CVC LIMITED

ANNUAL REPORT | 2021

For personal use only

Building ‹partnerships›

CVC Limited

For personal use only

Our approach to building partnerships aims to deliver an ongoing investment pipeline through all stages of the economic cycle.

Company Particulars

ABN 34 002 700 361 AFSL 239665

For personal use only

CONTENTS

01 Company Particulars
02 Managing Director's Letter
04 The Year in Review
10 Directors' Report
20 Auditor's Independence Declaration
21 Consolidated Statement of Profit or Loss and Other Comprehensive Income
22 Consolidated Statement of Changes in Equity
24 Consolidated Statement of Financial Position
25 Consolidated Statement of Cash Flows
26 Notes to the Financial Statements
87 Directors' Declaration
88 Independent Auditor's Report
91 Corporate Governance Statement
98 Additional Information

REGISTERED OFFICE

Suite 40.04, Level 40 Governor Phillip Tower
1 Farrer Place, Sydney NSW 2000

DIRECTORS

Craig Treasure (Executive Chairman)
Mark Avery (Managing Director)
Ian Campbell (Non-executive Director)

MANAGEMENT TEAM

John Leaver
Mark Avery
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

Next Registries
Level 16, 1 Market Street, Sydney NSW 2000

Managing Director's Letter

For the Year Ended 30 June 2021

For personal use only

DEAR SHAREHOLDER,

CVC Limited has had a positive year in the face of trying conditions. For a second consecutive period the work environment was impacted by travel and workplace restrictions. Adaptability and resilience from the people that work inside the business as well those we partner with are the reason we have recorded the result that we have.

The CVC business has continued to pursue property as the mainstay of its operations, while at the same time managing a select number of investments which are outside this segment. The financial result of the 2021 financial year is an improvement from the previous period and the Board is confident that the portfolio of investments currently held will provide a strong platform of further improved performance.

We are delighted to have welcomed Craig Treasure to CVC as its Executive Chairman during the year. It is significant that we have access to his experience and expertise in real estate to allow us to optimise value from our significant property positions, particularly Marsden Park, Liverpool and Donnybrook as well as being a source of new investment opportunities.

HIGHLIGHTS

CVC Limited delivered a net profit to shareholders of $19.5 million ($2.1 million loss FY2020). This turnaround has come at a time when the process of refocus toward property nears its completion.

Property debt remains a key pillar in our investment portfolio and is anticipated to continue to contribute stable returns for the group.

The portfolio of direct property equity investments continue to position well in the current market. Planning processes for our major projects are ongoing and we remain optimistic that these will contribute to significant value increases for shareholders over time, just as our East Bentleigh investment did during the financial period as a result of a successful rezoning outcome.

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

For personal use only

Non property investments within the portfolio are positioned well for growth and we are excited about their prospects in the coming year.

The investment made into land capable for neighbourhood shopping centres is starting to deliver results as the Elara Shopping Centre nears completion and the Caboolture Shopping Centre commences construction. We are also optimistic about land we hold for similar uses in Werribee, Victoria in the Harpley master planned community being developed by Lendlease.

Non property investments within the portfolio are positioned well for growth and we are excited about their prospects in the coming year.

OUTLOOK

Given the nature of the investment portfolio, it is not possible to forecast the level of profitability for the current period, but the Board remains optimistic that the aggregate of short-term profitability and creation of value within the investment portfolio which will be realised over the longer term will yield strong outcomes for Shareholders.

We continue to seek out partnership opportunities with exceptional people and businesses, which should mean CVC will see many opportunities to invest capital over the course of the year and beyond. This focus will also mean that the CVC team is likely to remain relatively small in number, and there is potential for transaction sizes to be larger and more concentrated.

The management team and the Board are indebted to CVC Shareholders for their ongoing support and are excited to have the opportunity to execute the business plan and to grow the long-term value of your company.



Mark Avery
Managing Director

The Year in Review

For the Year Ended 30 June 2021

For personal use only

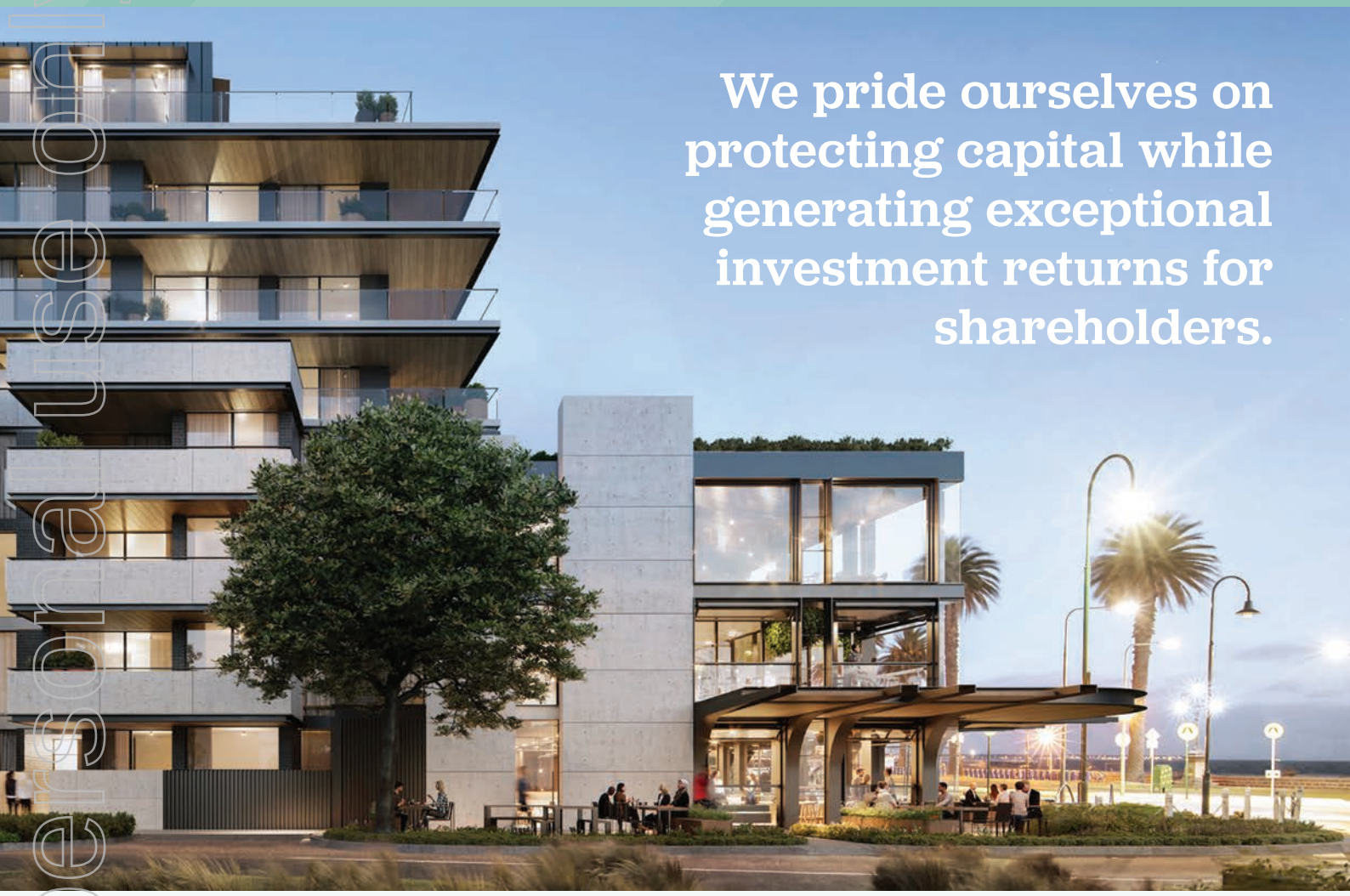
GROUP SUMMARY

The financial year has resulted in CVC Limited recording an underlying profit after tax to shareholders of $19.5 million (2020: loss of $2.1 million). This can be summarised as follows:

Total income	$80.5m	221.5%
	2020[1] — $25.0m	Change
Underlying NPAT	$28.0m	n/a
	2020[1] — ($2.7m)	Change
NPAT to shareholders	$19.5m	n/a
	2020[1] — ($2.1m)	Change
Ordinary dividends	8.0cps	n/a
	2020[1] — Nil	Change
Net assets to shareholders	$182.3m	8.7%
	2020[1] — $167.7m	Change
Cash position	$55.7m	146.4%
	2020[1] — $22.6m	Change

[1] *Comparative balances have been changed for consistency.*

For personal use only



We pride ourselves on protecting capital while generating exceptional investment returns for shareholders.

There has been a significant improvement in trading results during the year, which has been achieved from its increased exposure to property investment activities, along with a concentrated portfolio of non-property investments.

Property financing is a segment that continues to perform well for CVC and remains a key part of the business strategy. Again, it provided a significant contribution to income during the year.

The major property projects within the portfolio have achieved significant progress during the year. The rezoning of East Bentleigh was completed during the year which has resulted in significant value gain which will be realised in future periods.

Further, each of the Caboolture, Marsden Park, Donnybrook and Liverpool projects have made further progress in achieving either planning outcomes or development which are anticipated to generate significant returns, some of which are forecast to flow in FY2022.

