



AGM PRESENTATION

Building Long Term Shareholder Value

NOVEMBER 26, 2018

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CVC 2018 Result Highlights

1 JULY 2017 – 30 JUNE 2018



CVC 2018 Result Highlights

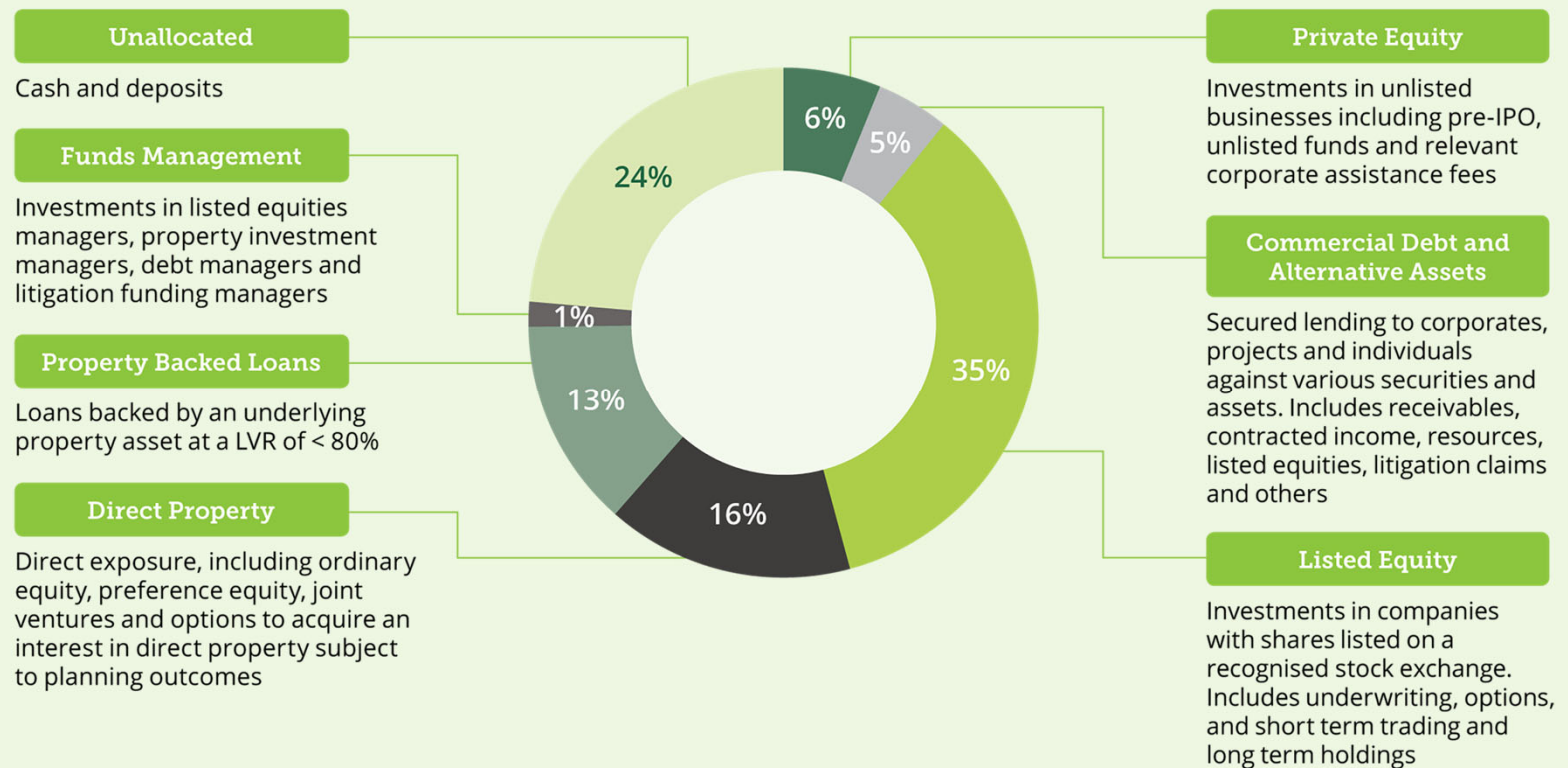
1 JULY 2017 – 30 JUNE 2018

- Underlying FY18 NPAT of \$27.1 million
- FY18 NPAT to shareholders of \$22.7 million
- FY18 Dividends of 15 cents per share / Final Dividend 8 cents per share
- Overriding 5 year strategic plan is to build and develop underlying recurrent profitability to de-couple share price from NTA and significantly increase shareholder value. Substantial balance sheet strength, underlying property portfolio, refreshed investment base, enhancements to management team, deal flow, and investment management capabilities place us in an ideal position to execute the plan.
- Completed \$60 million note raising at BBSW + 3.75% (equivalent to a current underlying rate of 5.87% per annum), with 5 year exercise price of \$3.40. Objective to deploy proceeds during H1 FY19 at > 5% margin spread. A significant milestone for CVC's corporate history
- Strong balance sheet with Net Tangible Assets of \$206.2 million including net cash of \$68.5 million¹. Unrecognised pre-tax NTA uplift of approximately \$1.00 per share of projects at current estimates.
- Total income generated up 38.3% to \$65.2 million
- Completed conditional sale of Donnybrook for \$134 million, which will deliver NTA uplift of 42 cents per share, and \$49 million profit release over 4 financial years expected to commence FY20
- Significantly increased value of property portfolio with improved terms for Marsden Park / Mirvac PDA and progress on construction, planning and commercialisation of all projects
- Successful capital raising for EDC now fully deployed. Key objective to raise significant additional capital for EDC and other unlisted syndicates during FY19.
- Contributions from all investment segments, with pipeline developed for future profit contribution, including a number of meaningful strategic stakes in Listed and Unlisted investments.
