

13 June 2019

Australian Securities Exchange Limited  
20 Bridge Street  
Sydney NSW 2000

By: e-lodgement

Attention: Company Announcements Office

## **Market Update, Strategy Update and Succession**

### **Market Update**

The Board advises that the current forecast Net Profit After Tax for year ended 30 June 2019 will be in the range of \$10 - \$13 million, subject to the performance of investment markets and year-end adjustments.

A number of key highlights for the half year include:

- An improvement in operating performance of approximately \$15 million for 2H 2019;
- An increase in the value of the listed share portfolio by approximately \$10 million;
- Completion of the capital raising of CVC Emerging Companies Fund following the launch of Eildon Debt Fund, with combined Funds Under Management exceeding \$100 million;
- Completion of the construction and on-sale of the Bunnings retail centre in Port Macquarie; and
- Offer to acquire an increased holding in the options to acquire the Liverpool and Turrella projects, with total consideration payable of \$15 million on a staged basis.

### **Dividend Guidance**

The Board reiterates its guidance for the expected payment of a fully franked final dividend of 8 cents per share to be paid in September.

### **Strategic Review**

Notwithstanding that CVC has generated superior returns for all shareholders over the longer term, the Board, with direction from major shareholders, advises a number of changes for CVC. These include:

- The transition to a re-constituted board, with the appointment of Mr Mark Avery (CVC's current property director) and Mr Alexander Rapajic-Leaver to the Board effective 1 July 2019;
- A rebalance of the investment portfolio to a more concentrated investment strategy, including holding a smaller, concentrated high conviction equities portfolio, growing the loan portfolio, while continuing to focus on the existing successful "core+" direct property investment strategy; and
- the anticipated retirement of long term Managing Director, Mr Alexander (Sandy) Beard, to enable him to pursue his own interests, particularly in working with smaller listed companies including those of which he is currently a director.

To implement the refinement of CVC's investment strategy, Mr Beard will assist with the transition of Mr Avery to the position of Chief Executive Officer over the first quarter of the 2020 financial year.

Mr Beard holds minor shareholdings (1% or less) in the Marsden Park and Donnybrook projects as well as holding a 12.5% shareholding in Eildon Funds Management Limited (**EFM**). CVC currently owns 40% of the shares in EFM with other CVC executives holding the remaining shares. CVC has agreed to acquire the investments at fair market value from Mr Beard for total consideration of \$1.34 million.

Further, Mr Beard has entitlements on termination of his employment, including payment in lieu of notice and compensation for existing incentive scheme entitlements. The total consideration to be paid to Mr Beard for these entitlements is \$1,815,000.

In accordance with the requirements of the Corporations Act, CVC will convene a shareholders meeting to approve termination benefits to be paid to Mr Beard and will despatch a notice of extraordinary general meeting to shareholders in the coming weeks.

### **Outlook**

CVC is not currently in a position to provide guidance for the financial year ending 30 June 2020. In the longer term, the Board is confident of the future opportunities available for the CVC group to successfully execute its investment strategy. This includes execution of CVC's key property projects of Marsden Park, Donnybrook and Liverpool.

The Board wishes to thank Mr Beard for his 28 years of untiring service to grow and develop CVC to the successful business it is today, and welcomes the appointment of the new directors to the Board to guide the Company through its next stage of growth.

**JOHN D. READ**  
**CHAIRMAN**