The Year in Review

For the Year Ended 30 June 2021

For personal use only

SEGMENT REVIEW

A summary of the operating results for the financial year is provided below:

	2021	2020[1]
Direct property investment	$23,747,838	($1,107,511)
Property backed lending	$13,699,133	$8,075,700
Non-property investments	$10,063,907	($4,099,876)
Convertible note interest	($2,982,691)	($3,639,841)
Unallocated	($6,646,296)	($4,298,191)
Tax effect	($9,868,903)	$2,343,726
Total Comprehensive income	$28,012,988	($2,725,993)

[1] *Comparative balances have been changed for consistency.*

For personal use only







Property Backed Lending

Total pre-tax contribution was $13.7 million (2020: $8.1 million). During the financial year the property loan portfolio has increased considerably and CVC will continue to deploy funds into lending opportunities where high quality security is available and investment terms are generally between 12-18 months. The business remains of the view that the risk / return metrics in this area are strong relative to other investment opportunities, particularly when overlaid with the experience and industry networks which CVC has in this segment.

Direct Property

Total pre-tax contribution was $23.7 million (2020: loss of $1.1 million). During the financial year a number of milestones were achieved which included:

- The rezoning of East Bentleigh from industrial to "mixed use", providing for a combination of apartment, retail and commercial uses. A revaluation of the property provided a pre-tax contribution of $11.8 million.
- The Elara Village Town Centre, Marsden Park has been sold on a fund through and development structure with construction anticipated to be completed in H1 FY2022. The contribution to pre-tax profits for the current year has been $3.1 million.
- The commercial property in Woolloongabba which has approval for the development of 710 apartments plus additional retail space has benefited from the repositioning of the suburb. The site has experienced an increase in value that has contributed $10.1 million to pre-tax profits.

Progress on other property projects during the financial year include:

- An agreement for lease has been finalised with Bunnings for the construction of a warehouse in Caboolture, Queensland, which will commence H1 FY2022. In addition, commitments have been received from Coles, Chemist Warehouse and PETstock to occupy the retail and bulky goods centres earmarked for the precinct, with construction forecast to commence in H1 FY2022.
- Significant progress has been achieved on the Liverpool site rezoning, with an application made to Liverpool City Council for the development of a mixed-use precinct, with council providing their support for the proposal to progress to a gateway determination process.
- The completion of the first stage acquisition of a parcel of land in Werribee, Victoria that will be developed into a neighbourhood centre with a forecast end value of $90 million. This project is progressing well with development forecast to commence in H2 FY2022.

The Year in Review

For the Year Ended 30 June 2021

For personal use only

SEGMENT REVIEW (CONT.)

Direct Property (Cont.)

- The Shenstone Park Precinct Structure Plan process is now completed and is now waiting gazettal of rezoning of the Donnybrook property. This is forecast to occur during H1 FY2022 which will trigger the staged settlement of the land over the following four years.
- An application continues to be progressed for the rezoning of the land at Marsden Park. If approved the development is forecast to yield approximately 550 allotments.

Non-Property Investment

The Non-Property segment reduced both in terms of number of investments and proportion of the CVC investment portfolio over the year. This segment generated a total pre-tax contribution to profit of $10.1 million (2020: loss of $4.1 million). The profit was primarily attributed to the sale of the investment in Australian Invoice Finance Limited which generated a profit of $2.3 million; an increase in value of Cyclopharm Limited (ASX: CYC) contributing $2.1 million; and distribution and increase in value of CVC Emerging Companies Fund which contributed $1.6 million.

BUSINESS OUTLOOK

Over the next 12 months CVC will be focused on unlocking and delivering value from the existing portfolio of direct property assets which contain substantial potential for significant value uplift in the short and medium term. The business will also continue to be active in deploying excess funds into property lending opportunities with the objective of maximising returns for shareholders.

CAPITAL MANAGEMENT AND DIVIDEND POLICY

Total fully franked dividends for the current financial year amounted to 8 cents per share, representing a dividend yield of approximately 4% per annum based on 30 June 2021 closing price. The Board remains committed to paying dividends in line with the performance of the company and its underlying profitability.

As the operations of CVC are transactional in nature it is not possible to forecast a likely result and dividends for FY 2022.

CVC has periodically purchased shares and convertible notes under its buy-back schemes, depending on price. Buy-back schemes will continue to be utilised from time to time with a view that this will allow CVC to optimise the capital structure of the business and deliver long term shareholder value.



For personal use only

Financial report

FOR THE YEAR ENDED | 2021

Directors' Report

For the Year Ended 30 June 2021

For personal use only

The Directors present the Financial Report of CVC Limited (the "Company") and its controlled entities ("CVC"), for the year ended 30 June 2021 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:

Name: **Mark Anthony Avery**

Title: *Managing Director, Member of Audit Committee, Chief Executive Officer*

Qualifications: *B.Com.Pl.Ds. (UOM)*

Experience and expertise: 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 the Managing Director of Eildon Capital Limited and Eildon Funds Management Limited.

Listed company directorships: (held within the last three years) Managing Director of Eildon Capital Group (Since November 2015)

Interests as at the date of this report:
- Ordinary shares: 9,500
- Convertible notes: None

Name: **Craig Granville Treasure**

Title: *Executive Chairman (appointed 29 June 2021)*

Qualifications: *BASc (Surveying) (QUT), FDIA*

Experience and expertise: 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.

Listed company directorships: (held within the last three years) Director and Non-executive Chairman of TasFoods Limited (Since June 2020)
Executive Director of Villa World Limited (From February 2012 to October 2012)
Managing Director of Villa World Limited (From October 2012 to October 2019)
Non-executive Director of Eildon Capital Group (from 17 November 2020 to 29 June 2021)

Interests as at the date of this report:
- Ordinary shares: 68,000
- Convertible notes: 2,000

Name: **Ian Houston Campbell**

Title: *Non-executive Director, Chairman of Audit Committee*

Qualifications: *FCA, MAICD*

Experience and expertise: Mr Campbell is currently a Non-executive Director of Kip McGrath Education Centres Limited (ASX: KME) and Redox Pty 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.

Listed company directorships: (held within the last three years) Non-executive Director and Chairman of Kip McGrath Education Centres Limited (Since August 2019)

Interests as at the date of this report:
- Ordinary shares: 50,000
- Convertible notes: None

Directors' Report

For the Year Ended 30 June 2021

For personal use only

DIRECTORS (CONT.)

Name: **Alexander Jovan Rapajic-Leaver**

Title: *Non-executive Director (resigned 29 June 2021)*

Qualifications: *B.Bus. (Bond University), MAICD*

Experience and expertise: Mr Rapajic-Leaver has over 15 years' experience in the property industry, commencing his career with Sunland Group Limited (ASX: SDG), where he worked in all aspects of the business from site acquisition and feasibility analysis to construction and project management. Mr Rapajic-Leaver also worked for a private Melbourne property development corporation, concentrating on land subdivisions and site identification. In 2010, Mr Rapajic-Leaver was the founding partner of Leamac Property Group which is focused on identifying and securing property development opportunities, such as the joint venture holdings by CVC at Marsden Park, Turrella and Liverpool.

Listed company directorships: (held within the last three years) None

Interests as at the date of this report:
- Ordinary shares: None
- Convertible notes: None

COMPANY SECRETARY

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

Name: **John Andrew Hunter**

Title: *Company Secretary, Chief Financial Officer*

Qualifications: *B.Com. (ANU), M.B.A. (MGSM), MAppFin (MAFC), CA*

Experience and expertise: 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.

Interests as at the date of this report:
- Ordinary shares: None
- Convertible notes: None

KEY MANAGEMENT PERSONNEL

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

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 2021, and the numbers 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	5	5	3	3
Ian Houston Campbell	5	5	3	3
Craig Granville Treasure	-	-	-	-
Alexander Jovan Rapajic-Leaver	5	5	2	3

Directors' Report

For the Year Ended 30 June 2021

For personal use only

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

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.

An interim fully franked dividend in respect of the year ended 30 June 2021 of 3 cents per share amounting to $3,504,722 was paid on 8 February 2021.

CONSOLIDATED RESULTS

The financial performance for the 2021 financial year is as follows:

- Net profit after tax of $19.5 million (2020: loss of $2.1 million) to shareholders;
- Net profit after tax of $28.0 million (2020: loss of $2.7 million);
- Earnings per share of 16.7 cents (2020: loss of 1.8 cents); and
- Increase in Net Assets per share of 13 cents (2020: decrease 10 cents), following dividends per share totalling 3 cents (2020: 8 cents) paid during the year.

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

	2021 $	2020 $
Net profit/(loss) after income tax	**28,012,988**	(2,725,993)
Net profit/(loss) attributable to non-controlling interests	**8,523,039**	(651,513)
Net profit/(loss) after income tax attributable to members of parent entity	**19,489,949**	(2,074,480)

REVIEW OF OPERATIONS

There has been a significant improvement in trading results during the year, which has been achieved from its increased exposure to property investment activities, along with concentrated portfolio of non-property investments.

Property financing is a segment that continues to perform well for CVC and remains a key part of the business strategy. Again, it provided a significant contribution to income during the year.

The major property projects within the portfolio have achieved significant progress during the year. The rezoning of East Bentleigh was completed during the year which has resulted in a significant value gain which will be realised in future periods.

Further, each of the Caboolture, Marsden Park, Donnybrook and Liverpool projects have made further progress in achieving either planning outcomes or development which are anticipated to generate significant returns, some of which are anticipated to flow in FY2022.

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

	2021 $	2020 $
Direct Property Investments	**23,747,838**	(1,107,511)
Property Backed Lending	**13,699,133**	8,075,700
Non-property Investments	**10,063,907**	(4,099,876)
Convertible Note Interest	**(2,982,691)**	(3,639,841)
Unallocated	**(6,646,296)**	(4,298,191)
Tax Effect	**(9,868,903)**	2,343,726
Total Comprehensive Income/(loss)	**28,012,988**	(2,725,993)

Note, prior year balances have been reclassified for consistency.