- ASX Listed portfolio delivered investment returns of 20% during FY18 on an average investment base of \$90 million. One key strategic objective is to launch a managed small cap / emerging companies focused investment fund in FY19.
- Successful scrip and cash sale of Southpack investment into ASX listed Probiotec (PBP) during year – with subsequent substantial re-rating of PBP from \$0.50 at sale to \$1.15 at June 30.
- Key investment stakes in private debt focussed businesses – Australian Invoice Finance Limited and Bigstone Capital Pty Limited – as a source of both asset backed lending opportunities and future capital returns.
- Progressing due diligence on multiple investment opportunities

¹ Net cash has been calculated as cash and cash equivalents of \$71.1 million less at call debt of \$2.6 million.

CVC Business Overview

TOTAL REPORTED ASSETS AT 30 JUNE 2018



CVC Track Record

1 JULY 2017 – 30 JUNE 2018

**TOTAL SHAREHOLDER RETURN SINCE
30 JUNE 1998**



22% Annualised Return over 20+ years

**TOTAL SHAREHOLDER RETURN SINCE
30 JUNE 1998**



1. Based on \$10,000 as at 30 June 1998 with all dividends reinvested into CVC shares results in an investment value of \$362,874 as at 30 June 2018.

About CVC – Listed Investments

1 JULY 2017 – 30 JUNE 2018

2018 Return

\$105m
Invested
at 30 June 18

\$14.9m
Profit

20%
IRR

Average Number of Investments

70

2019 Objectives

- Objective to rebalance portfolio to more concentrated holdings with increasing investment size on high conviction positions
- Continue to build deeper networks to increase transaction flow

Investment Highlights and Objectives

- Substantial positive contributions from PBP, TLX, EDC, CYC, TOT, BNO, MSV, SEA
- Substantial negative contributions from INP, UBI, TFL, PRT, IDZ
- Implementation of new accounting standard will result in annual movements in value being booked as profit or loss during the year
- Created a new internal investment fund with \$15 M initial allocation which is being actively managed as a separate strategy for direct institutional and high net worth investment during FY19
- Stakes in PBP, TFL, IDT, MSV, INP, UBI, HBA targeted to provide platform for short to longer term value uplift potential
- Increased size and capability of dedicated investment team during year

