyback a further 19.8 million shares under the existing program.

The current preliminary statutory net assets of CVC is approximately \$1.41 - \$1.42 per share. This compares to the most recent share price of \$1.35 per share, which does not appear to factor in the inherent uplift in value associated with property projects such as Marsden Park and Donnybrook that are carried at cost. As such, the Board is of the opinion it has the capacity to buy back shares in excess of the current share price without being dilutionary to shareholders.



The current buyback program ends on 24 November 2020.

Convertible Note Buyback

The Board will also consider using uncommitted funds to buyback convertible notes under its on-market buyback program. CVC has the capacity to buyback a further 15,620 notes under the existing program.

The program ends on 31 August 2020, however the Board will consider undertaking further buyback programs in the event it identifies an opportunity to acquire notes in the future.

Authorised by:
John Hunter
Company Secretary