Directors' Report

For the Year Ended 30 June 2021

For personal use only

REVIEW OF OPERATIONS (CONT.)

Property Backed Lending

Total pre-tax contribution was $13.7 million (2020: $8.1 million). During the financial year the property loan portfolio has increased considerably and CVC will continue to deploy funds into lending opportunities where high quality security is available and investment terms are generally between 12-18 months. The business remains of the view that the risk / return metrics in this area are strong relative to other investment opportunities, particularly when overlaid with the experience and industry networks which CVC has in this segment.

Direct Property

Total pre-tax contribution was $23.7 million (2020: loss of $1.1 million). During the financial year a number of milestones were achieved which included:

- The rezoning of East Bentleigh from industrial to "mixed use", providing for a combination of apartment, retail and commercial uses. A revaluation of the property provided a pre-tax contribution of $11.8 million.
- The Elara Village Town Centre, Marsden Park has been sold on a fund through and development structure with construction anticipated to be completed in H1 FY2022. The contribution to pre-tax profits for the current year has been $3.1 million.
- The commercial property in Woolloongabba which has approval for the development of 710 apartments plus additional retail space has benefited from the repositioning of the suburb. The site has experienced an increase in value that has contributed $10.1 million to pre-tax profits.

Progress on other property projects during the financial year include:

- An agreement for lease has been finalised with Bunnings for the construction of a warehouse in Caboolture, Queensland, which will commence H1 2022. In addition, commitments have been received from Coles, Chemist Warehouse and PETstock to occupy the retail and bulky goods centres earmarked for the precinct, with construction forecast to commence in H1 FY 2022.
- Significant progress has been achieved on the Liverpool site rezoning, with an application made to Liverpool City Council for the development of a mixed-use precinct, with council providing their support for the proposal to progress to a gateway determination process.
- The completion of the first stage acquisition of a parcel of land in Werribee, Victoria that will be developed into a neighbourhood centre with a forecast end value of $90 million. This project is progressing well with development forecast to commence in H2 FY2022.
- The Shenstone Park Precinct Structure Plan process is now completed and is now waiting gazettal of rezoning of the Donnybrook property. This is forecast to occur during H1 FY 2022 which will trigger the staged settlement of the land over the following four years.
- An application continues to be progressed for the rezoning of the land at Marsden Park. If approved the development is forecast to yield approximately 550 allotments.

Non-Property Investment

The Non-Property segment reduced both in terms of number of investments and proportion of the CVC investment portfolio over the year. This segment generated a total pre-tax contribution to profit of $10.1 million (2020: loss of $4.1 million). The profit was primarily attributed to the sale of the investment in Australian Invoice Finance Limited which generated a profit of $2.3 million; an increase in value of Cyclopharm Limited (ASX: CYC) contributing $2.1 million; and distribution and increase in value of CVC Emerging Companies Fund which contributed $1.6 million.

STATE OF AFFAIRS

There were no 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 2021 of 5 cents per share was declared on 26 July 2021 to be paid on 20 August 2021 to those shareholders registered on 4 August 2021.

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. 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*

For personal use only

REMUNERATION REPORT (AUDITED) (CONT.)

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 fees 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 and short term discretionary performance bonuses.

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.

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 Mr Mark Avery are as follows:
- Based Salary of $440,000 per annum;
- 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;
- Six months restriction from solicitation of staff and clients.

The key employment terms of Mr Craig Treasure are as follows:
- Based Salary of $400,000 per annum;
- 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;
- Six months restriction from solicitation of staff and clients.

The key employment terms of Mr John Hunter are as follows:
- Based Salary of $425,000 per annum;
- 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;
- Six months restriction from solicitation of staff and clients.

Standard key management personnel termination payment provisions apply to all other key management personnel. The standard key management personnel provisions are as follows:

Details	Notice Period	Payment in lieu of notice	Treatment of STI on termination
Employer initiated termination	1 month	1 month	Unvested awards forfeited
Termination for serious misconduct	None	None	Unvested awards forfeited
Employee initiated termination	1 month	1 month	Unvested awards forfeited

Directors' Report

For the Year Ended 30 June 2021

For personal use only

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		
		Base Salary Fees $	STI Bonus (a) $	Super'n $	Total $	Base % (b)
MA Avery	**2021**	**407,500**	**285,000**	**25,000**	**717,500**	**60%**
Managing Director	2020	375,000	-	25,000	400,000	100%
CG Treasure (c)	**2021**	**-**	**-**	**-**	**-**	**n/a**
Executive Chairman	2020	-	-	-	-	n/a
IH Campbell	**2021**	**82,192**		**7,808**	**90,000**	**100%**
Non-executive Director	2020	82,192	-	7,808	90,000	100%
AJ Rapajic-Leaver (d)	**2021**	**34,247**	**-**	**3,253**	**37,500**	**100%**
Non-executive Director	2020	-	-	-	-	n/a
ADH Beard (e)	**2021**	**-**	**-**	**-**	**-**	**n/a**
Executive Director	2020	213,925	-	2,083	216,008	100%
JD Read (f)	**2021**	**-**	**-**	**-**	**-**	**n/a**
Non-executive Director	2020	56,250	-	18,750	75,000	100%
JS Leaver	**2021**	**207,763**	**-**	**19,737**	**227,500**	**100%**
Head of Strategic Operations	2020	202,500	-	25,000	227,500	100%
JA Hunter	**2021**	**405,000**	**195,000**	**25,000**	**625,000**	**69%**
Company Secretary	2020	385,000	-	25,000	410,000	100%
	2021	**1,136,702**	**480,000**	**80,798**	**1,697,500**	
	2020	1,314,867	-	103,641	1,418,508	

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.

(d) Mr Rapjic-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 Rapjic-Leaver as director, he is no longer considered to be a key management personnel of the Company.

(e) Mr Beard resigned as director on 1 August 2019. The amount paid in 2020 relates to the period that Mr Beard was appointed as director for the period of 1 July 2019 to 1 August 2019.

(f) Mr Read resigned as director on 31 March 2020. The amount paid in 2020 relates to the period that Mr Read was appointed as director for the period of 1 July 2019 to 31 March 2020.

For personal use only

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 2021 is as follows:

Ordinary shares:

	Opening	Purchases	Sales	Other changes during the year (a)	Closing
Mr M.A. Avery	9,500	-	-	-	9,500
Mr C.G Treasure	-	-	-	68,000	68,000
Mr I.H. Campbell	50,000	-	-	-	50,000
Mr A.J. Rapajic-Leaver	-	-	-	-	-
Mr J.S. Leaver	50,476,985	145,904	-	-	50,622,889
Mr J.A. Hunter	-	-	-	-	-

(a) Mr Treasure was appointed as director from 29 June 2021.

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 2021, there was no movement during the period since he was appointed as director of CVC. No other key management personnel holds any convertible notes.

(ii) Shareholding in the subsidiaries

Mr Rapajic-Leaver and his related entity hold interests in the following CVC subsidiaries. Movement of interests held during the year are 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 resigned as director on 29 June 2021.

Directors' Report

For the Year Ended 30 June 2021

For personal use only

REMUNERATION REPORT (AUDITED) (CONT.)

Additional Disclosures Relating to Key Management Personnel (Cont.)

(iii) Loan given to key management personnel

Details of loans made to the management personnel of CVC, including their close family members and entities related to them, are set out below.

	Balance at the start of the year $	Loans advanced $	Interest charged $	Transfer to loan to other entities (a) $	Balance at the end of the year $
AJ Rapajic-Leaver	7,550,425	745,706	824,450	(9,120,581)	-

(a) Mr Rapajic-Leaver resigned as a 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 and are secured by the projects of the entities listed above.

(iv) 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 %
Mr M.A. Avery	0.5	1.3
Mr J.A. Hunter	0.5	0.8
Mr J.S. Leaver	-	2.0

At the end of the reporting period $372,975 were recognised in trade and other receivables in the statement of financial position in relation to the co-investment in Marsden Park and Donnybrook Projects.

Mr A.J. Rapajic-Leaver and his related entity have provided management and consulting services to CVC, and CVC recovered administrative amounts from Mr A.J. Rapajic-Leaver and his related entity for the services provided by CVC.

Aggregate amounts charged by each of CVC and Mr A.J. Rapajic-Leaver and his related entity during the year are:

	Paid $	Received $
Amounts recognised as revenue or expense		
Management and consulting fees	612,500	-
Administrative cost	-	44,179

Directors' Report

For the Year Ended 30 June 2021

For personal use only

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.

	2021 $	2020 $	2019 $	2018 $	2017 $
Net profit/(loss) attributable to members of the parent entity	**19,489,949**	(2,074,480)	(2,060,002)	22,716,376	27,501,354
Other comprehensive loss attributable to members of the parent entity	**-**	-	-	-	(6,546,240)
Total comprehensive income/(loss) attributable to members of the parent entity	**19,489,949**	(2,074,480)	(2,060,002)	22,716,376	20,955,114
Dividends paid	**3,504,722**	9,413,760	17,920,128	17,929,918	23,906,558
Shares bought back on market	**864,524**	671,904	4,878,540	-	-
Share price at year end	**1.97**	1.41	2.59	2.66	1.86
Change in share price	**0.56**	(1.18)	(0.07)	0.80	0.35
Net assets per share	**1.56**	1.43	1.53	1.71	1.66
Change in net assets per share	**0.13**	(0.10)	(0.18)	0.05	(0.02)

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.

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.

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.

Directors' Report

For the Year Ended 30 June 2021

For personal use only

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

CVC appointed Pitcher Partners Sydney as the auditors for the 2021 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 20.

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

Dated at Sydney 25 August 2021.