About CVC – Direct Property Investments

1 JULY 2017 – 30 JUNE 2018

2018 Return

\$19.1m²

Invested

\$15.6m

Profit

79%¹

Gross return

Number of Investments

13

2019 Objectives

- Continue progression of key investments through planning and repositioning
- Detailed assessment of divestment vs development business cases
- Complete development of Bunnings at Port Macquarie (collect delivery fee income)
- Secure more pre-lease commitments for Caboolture development
- Look to add another investment requiring \$5m+ of equity capital with qualified partner

Highlights

Advancement of major planning projects including:

- Marsden Park (Exhibition of PSP)
- Donnybrook (PSP progressed)
- East Bentleigh (VPA Strategic Site)
- Turrella (Priority Precinct)
- Liverpool (Collaboration Area)

Commercialisation of significant projects:

- Caboolture (Caltex completed and sold, advancement of leasing and planning)
- Port Macquarie (Bunnings under construction, asset sold on fund through structure)
- Mooloolaba (re-leasing and repositioning strategy well advanced)

1. Gross return is calculated as 2018 earnings divided by the average of total opening and closing direct property investments, net of property debt, during the financial year.

2. Invested amount at 30 June 2018 includes direct property investment, net of specific property debt.

About CVC – Property Backed Lending

1 JULY 2017 – 30 JUNE 2018

2018 Return

\$40.7m

Invested

\$8.6m

Profit

22%¹

Gross return

Number of Investments

10

2019 Objectives

- Increase investment position in secured mortgage transactions (after accounting for capital returns from loan repayments)
- Look to increase deployed funds to first mortgage segment as a solid risk adjusted return area of exposure (growth area for CVC)
- Continue to foster lending relationships that can span both senior and mezzanine positions as transactions mature
- Remain focused on metropolitan locations with strong underlying demand

Investment Philosophy

- CVC has a long and successful track record of providing secured property finance to developers and investors. It has been active in this space for over 20 years
- Through a rigorous deal assessment process, management aim to reduce the risk in each transaction
- This is achieved through consideration of:
 - Macro economic analysis
 - Micro market / deal specific financial assumption testing
 - Detailed independent project feasibility development
 - Sensitivity analysis
 - Sponsor assessment and qualification
 - Robust documentation processes
- Transaction flow in this segment is anticipated to continue to be strong as major banks reduce / re-weight their portfolio from certain areas of the property segment.

1. Gross return is calculated as 2018 earnings dividend by the average of total opening and closing loans during the financial year.

About CVC – Private Equity Investments

1 JULY 2017 – 30 JUNE 2018

2018 Return

\$18.5m

Invested

\$0.8m

Profit

4%¹

Gross return

Number of Investments

28

2019 Objectives

- Identify, assess and invest in new transactions with one meaningful position requiring approximately \$15m investment for a significant ownership interest
- Continue to develop networks to deliver more investment opportunity
- Consolidate investments - look to make larger quantum investments in companies that are well understood and have exceptional management

2019 Objectives (Cont.)

- Divest from under performing / stagnant investments
- Execute synergistic acquisition of a portfolio of investments
- Undertake IPO's of a number of portfolio companies

Highlights

- Sale of CVC investment in South Pack Laboratories (Aust) Pty Ltd during the financial year to Probiotec Limited (ASX: PBP).
- Acted as joint underwriter of a capital raising of CleanSpace safety product manufacturer, PAFtec Pty Limited, with the objective of providing funds for it to continue its growth strategy, with expansion of its markets and research and development of new and existing products.
- Continuing to review investment opportunities with the objective of rebalancing the portfolio to more concentrated holdings with increasing investment size on high conviction positions.

1. Gross return is calculated as 2018 earnings dividend by the average of total opening and closing unlisted equity investments during the financial year.