MARK AVERY
Director

IAN CAMPBELL
Director

Auditor's Independence Declaration

For the Year Ended 30 June 2021

For personal use only

To the Directors of CVC Limited:

In relation to the independent audit for the year ended 30 June 2021, to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of CVC Limited and the entities it controlled during the year.

John Gavljak
Partner

Pitch Partners
Sydney

25 August 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

For personal use only

	Notes	2021 $	2020* $
INCOME FROM CONTINUING OPERATIONS			
Development sales and fees	4	**27,751,674**	2,895,661
Change in fair value of investment property		**8,543,877**	12,981
Interest and fee income	4	**20,268,409**	14,379,839
Net gain from investments	4	**6,206,023**	-
Net recovery of financial assets at amortised cost	4	**46,989**	-
Management fee income		**2,666,035**	1,431,427
Other income	4	**1,841,794**	333,689
Total income		**67,324,801**	19,053,597
Share of net profits of associates accounted for using the equity method	15	**13,172,848**	5,983,976
EXPENSES			
Property development cost	5	**22,569,794**	2,484,667
Employee and director costs	5	**4,994,888**	2,459,184
Finance costs	5	**9,873,406**	9,153,713
Net impairment of financial assets at amortised cost	5	**-**	5,288,804
Net loss from investments	5	**-**	5,002,495
Impairment of goodwill	17	**-**	1,376,006
Management and consultancy fees		**2,075,282**	1,078,178
Overhead expenses	5	**3,102,388**	3,264,245
Total expenses		**42,615,758**	30,107,292
Profit/(loss) before related income tax expense		**37,881,891**	(5,069,719)
Income tax expense/(benefit)	6	**9,868,903**	(2,343,726)
Net profit/(loss) for the year		**28,012,988**	(2,725,993)
Other comprehensive income		**-**	-
Total comprehensive income/(loss) for the year		**28,012,988**	(2,725,993)
Net profit/(loss) for the year attributable to			
Shareholders		**19,489,949**	(2,074,480)
Non-controlling interest		**8,523,039**	(651,513)
		28,012,988	(2,725,993)
Total comprehensive income/(loss) for the year attributable to			
Shareholders		**19,489,949**	(2,074,480)
Non-controlling interest		**8,523,039**	(651,513)
		28,012,988	(2,725,993)
Basic and diluted earnings per share for profit/(loss) attributable to the members of the parent entity	7	**0.1666**	(0.0177)

** Refer note 35 for detailed information on restatement of comparatives.*

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 Changes in Equity

For the Year Ended 30 June 2021

	Notes	Contributed equity $	Retained earnings $	Other reserves $
At 1 July 2020		**98,096,404**	**68,137,884**	**(433,655)**
Profit for the year		**-**	**19,489,949**	**-**
Other comprehensive income		**-**	**-**	**-**
Total comprehensive income for the year		**-**	**19,489,949**	**-**
Transactions with shareholders:				
Share bought back, net of transaction costs and tax	22	**(864,524)**	**-**	**-**
Change in non-controlling ownership interests		**-**	**-**	**(505,149)**
Return of capital		**-**	**-**	**-**
Dividends paid		**-**	**(3,504,722)**	**-**
Share based payment	34	**-**	**-**	**19,247**
At 30 June 2021		**97,231,880**	**84,123,111**	**(919,557)**
At 1 July 2019		98,768,308	79,626,124	(266,808)
Loss for the year		-	(2,074,480)	-
Other comprehensive income		-	-	-
Total comprehensive loss for the year		-	(2,074,480)	-
Transactions with shareholders:				
Share bought back, net of transaction costs and tax	22	(671,904)	-	-
Acquisition of subsidiaries	2	-	-	-
Change in non-controlling ownership interests		-	-	(166,847)
Return of capital		-	-	-
Dividends paid		-	(9,413,760)	-
At 30 June 2020		98,096,404	68,137,884	(433,655)

** Refer note 35 for detailed information on restatement of comparatives.*

The above consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

For personal use only

Other equity $	Owners of the parent $	Non-controlling interest* $	Total* $
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**
1,881,405	180,009,029	(220,267)	179,788,762
-	(2,074,480)	(651,513)	(2,725,993)
-	-	-	-
-	(2,074,480)	(651,513)	(2,725,993)
-	(671,904)	-	(671,904)
-	-	28,008,303	28,008,303
-	(166,847)	(319,858)	(486,705)
-	-	(520,000)	(520,000)
-	(9,413,760)	(212,903)	(9,626,663)
1,881,405	167,682,038	26,083,762	193,765,800

For personal use only

Consolidated Statement of Financial Position

As at 30 June 2021

Financials only

	Notes	2021 $	2020* $
CURRENT ASSETS			
Cash and cash equivalents	25	**55,754,136**	22,625,871
Financial assets at amortised cost	9	**106,564,899**	84,993,405
Financial assets at fair value through profit or loss	12	**-**	27,423,831
Inventories	13	**-**	1,425,803
Other assets	14	**1,436,910**	1,987,556
Current tax assets		**-**	133,307
Total current assets		**163,755,945**	138,589,773
NON-CURRENT ASSETS			
Financial assets at amortised cost	9	**40,058,975**	65,494,103
Financial assets at fair value through profit or loss	12	**26,227,698**	6,581,920
Inventories	13	**30,911,954**	34,121,095
Investments accounted for using the equity method	15	**43,789,144**	37,379,060
Property, plant and equipment		**208,611**	168,404
Intangible assets	17	**1,570,000**	1,570,000
Right-of-use assets	11	**2,557,958**	401,080
Investment properties	16	**34,900,000**	26,300,000
Other assets	14	**13,022,991**	15,860,883
Deferred tax assets	6	**5,143,555**	5,782,676
Total non-current assets		**198,390,886**	193,659,221
TOTAL ASSETS		**362,146,831**	332,248,994
CURRENT LIABILITIES			
Trade and other payables	18	**6,440,099**	9,940,050
Contract liabilities	10	**-**	916,175
Interest bearing loans and borrowings	20	**16,406,743**	4,729,164
Other liabilities	21	**16,376,609**	9,395,906
Lease liabilities	11	**551,301**	107,217
Provisions	19	**815,886**	587,695
Current tax liabilities		**4,490,036**	31,667
Total current liabilities		**45,080,674**	25,707,874
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	20	**75,053,417**	92,440,760
Other liabilities	21	**8,879,798**	13,354,711
Lease liabilities	11	**2,081,703**	293,800
Deferred tax liabilities	6	**11,389,030**	6,686,049
Total non-current liabilities		**97,403,948**	112,775,320
TOTAL LIABILITIES		**142,484,622**	138,483,194
NET ASSETS		**219,662,209**	193,765,800
EQUITY			
Contributed equity	22	**97,231,880**	98,096,404
Other equity	23	**1,881,405**	1,881,405
Retained earnings		**84,123,111**	68,137,884
Other reserves	24	**(919,557)**	(433,655)
Total parent entity interest		**182,316,839**	167,682,038
Non-controlling interest		**37,345,370**	26,083,762
TOTAL EQUITY		**219,662,209**	193,765,800

** Refer note 35 for detailed information on restatement of comparatives.*

The above consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2021

For personal use only

	Notes	2021 $	2020* $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		**7,102,952**	3,548,769
Cash payments in the course of operations		**(9,324,867)**	(15,466,145)
Cash proceeds from land held for resale		**4,522,303**	3,068,029
Cash payment for land held for resale		**(12,359,069)**	(15,299,700)
Proceeds on disposal of equity investments		**36,195,670**	38,344,427
Payments for equity investments		**(26,818,829)**	(20,679,366)
Payment on construction contract		**(17,542,055)**	(1,133,895)
Proceeds from construction contract		**21,261,268**	-
Loans provided		**(59,848,762)**	(104,533,437)
Loans repaid		**76,706,442**	68,477,165
Dividends received		**7,335,817**	2,712,553
Interest received		**15,006,874**	9,240,463
Interest paid		**(6,314,718)**	(5,845,372)
Income taxes refund received		**75,792**	282,873
Net cash provided by/(used in) operating activities	25	**35,998,818**	(37,283,636)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition and development of investment properties		**(56,123)**	(20,010)
Payments for property, plant and equipment		**(131,772)**	(89,850)
Acquisition of subsidiaries, net of cash acquired	2	**-**	7,502,415
Net cash (used in)/provided by investing activities		**(187,895)**	7,392,555
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		**(18,141,980)**	(51,323,566)
Proceeds from borrowings		**22,396,518**	60,661,694
Principal elements of lease payments		**(485,964)**	(684,501)
Convertible loan note purchased		**(4,110,334)**	(1,954,881)
Dividends paid		**(7,178,621)**	(10,131,320)
Payments for share buy-back		**(865,236)**	(672,425)
Transactions with non-controlling interests		**5,822,280**	(15,786)
Payments for return of capital		**(119,321)**	(520,000)
Net cash used in financing activities		**(2,682,658)**	(4,640,785)
Net increase/(decrease) in cash and cash equivalents		**33,128,265**	(34,531,866)
Cash and cash equivalents at the beginning of the financial year		**22,625,871**	57,157,737
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	25	**55,754,136**	22,625,871

**Certain comparatives balances have been changed in order to achieve consistency and comparability with the current period's amounts.*

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 2021

For personal use only

CONTENTS

NOTE		
1.	Statement of Accounting Policies	26
2.	Controlled Entities	34
3.	Parent Company Information	44
4.	Income	45
5.	Expenses	46
6.	Income Tax	47
7.	Earnings Per Share	49
8.	Dividends	49
9.	Financial Assets at Amortised Cost	50
10.	Contract Liabilities	51
11.	Leases	51
12.	Financial Assets at Fair Value through Profit or Loss	52
13.	Inventories	53
14.	Other Assets	54
15.	Investments Accounted for Using the Equity Method	54
16.	Investment Properties	62
17.	Intangible Assets	63
18.	Trade and Other Payables	63
19.	Provisions	63
20.	Interest Bearing Loans and Borrowings	64
21.	Other Liabilities	65
22.	Contributed Equity	66
23.	Other Equity	66
24.	Other Reserves	66
25.	Notes to Statement of Cash Flows	67
26.	Auditors' Remuneration	68
27.	Commitments and Contingencies	69
28.	Segment Information	69
29.	Related Party Information	73
30.	Financial Risk Management	77
31.	Fair Value Measurements	81
32.	Events Subsequent to Year End	83
33.	Critical Accounting Estimates and Judgements	83
34.	Share - Based Payments	85
35.	Change in Accounting Policies - Classification of Units in Certain Funds	86

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

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:

- Impairment of investments accounted for using the equity method (refer note 33.1);
- Impairment of financial assets at amortised cost (refer note 9);
- Valuation of inventories (refer note 13);
- Valuation of investment properties (refer note 16);
- Fair value of certain financial assets at fair value through profit or loss (refer note 12 and note 33.2);
- Impairment of intangible assets (refer note 17);
- Assessment of whether or not CVC controls certain investees, and the date that control was deemed to be obtained (refer note 2 and note 33.3);

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT.)

1.3 Critical Accounting Estimates and Judgements (Cont.)

- 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);
- Fair value of performance rights (refer note 34); and
- Classification of units in certain funds (refer note 33.4).

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 Australian Accounting Standards, which include the Australian Accounting Interpretations. The financial report also 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 2021 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 and on foreseeable future transactions.

1.6 Coronavirus (COVID-19) Impact

The World Health Organisation declared a global pandemic in March 2020 as a result of COVID-19. The pandemic is still on-going, with asset markets experiencing significant volatility, as well as creating significant uncertainty on its future economic impact. The critical accounting estimates and judgements of CVC have required additional consideration and analysis due to the impact of COVID-19. Given the uncertainty of the extent of the impact of the pandemic, changes to the estimates and outcomes that have been applied in the measurement of CVC's assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of the financial year, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

The effect on the operations of CVC will be dependent on the severity and duration of the pandemic, as well as any further economic support provided by the government. The processes applied in the preparation of this Financial Report included a review of:

- all financial assets at amortised cost and associated underlying security to determine if there has been a significant increase in credit risk and determined the expected credit loss on each financial asset. Refer note 9;
- unlisted financial assets at fair value through profit or loss to determine if the investments' carrying value included a consideration of the impact of COVID-19. Refer note 12;
- the carrying value of inventories to take into consideration of either recent selling prices or independent valuations undertaken compared to the current carrying value of the properties. Refer note 13;
- the appropriateness of the carrying value of call options over property assets. Refer note 14;
- the carrying amount of each associate and joint venture, by comparing the investment's recoverable amount with its carrying value. Refer note 15; and
- the carrying value of investment properties has been considered in relation to the potential for vacancy risk and the impact on cashflows of the tenant. Refer note 16.

1.7 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 2021 ("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 the 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

For personal use only

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT.)

1.7 Principles of Consolidation (Cont.)

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.

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.

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.

1.8 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.

1.9 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. 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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT.)

1.9 Income Tax and Other Taxes (Cont.)

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.

1.10 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
- 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.

1.11 Cash and Cash Equivalents

Cash includes cash on hand and short-term deposits with an original maturity of three months or less.

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT.)

1.12 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.

1.13 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.

1.14 Contract Assets and Contract Labilities

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.

1.15 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.

1.16 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.

1.17 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%

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.

1.18 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 payment 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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT.)

1.18 Leases (Cont.)

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.

1.19 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 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.

1.20 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.

1.21 Interest-Bearing Loans and Borrowings

Initial measurement

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

Subsequent measurement

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.

For personal use only

Notes to the Financial Statements

For the Year Ended 30 June 2021

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT.)

1.21 Interest-Bearing Loans and Borrowings (Cont.)

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.

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 and Revenue Recognition

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.

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.
- 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.

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 associates is recognised by the Company when dividends are received. Revenue from dividends from other investments 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".

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT.)

1.24 Employee Entitlements (Cont.)

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

A subsidiary of 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 fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. In respect of share-based payments that are dependent on the satisfaction of performance conditions, the number of shares expected to vest is reviewed and adjusted at each reporting date. The amount recognised for services received as consideration for these equity instruments granted is adjusted to reflect the best estimate of 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.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

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:

	Interest Held by Consolidated Entity		Interest Held by non-controlling interests	
	2021 %	2020 %	2021 %	2020 %
CVC Limited				
Direct Controlled Entities:				
Albemarle Altfi Investments Unit Trust	**100**	100	**-**	-
Biomedical Systems Pty Limited	**100**	100	**-**	-
CVC Alternate Funding Pty Limited	**-**	100	**-**	-
CVC Bentleigh (Developer) Pty Limited	**100**	100	**-**	-
CVC Bentleigh (Loan) Pty Limited	**100**	100	**-**	-
CVC Caboolture Unit Trust	**60**	60	**40**	40
CVC Elara Developments Pty Ltd	**100**	100	**-**	-
CVC Elara Pty Ltd	**100**	100	**-**	-
CVC Elara Town Centre Property Fund	**-**	100	**-**	-
CVC Funds Management Pty Limited	**-**	100	**-**	-
CVC Investment Managers Pty Limited	**100**	100	**-**	-
CVC Litigation Funding Pty Limited	**-**	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**	81.8	**18.2**	18.2
CVC Renewables Pty Limited	**94**	94	**6**	6
EAM Berwick Motor Trust	**-**	100	**-**	-
EFM Harpley Property Trust	**100**	100	**-**	-
EFM Harpley Town Centre Property Trust	**100**	100	**-**	-
Eildon Capital Group (a)	**39.6**	45.5	**60.4**	54.5
Eildon Funds Management Limited (b)	**-**	100	**-**	-
Eildon Property Investment (E) Fund				
- A Class	**-**	100	**-**	-
- B Class	**95**	95	**5**	5
- C Class	**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
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
Controlled Entities owned by Eildon Funds Management Limited (b):				
Eildon Investments Services Pty Limited	**-**	100	**-**	-
EFM Nominee Services Pty Limited	**-**	100	**-**	-
Eildon Asset Management Pty Limited	**-**	100	**-**	-

(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"). Even though CVC holds less than half of the voting rights of EDC, having considered CVC's ownership interests in EDC and the composition of the EDC share register and other indicators, CVC has the likely ability to determine the outcome of resolutions put to a meeting of EDC securityholders, therefore in accordance with AASB 10 *Consolidated Financial Statements*, EDC is considered to be a controlled entity for financial reporting purposes. Refer note 33.3.

(b) On 17 November 2020, CVC sold 100% of EFM and its controlled entities to EDC, a subsidiary of CVC. Refer note 2.2(a).

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

NOTE 2: CONTROLLED ENTITIES

2.1 Composition of Consolidated Group (Cont.)

	Interest Held by Consolidated Entity		Interest Held by non-controlling interests	
	2021 %	2020 %	2021 %	2020 %
Controlled Entities owned by CVC Rockhampton Trust:				
iLiv CVC Rockhampton Trust	**55**	55	**45**	45
Controlled Entities jointly owned by CVC Limited and CVC Renewables Pty Limited:				
Wind Corporation Australia Pty Limited	**100**	100	**-**	-
Hampton Wind Park Company Pty Limited	**100**	100	**-**	-
Controlled Entities jointly owned by CVC Property Investments Pty Limited and Eildon Capital Group:				
79 Logan Road Pty Ltd	**70**	70	**30**	30
79 Logan Road Trust	**70**	70	**30**	30
LAC JV No. 2 Pty Limited	**67**	67	**33**	33
LAC JV No. 2 Unit Trust	**67**	67	**33**	33
Controlled Entities owned by Eildon Capital Group:				
Eildon Funds Management Limited (a)	**100**	-	**-**	-
Eildon Investments Services Pty Limited (a)	**100**	-	**-**	-
EFM Nominee Services Pty Limited (a)	**100**	-	**-**	-
Eildon Asset Management Pty Limited (a)	**50**	-	**50**	-
Eildon Asset Management Trust	**50**	-	**50**	-
Controlled Entities jointly owned by CVC Limited and Eildon Capital Group:				
Eildon Debt Fund (b)				
- A Class	**-**	100	**-**	-
- G Class	**-**	91	**-**	9
- H Class	**23**	23	**77**	77
- I Class	**100**	100	**-**	-
- J Class	**-**	39	**-**	61
- K Class	**45**	-	**55**	-
- L Class	**-**	29	**-**	71
- P Class	**85**	-	**15**	-
- S Class	**35**	-	**65**	-
- U Class	**100**	-	**-**	-
- V Class	**96**	-	**4**	-

(a) On 17 November 2020, CVC sold 100% of EFM and its controlled entities to EDC, a subsidiary of CVC. Refer to note 2.2(a).

(b) The directors have concluded that CVC controls specified unit classes in Eildon Debt Fund ("EDF"), 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.

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. Refer note 33.4.

For personal use only

NOTE 2: CONTROLLED ENTITIES (CONT.)

2.2 Acquisition of Operations

(a) Eildon Funds Management Limited

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 holds less than half of the voting rights of EFM, EFM continues to be considered as a subsidiary of CVC by virtue of EDC being a subsidiary of CVC.