About CVC – Alternative Assets/Debt

1 JULY 2017 – 30 JUNE 2018

2018 Return

\$14.6m

Invested

\$1.4m

Profit

12%¹

Gross return

Number of Investments

15

2019 Objectives

- Increase allocation by \$10 - \$20 million
- Maintain Diversification across industries and borrowers
- Look to provide a warehouse solution which could deliver equity opportunities at later stage for other investment strategies

Investment Philosophy

- CVC has the ability to provide flexible funding solutions for private equity investments which include ordinary debt and convertible notes
- This is achieved through consideration of:
 - Macro economic analysis
 - Micro market / deal specific financial assumption testing
 - Detailed independent project feasibility development
 - Sensitivity analysis
 - Sponsor assessment and qualification
 - Robust documentation processes
- Transaction flow in this segment is anticipated to continue to be strong as major banks reduce / re-weight their portfolio.

1. Gross return is calculated as 2018 earnings divide by the average of total opening and closing loans during the financial year.

About CVC – Funds Management

1 JULY 2017 – 30 JUNE 2018

2018 Return

\$3.9m
Invested

\$0.5m
Profit

22%¹
Gross return

Number of Investments

4

2019 Objectives

- Launch of 2-3 new investment products (likely to centre around property, private debt and listed equities)
- Increase contribution to group revenue from management fees/performance fees
- Explore partnership opportunities with existing fund managers where investment/balance sheet support can deliver growth outcomes for manager

Highlights

- Growth of funds management businesses, including provision of seed and growth capital for:
 - Australian Invoice Finance Limited; and
 - Bigstone Capital Pty Limited
- Support by CVC of investment vehicles, including:
 - Participation in follow-on \$16.6 million capital raising by Eildon Capital Limited;
 - Cornerstone investor in Australian Invoice Finance Limited's debt factoring portfolio;
 - Underwriter of Bigstone Capital Pty Limited's commercial loan portfolio; and
 - Co-investor in investment funds managed by JAK Investment Group Pty Limited.

1. Gross return is calculated as 2018 earnings divide by the average of total opening and closing loans during the financial year.

Strategic Objectives – Progress

1 JULY 2018 – 30 JUNE 2019

Objective	Goal	Status	Details
Increase Funds Under Management	Aim to increase FUM by \$100 M during year	Commenced	<ul style="list-style-type: none"> Launching initial property first mortgage debt syndicate; HOA executed for JV to establish \$80 M Emerging Companies Fund
Capital Deployment	Deploy Note Proceeds at > 5% margin on cost	\$25 M deployed into Property and Non Property backed loans at > 12% per annum	<ul style="list-style-type: none"> Interest income on \$25 M capital deployed to date covers cost of note Significant Pipeline (> \$100 M) of transactions
Project Completion / Development	Continued development and progression of property pipeline	Achieved	<ul style="list-style-type: none"> Port Macquarie Bunnings due for completion February 2019 Significant progress on Caboolture with Coles committing to the site Significant valuation increases from Bentleigh and Mooloolaba investments Marsden Park, Donnybrook, Liverpool, Bentleigh and Turrella projects progressing in planning processes
Meaningful equity stake in private or small cap listed business	Acquire controlling interest in quality business for approx. \$15 M	Work In Progress	<ul style="list-style-type: none"> Conducted extensive due diligence on one substantial business – unable to navigate outcomes of due diligence
Realise & Redeploy Listed and Unlisted equities	Realise under-performing investments and redeploy into more attractive prospects	Continuing	<ul style="list-style-type: none"> Significant realisations and redeployment of both listed and private equity investments
Build investments in key investments for longer term profitability	High conviction positions in key investments	Continuing	<ul style="list-style-type: none"> PBP / TFL / Bigstone / AIF / Cleanspace

Year to Date

1 JULY 2018 – 30 JUNE 2019

- Solid performance across all business segments for first Qtr 2019 and 2nd Qtr with exception of ASX Listed positions
- \$25 M deployed into new loans in both property backed and asset backed segments. Eildon Capital fully deployed. Significant increase in deal flow for property backed loans as a result of banks reduced participation in this segment. Identified as key area of investment this year.
- Progressed a significant private equity transaction through detailed due diligence – unfortunately failed to navigate due diligence findings with vendors
- Launching property debt syndicate with first approx. \$20 M transaction, and finalised HOA for new emerging companies planned \$80 M raising in 2nd half
- Progressed value crystallisation strategy for PBP and USR, continuing to work with other listed and unlisted companies to deliver long term performance
- Significant value uplift from Port Macquarie Bunnings and Caboolture properties – and continuing progress on balance of pipeline
- Listed Equities market downturn in October – and continuing – has eroded Group performance for 1st half

	S&P ASX Small Ordinaries	S&P ASX Small Ordinaries Accumulation	S&P ASX 200	All Ordinaries	CVC Group
FT19 Sept Qtr	-0.2%	-1.1%	-0.2%	-0.6%	3.85%
Oct-18	-9.7%	-9.6%	-6.1%	-6.5%	-7.90%
FY19 YTD	-9.6%	-8.6%	-5.9%	-6.0%	-3.72%

Outlook

1 JULY 2018 – 30 JUNE 2019

- Targeting key objective of long term shareholder value creation via NTA growth and recurrent earnings improvement
- With both share market and property conditions likely to be challenging for the 2nd Qtr and into the 2nd half – we are conserving cash and exercising caution.
- Whilst market corrections impact linear profit performance – CVC history is corrections drive superior long term performance
- New accounting treatment for listed share price movements – in absence of substantial market correction - likely to significantly impact the result for 1st half
- Not currently possible to forecast full year result in view of current market conditions **However;**
 - Strong pipeline of opportunities and;
 - Currently seeing a substantial number of distressed opportunities emerge across all sectors – which we expect will accelerate into 2nd half
 - Believe that retaining strong cash balance during 2nd half will create substantial value opportunities
 - Dividend for FY19 to be maintained of not less than 15 cents per share – [however evaluating merit of DRP resumption]

CVC Limited Proxy Results

1 JULY 2018 – 30 JUNE 2019

Item 2 – To resolve that the Remuneration Report be adopted

For	Against	Abstain	Discretion	Excluded	Total
12,932,404	27,520	5,500	1,505,391	528,956	14,999,771

Item 3 – Election of a Director – Mr John Read

For	Against	Abstain	Discretion	Excluded	Total
12,973,924	-	6,500	2,019,347	-	14,999,771

Item 4 – Share Buyback Program

For	Against	Abstain	Discretion	Excluded	Total
12,947,829	27,595	5,000	2,019,347	-	14,999,771

Item 5 – Adoption of Proposed Constitution (Special Resolution)

For	Against	Abstain	Discretion	Excluded	Total
12,946,510	29,947	3,967	2,019,347	-	14,999,771

Item 6 – Annual Limit for Directors' fees

For	Against	Abstain	Discretion	Excluded	Total
12,959,749	20,675	-	1,490,391	528,956	14,999,771

Item 7 – Approval of Employee Share Option Plan

For	Against	Abstain	Discretion	Excluded	Total
12,894,175	86,249	-	1,490,391	528,956	14,999,771

Item 8 – Approval of grant of Options to Mr Alexander Beard

For	Against	Abstain	Discretion	Excluded	Total
12,873,632	106,792	-	1,490,391	528,956	14,999,771

Item 9 – Approval of grant of Options to Mr Ian Campbell

For	Against	Abstain	Discretion	Excluded	Total
12,867,132	113,292	-	1,490,391	528,956	14,999,771

Item 10 – Approval of grant of Options to Mr John Read

For	Against	Abstain	Discretion	Excluded	Total
12,543,908	436,516	-	1,490,391	528,956	14,999,771

Item 11 – Ratification of prior issue of Convertible Notes

For	Against	Abstain	Discretion	Excluded	Total
12,939,457	37,000	3,967	2,019,347	-	14,999,771