Acquisition of Eildon Funds Management Limited

On 8 August 2019, CVC acquired 60% of Eildon Funds Management Limited ("EFM") for a consideration of $3,623,500 at which time it became a 100% subsidiary of CVC. Immediately prior to that date, CVC had an existing holding of 40% of the equity on issue with a carrying amount of $471,622.

A summary of the acquisition is as follows:

	2020 $
Purchase consideration:	
Cash paid	3,623,500
Total purchase consideration	3,623,500
Fair value of Assets and Liabilities of EFM at Acquisition:	
Cash assets	985,868
Trade and other receivables (a)	543,777
Plant and equipment	7,342
Financial assets	130
Deferred tax asset	17,794
Trade and other payables	(77,011)
Current tax liability	(328,784)
Total identifiable net assets at fair value	1,149,116
Less: carrying amount prior to acquisition	(471,622)
Add: goodwill (b)	2,946,006
Consideration for acquisition	3,623,500
Cash outflow:	
Cash consideration	3,623,500
Less: balances acquired	
Cash	(985,868)
Net outflow of cash – investing activities	2,637,632

(a) The fair value of acquired trade and other receivables is the gross contractual amount.

(b) The goodwill is attributable to the value of EFM's funds management business. It will not be deductible for tax purpose. Refer to note 17.

For the period from acquisition to the 30 June 2020, EFM recorded revenues of $1,366,033 and profit after tax of $778,999. If the acquisition had occurred on 1 July 2019, consolidated pro-forma revenue would have been $1,556,649 and profit after tax would have been $806,685.

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

NOTE 2: CONTROLLED ENTITIES (CONT.)

2.2 Acquisition of Operations (Cont.)

(b) Eildon Capital Group

During the 2020 financial year, Eildon Capital Group ("EDC") completed a restructure, including a security buyback, which resulted in CVC's holdings in EDC increasing to 45.5% on 25 May 2020. EDC operates as an autonomous investment vehicle with a Board consisting of a majority of independent directors. The directors of CVC assessed that as at 25 May 2020, having considered CVC's ownership interests in EDC and the composition of the EDC share register and other indicators, that CVC's interests had increased to a point where it has the likely ability to determine the outcome of resolutions put to a meeting of EDC securityholders, therefore in accordance with AASB 10 *Consolidated Financial Statements*, EDC is considered from that date to be a controlled entity for financial reporting purposes, even though CVC holds less than half of the voting rights of this subsidiary.

No consideration was paid at the time that CVC was deemed to have gained control of EDC. Immediately prior to that date, CVC had an existing holding in EDC which has remained unchanged, which had a carrying amount of $18,545,778.

A summary of the acquisition is as follows:

	$
Purchase consideration:	
Cash paid	-
Total purchase consideration	-
Fair value of Assets and Liabilities of EDC at Acquisition:	
Cash assets	8,486,029
Trade and other receivables (a)	51,307
Financial assets	33,009,877
Investments accounted for using the equity method	4,338,592
Trade and other payables	(1,066,817)
Current tax liability	(31,667)
Deferred tax liabilities	(192,367)
Total identifiable net assets at fair value	44,594,954
Less: non-controlling interest (b)	(24,289,542)
Less: carrying amount prior to acquisition	(18,545,778)
Less: gain on change of control	(1,759,634)
Consideration for acquisition	-
Cash outflow:	
Cash consideration	-
Plus: balances acquired	
Cash	8,486,029
Net inflow of cash – investing activities	8,486,029

(a) The fair value of acquired trade and other receivables is the gross contractual amount.

(b) CVC has recognised the non-controlling interest at the non-controlling interest's proportionate share of the net identifiable assets.

If the acquisition had occurred on 1 July 2019, consolidated pro-forma revenue to 30 June 2020 would have been $7,793,075 and profit after tax would have been $4,730,453.

For personal use only

NOTE 2: CONTROLLED ENTITIES (CONT.)

2.2 Acquisition of Operations (Cont.)

(c) 79 Logan Road Trust

Following the completion of the restructure of EDC on 25 May 2020, refer note 2.2(b), the deemed ownership of CVC's holding in 79 Logan Road Trust increased from 35% to 70%. No consideration was paid at the time when 79 Logan Road Trust became a subsidiary of CVC. At the time of the completion of the EDC restructure the carrying value of CVC's 35% interest in 79 Logan Road Trust was $4,338,557 and the carrying value of EDC's 35% interest was $4,338,557 which approximates its fair value.

A summary of the acquisition is as follows:

	$
Purchase consideration:	
Cash paid	-
Total purchase consideration	-
Fair value of Assets and Liabilities of 79 Logan Road Trust at Acquisition:	
Cash assets	65,760
Trade and other receivables (a)	57,596
Investment properties	23,900,000
Trade and other payables	(137,481)
Interest bearing liabilities	(11,490,000)
Total identifiable net assets at fair value	12,395,875
Less: non-controlling interest (b)	(3,718,761)
Less: carrying amount prior to acquisition	(8,677,114)
Consideration for acquisition	-
Cash outflow:	
Cash consideration	-
Plus: balances acquired	
Cash	65,760
Net inflow of cash – investing activities	65,760

(a) The fair value of acquired trade and other receivables is the gross contractual amount.

(b) CVC has recognised the non-controlling interest at the non-controlling interest's proportionate share of the net identifiable assets.

If the acquisition had occurred on 1 July 2019, consolidated pro-forma revenue to 30 June 2020 would have been $5,676,177 and profit after tax would have been $4,723,021.

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

NOTE 2: CONTROLLED ENTITIES (CONT.)

2.2 Acquisition of Operations (Cont.)

(d) Other immaterial business combinations

A summary of the acquisition is as follows:

	2020 (b) $
Purchase consideration:	
Cash paid	-
Total purchase consideration	-
Assets and Liabilities of acquired business at Acquisition:	
Cash	130
Financial assets	1,371,487
Trade and other payables	(16,075)
Interest bearing loans and borrowings	(1,355,412)
Total identifiable net assets at fair value	130
Less: carrying amount prior to acquisition	(130)
Consideration for acquisition	-
Cash inflow:	
Cash consideration	-
Add: balances acquired	
Cash	130
Net inflow of cash – investing activities	130

(a) The fair value of acquired trade and other receivables is the gross contractual amount.

(b) For the period from acquisition to 30 June 2020, the acquired business recorded revenues of $333,370 and profit after tax of $192,605. If the acquisition had occurred on 1 July 2019, consolidated pro-forma revenue would have been $346,060 and profit after tax would have been $192,605.

2.3 Interest in Material Subsidiaries

(a) Significant restrictions

CVC has constitutional restrictions on its ability to access or use the assets of 79 Logan Road Trust, CVC Caboolture Unit Trust, CVC Masters Unit Trust, Eildon Capital Trust, Eildon Debt Fund, Eildon Property Investment (E) Fund, Elara Development Trust, iLiv CVC Rockhampton 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 the entities, but does not provide it 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 $37,345,370 (2020:$26,083,762).

(b) Information on subsidiaries

Set out below are those entities that have non-controlling interests that are material to CVC.

CVC Caboolture Unit Trust:	a commercial property development in Caboolture, Queensland.
CVC Masters Unit Trust:	a commercial property development in Port Macquarie, New South Wales.
Eildon Debt Fund:	a contributory trust which provides investors with strong risk-adjusted returns through investing in select Australian property finance transactions.
iLiv CVC Rockhampton Trust:	a residential property development in Rockhampton, Queensland.
LAC JV No. 2 Unit Trust:	a residential property development in Turrella, New South Wales.
Marsden Park Development Trust:	a residential property development in Riverstone, New South Wales.

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

NOTE 2: CONTROLLED ENTITIES (CONT.)

2.3 Interest in Material Subsidiaries (Cont.)

(b) Information on subsidiaries (cont.)

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.

79 Logan Road Trust: a commercial property in Woolloongabba, Queensland with a long term lease to an ASX listed entity, with residential development approval.

Elara Development Trust: a commercial property development in Marsden Park, New South Wales.

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	
	2021 $	2020 $	2021 $	2020 $
Summarised statement of financial position				
Current assets	**696,452**	12,327	**136,521**	369,213
Current liabilities	**5,344**	22,000	**1,102,078**	244,628
Current net assets	**691,108**	(9,673)	**(965,557)**	124,585
Non-current assets	**12,735,468**	12,396,003	**12,628,146**	11,659,842
Non-current liabilities	**15,585,817**	15,853,567	**13,999,883**	13,411,786
Non-current net assets	**(2,850,349)**	(3,457,564)	**(1,371,737)**	(1,751,944)
Net assets	**(2,159,241)**	(3,467,237)	**(2,337,294)**	(1,627,359)
Accumulated NCI	**(1,155,714)**	(1,623,701)	**(934,918)**	(650,943)
Summarised statement of comprehensive income				
Revenue	**2,168,136**	10,909	**2,137,817**	242,757
Profit/(loss) for the period	**1,307,995**	(811,846)	**(709,935)**	(1,415,855)
Other comprehensive income	**-**	-	**-**	-
Total comprehensive income	**1,307,995**	(811,846)	**(709,935)**	(1,415,855)
Profit/(loss) allocated to NCI	**457,667**	(284,065)	**(283,974)**	(566,342)
Dividends paid to NCI	**-**	-	**-**	-
Summarised statement of cash flows				
Cash flows (used in)/from operating activities	**(1,850,342)**	(323,492)	**(1,510,239)**	(2,000,308)
Cash flows from/(used in) financing activities	**1,852,053**	321,413	**1,334,244**	1,850,066
Net increase/(decrease) cash and cash equivalents	**1,711**	(2,079)	**(175,995)**	(150,242)

For personal use only

iLiv CVC Rockhampton Trust		LAC JV No.2 Unit Trust		Elara Development Trust	
2021	2020	**2021**	2020	**2021**	2020
$	$	**$**	$	**$**	$
233,011	1,857,480	**116,654**	16,187	**4,924,834**	62,984
232,488	1,856,957	**5,414**	35,907	**4,923,528**	-
523	523	**111,240**	(19,720)	**1,306**	62,984
-	-	**-**	1,915,413	**-**	973,354
-	-	**-**	-	**-**	1,068,472
-	-	**-**	1,915,413	**-**	(95,118)
523	523	**111,240**	1,895,693	**1,306**	(32,134)
(258)	(258)	**(1,554)**	473,655	**431**	(10,604)
2,236,185	2,789,117	**-**	2	**23,185,244**	-
398,500	290,098	**(2,494,453)**	(840)	**2,782,292**	(32,234)
-	-	**-**	-	**-**	-
398,500	290,098	**(2,494,453)**	(840)	**2,782,292**	(32,234)
219,175	159,554	**(1,196)**	(420)	**918,156**	(10,637)
219,175	165,142	**-**	-	**907,121**	-
1,430,621	2,211,433	**(597,253)**	(644,275)	**(1,437)**	(1,035,164)
(1,601,500)	(1,840,000)	**710,000**	603,000	**495,176**	1,037,296
(170,879)	371,433	**112,747**	(41,275)	**493,739**	2,132

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

NOTE 2: CONTROLLED ENTITIES (CONT.)

2.3 Interest in Material Subsidiaries (Cont.)

(b) Information on subsidiaries (cont.)

	CVC Masters Unit Trust 2021 $	2020 $
Summarised statement of financial position		
Current assets	**35,194**	768,132
Current liabilities	**35,094**	768,032
Current net assets	**100**	100
Non-current assets	**-**	-
Non-current liabilities	**-**	-
Non-current net assets	**-**	-
Net assets	**100**	100
Accumulated NCI	**(29,524)**	(29,524)
Summarised statement of comprehensive income		
Revenue	**421,070**	113,956
Profit for the period	**417,294**	108,323
Other comprehensive income	-	-
Total comprehensive income	**417,294**	108,323
Profit allocated to NCI	**208,647**	54,162
Dividends paid to NCI	**208,647**	53,194
Summarised statement of cash flows		
Cash flows (used in)/from operating activities	**(475,614)**	(1,949,243)
Cash flows used in investing activities	**-**	-
Cash flows (used in)/from financing activities	**(283,613)**	(1,629,143)
Net (decrease)/increase cash and cash equivalents	**(759,227)**	(3,578,386)

(a) During the 2020 financial year Eildon Capital Group and 79 Logan Road Trust became controlled entities of CVC. The amounts disclosed for the 2020 financial year relate to the period from when Eildon Capital Group and 79 Logan Road Trust became controlled entities of CVC to the end of the period. Refer note 2.2.

For personal use only

Eildon Debt Fund		Eildon Capital Group (a)		79 Logan Road Trust (a)	
2021	2020	**2021**	2020	**2021**	2020
$	$	**$**	$	**$**	$
31,289,033	22,601,044	**39,958,912**	28,453,135	**138,578**	123,356
31,356,528	22,613,255	**2,042,000**	1,098,484	**11,649,227**	137,481
(67,495)	(12,211)	**37,916,912**	27,354,651	**(11,510,649)**	(14,125)
14,332,806	17,132,964	**15,660,575**	17,716,952	**32,500,000**	23,900,000
14,265,311	17,120,753	**1,556,176**	476,649	**-**	11,490,000
67,495	12,211	**14,104,399**	17,240,303	**32,500,000**	12,410,000
-	-	**52,021,311**	44,594,954	**20,989,351**	12,395,875
-	-	**31,423,990**	24,289,542	**7,649,622**	3,718,761
6,896,865	5,767,007	**10,626,826**	-	**9,983,555**	-
-	-	**4,927,183**	-	**9,455,476**	-
-	-	**-**	-	**-**	-
-	-	**4,927,183**	-	**9,455,476**	-
-	-	**2,786,631**	-	**4,189,459**	-
-	-	**2,019,130**	-	**140,048**	-
(2,793,917)	(5,824,408)	**8,757,814**	-	**-**	-
-	-	**(7,614,797)**	-	**-**	-
4,156,680	4,406,100	**1,471,308**	-	**-**	-
1,362,763	(1,418,308)	**2,614,325**	-	**-**	-

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

NOTE 2: CONTROLLED ENTITIES (CONT.)

2.3 Interest in Material Subsidiaries (Cont.)

(c) 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 owner of the parent of $352,734.

LAC JV No. 2 Unit Trust

Following the completion of the restructure of EDC on 25 May 2020, the deemed ownership of CVC's holding in LAC JV No.2 Unit Trust increased from 50% to 67%. The deemed consideration was $474,291, being the carrying amount of EDC's holding in LAC JV No. 2 Unit Trust immediately prior to the transaction.

The carrying amount of the existing 50% non-controlling interest in LAC JV No. 2 Unit Trust was $473,655. CVC recognised a decrease in non-controlling interest of $472,012 and a decrease in equity attributable to owners of the parent of $279.

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:

	2021 $	2020 $
Current assets	**68,275,390**	42,383,013
TOTAL ASSETS	**258,775,849**	236,732,471
Current liabilities	**5,029,069**	1,001,913
TOTAL LIABILITIES	**144,918,582**	131,453,623
EQUITY		
Contributed equity	**97,231,880**	98,096,404
Retained earnings	**14,743,982**	5,301,039
Other equity	**1,881,405**	1,881,405
TOTAL EQUITY	**113,857,267**	105,278,848
Net profit	**12,947,666**	2,538,012
Total comprehensive income for the year	**12,947,666**	2,538,012

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	**15,885,283**	4,325,535

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

NOTE 3: PARENT COMPANY INFORMATION (CONT.)

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.

	2021 $	2020 $
Guarantees (a)	**13,752,650**	11,752,650
Guarantee (b)	**12,655,000**	18,500,000

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

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

NOTE 4: INCOME

Development sales and fees:		
Contract revenue	**23,640,489**	106,544
Sale of land	**4,111,185**	2,789,117
	27,751,674	2,895,661
Interest and fee income:		
Interest income	**19,130,465**	13,673,717
Facility fee income	**1,137,944**	706,122
	20,268,409	14,379,839
Net gain from investments:		
Dividends	**845,184**	-
Gain on investment at fair value through profit or loss	**8,305,172**	-
Impairment recovery of investments in associates	**127,653**	-
Impairment of investments in associates	**(385,617)**	-
Impairment of other assets	**(2,686,369)**	-
	6,206,023	-
Net recovery of financial assets at amortised cost:		
Impairment recovery	**1,844,183**	-
Loan forgiveness	**2,157,227**	-
Impairment	**(3,954,421)**	-
	46,989	-
Other income:		
Rental income	**1,589,259**	212,127
All other income	**252,535**	121,562
	1,841,794	333,689

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

	2021 $	2020 $
NOTE 5: EXPENSES		
Property development cost:		
Contract cost	**20,089,373**	-
Cost of land sold	**2,480,421**	2,484,667
	22,569,794	2,484,667
Employee and director costs:		
Superannuation	**327,029**	360,677
Share-based payments	**48,610**	-
Non-executive director fees	**127,500**	165,000
Other employee costs	**4,491,749**	1,933,507
	4,994,888	2,459,184
Finance costs:		
Interest and finance charges paid/payable for financial liabilities at amortised cost	**5,127,047**	5,072,117
Finance cost for non-controlling interest in trust classified as liabilities	**3,478,441**	2,821,471
Amortisation of prepaid finance cost (a)	**1,255,019**	1,258,457
Lease liabilities	**12,899**	1,668
	9,873,406	9,153,713

(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.

Net impairment of financial assets at amortised cost:		
Impairment of loans	-	5,404,158
Impairment recovery of loans	-	(115,354)
	-	5,288,804
Net loss from investments:		
Net loss on financial asset at fair value through profit or loss	-	3,689,152
Dividend	-	(759,079)
Fee income	-	(243,116)
Gain on change of control (note 2.2 b)	-	(1,759,634)
Impairment of investments in associates	-	4,075,172
	-	5,002,495
Overhead expenses:		
Depreciation and amortisation	**653,287**	771,975
Impairment of property, plant and equipment	-	145,795
All other overhead expenses	**2,449,101**	2,346,475
	3,102,388	3,264,245

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

	2021 $	2020 $
NOTE 6: INCOME TAX		
6.1 Income Tax Expense		
Accounting profit/(loss) before income tax	**37,881,891**	(5,069,719)
Income tax expense/(benefit) at the statutory income tax rate of 30%	**11,364,567**	(1,520,916)
Increase in income tax expense due to:		
Sundry items	**140,905**	32,909
Trust losses not deductible	**961,615**	678,345
Net deferred tax not recognised	**22,474**	454,656
Decrease in income tax expense due to:		
Dividends received	**(575,352)**	(1,738,756)
Trust profit not assessable	**(1,938,262)**	(5,668)
Tax losses previously not recognised utilised	**(77,238)**	(158,223)
	9,898,709	(2,257,653)
Adjustments in respect of current income tax of previous years	**(29,806)**	(86,073)
Income tax expense/(benefit)	**9,868,903**	(2,343,726)
The major components of income tax expense are:		
Current income tax charge	**4,585,846**	364,642
Deferred income tax	**5,312,863**	(2,622,295)
Adjustments in respect of current income tax of previous years	**(29,806)**	(86,073)
Income tax expense/(benefit) reported in the statement of profit or loss	**9,868,903**	(2,343,726)

	Included in Income $	Included in Equity $	Total $
6.2 Deferred Tax Assets			
Deferred income tax at 30 June related to the following deferred tax assets:			
Year ended 30 June 2021			
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**

For personal use only

	Included in Income $	Included in Equity $	Total $
NOTE 6: INCOME TAX (CONT.)			
6.2 Deferred Tax Assets (Cont.)			
Year ended 30 June 2020			
Provisions and accrued expenses	412,729	-	412,729
Financial assets	4,129,106	-	4,129,106
Property, plant and equipment	218,354	-	218,354
Intangible assets	412,802	-	412,802
Equity accounted income	693,705	-	693,705
Other	69,291	96,840	166,131
Tax losses	1,042,520	-	1,042,520
Deferred tax assets not recognised	(1,292,671)	-	(1,292,671)
	5,685,836	96,840	5,782,676
6.3 Deferred Tax Liabilities			
Deferred income tax at 30 June related to the following deferred tax liabilities:			
Year ended 30 June 2021			
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**
Year ended 30 June 2020			
Financial assets	-	806,316	806,316
Equity accounted income	5,287,392	-	5,287,392
Intangible assets	21,000	-	21,000
Gain on acquisition	549,833	-	549,833
Other	21,508	-	21,508
	5,879,733	806,316	6,686,049

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 potential business impacts of COVID-19 have been reflected in the current forecasts. 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 2021

For personal use only

	2021 $	2020 $
NOTE 7: EARNINGS PER SHARE		
Basic and diluted earnings per share	**0.1666**	(0.0177)
Net profit/(loss) attributable to members of the parent entity	**19,489,949**	(2,074,480)
	Number of Shares	
Weighted average number of ordinary shares – Basic and Diluted (a)	**116,964,649**	117,490,423
Number of shares on issue at the end of the year	**116,824,094**	117,357,320

(a) Convertible notes
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 ASX market price of CVC at year end is below the convertible note conversion price of $3.40 and are currently unlikely to be converted by noteholders into shares and as such are currently not considered to be dilutive.

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
2021 Interim dividend on ordinary shares	3.00	3,504,722	8 February 2021	30%	100%
2019 Final dividend on ordinary shares	8.00	9,413,760	20 August 2019	30%	100%

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 2021 of 5 cents per share amounting to $5,841,205 was paid on 20 August 2021.

	The Company 2021 $	The Company 2020 $
Dividend franking account		
Franking credits available to shareholders for subsequent financial years	**6,596,297**	2,472,842

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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

	2021 $	2020 $
NOTE 9: FINANCIAL ASSETS AT AMORTISED COST		
Current		
Trade receivables	**4,351,044**	409,563
Other receivables and prepayments	**2,617,565**	2,216,973
Loans to associated entities	**22,945,690**	4,225,871
Expected credit loss for loans to associated entities	**(500,000)**	(470,199)
Loans to entities associated with key management personnel (a)	**-**	7,550,425
Loans to other entities	**78,646,238**	71,695,322
Expected credit loss for loans to other entities	**(1,495,638)**	(634,550)
	106,564,899	84,993,405
Non-current		
Loans to associated entities	**13,070,953**	26,778,319
Expected credit loss for loans to associated entities	**(1,290,063)**	(680,072)
Loans to other entities	**32,913,169**	43,190,975
Expected credit loss for loans to other entities	**(4,635,084)**	(3,795,119)
	40,058,975	65,494,103

(a) This relates to loans to entities related to Mr Rapajic-Leaver. The relevant loans have been transferred to Loans to other entities when Mr Rapajic-Leaver resigned as director on 29 June 2021.

9.1 Trade 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.

Movements in the allowance for expected credit losses were as follows:		
Carrying amount at the beginning of the year	-	-
Provision for impairment recognised during the year	-	138,625
Receivables written off during the year as uncollectible	-	(138,625)
Carrying amount at the end of the year	-	-

The gross carrying amounts of trade receivables of $337,401 (2020: $409,563) 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.

Expected credit loss on loans are disclosed as a deduction against the gross carrying amount of the loan. CVC regularly reviews loans to determine if there is a significant increase in credit risk, which may be evidenced by either qualitative or quantitative factors. These factors 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 significant increase in credit risk methodology is based on an actual credit risk review approach which considers changes in a counterparty's credit risk since origination. The outcome of the review identifies the probability of default and the loss given default of the loan, which are used to determine the impairment required to be made in relation to a loan.

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

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

9.2 Loans to Various Entities (Cont.)

A loss allowance is identified at the time that there is a significant increase in credit risk of the borrower, and the loan is impaired once it is determined that an amount is not recoverable.

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.

	2021 $	2020 $
Movements in the provision for impairment loss were as follows:		
Carrying amount at the beginning of the year	**5,579,940**	-
Expected credit loss allowance recognised during the year	**3,934,420**	5,579,940
Unused amount reversed	**(1,489,302)**	-
Loans written off during the year as uncollectable	**(104,273)**	-
Carrying amount at the end of the year	**7,920,785**	5,579,940

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 interest charged are at market rates.

NOTE 10: CONTRACT LIABILITIES

Current		
Contract liabilities – construction contract	-	916,175

Revenue recognised that was included in the contract liability balance at the beginning of the financial year is $456,144 (2020: $106,544).

NOTE 11: LEASES

CVC leases various offices and equipment. Rental contracts are typically made for fixed periods of 4 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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

	2021 $	2020 $
NOTE 11: LEASES (CONT.)		
Right-of-use assets		
Office leases	**2,546,817**	365,028
Equipment	**11,141**	36,052
	2,557,958	401,080
Lease liabilities		
Current	**551,301**	107,217
Non-current	**2,081,703**	293,800
	2,633,004	401,017

Additions to the right-of-use assets during the year ended 30 June 2021 was $2,717,951 (2020: $415,855) and the total cash outflow for leases was $498,863 (2020: $686,169). One of the office leases was assigned to an external party during the 2020 financial year. The relevant lease liabilities have been derecognised. Refer note 25.4.

Depreciation charge of right-of-use assets		
Office leases	**536,163**	659,526
Equipment	**24,911**	24,911
	561,074	684,437

No modification has been made to the leases for financial year 2021 and 2020.

NOTE 12: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Current		
Investments in listed entities	-	27,423,831
Non-current		
Investments in listed entities	**18,098,728**	-
Investments in unlisted entities	**8,128,970**	6,581,920
	26,227,698	6,581,920

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. Refer note 31. The "last-price" was determined to be an appropriate indication for the fair value of the investments.

Significant share holdings are held in Cyclopharm Limited, 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.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

NOTE 12: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT.)

12.2 Investments in Unlisted Entities (Cont.)

The impact of the COVID-19 pandemic on unlisted investments is as follows:

(a) Externally managed investments - the impact of COVID-19 would be considered by the investment manager when determining the underlying value of investments and reporting at financial year end.

(b) Investments in business operations – businesses have provided updates regarding the impact of COVID-19 on their operations and CVC is of the opinion that there has been no impact on the basis of determining the carrying value of investments.

	2021 $	2020 $
NOTE 13: INVENTORIES		
Current		
Land development sites held for resale	-	1,425,803
Non-current		
Land development sites held for resale	**30,911,954**	34,121,095

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. The carrying value has been determined as follows:

Current land development sites

During the financial year the land development project in Rockhampton, Queensland was completed with the sale of the last remaining lots.

Non-current land development sites

The projects represent developments at Marsden Park, New South Wales, Caboolture, Queensland and Werribee, Victoria. The current NRV of the projects exceed the carrying values which has been based on the following:

(a) **Elara Village Neighbourhood Centre, Marsden Park, New South Wales**
The acquisition of the property was completed on 15 June 2020. CVC was of the opinion that the purchase price was a reasonable estimate of the carrying value of the property as at 30 June 2020. CVC derecognised the property when the holding entity exited the group on 9 December 2020.

(b) **Residential development, Marsden Park, New South Wales**
An Independent valuation was completed by Landsburys Valuation & Advisory Pty Ltd on 11 July 2017 valuing the site at $65.0 million on a direct comparison basis compared to a current carrying value of $12.7 million. 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.

(c) **Retail precinct development, Caboolture, Queensland**
An Independent valuation was completed by Jones Lang LaSalle Advisory Services on 29 September 2017 valuing the site at $13.875 million on a direct comparison basis compared to a current carrying value of $10. million. CVC is of the opinion that the current value would be significantly higher as further progress has been made in developing the site.

(d) **Retail precinct development, Werribee, Victoria**
The acquisition of the property was completed on 21 December 2020. CVC is of the opinion that the purchase price is a reasonable estimate of the carrying value of the property at 30 June 2021.

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

Inventories recognised as an expense for the year ended 30 June 2021 totalled $2,480,421 (2020: $2,484,667). This expense has been included in the statement of profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

	2021 $	2020 $
NOTE 14: OTHER ASSETS		
Current		
Prepayments (a)	**1,419,529**	1,495,448
Other current assets	**17,381**	492,108
	1,436,910	1,987,556
Non-current		
Prepayments (a)	**1,041,837**	2,296,856
Other non-current assets (b)	**11,981,154**	13,564,027
	13,022,991	15,860,883

(a) The prepayments include an amount of $2,296,856 (2020: $3,551,874) 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 $2,686,369 had been charged against two of the call options during the year.

An Independent valuation was completed by Landsburys Valuation & Advisory Pty Ltd on 27 June 2019 valuing the remaining option at $26.0 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 of the underlying site.

NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Non-current		
Equity accounted interests in joint ventures	**18,297,799**	6,426,413
Equity accounted shares in other associated companies	**25,491,345**	30,952,647
	43,789,144	37,379,060

Management have reviewed the recoverable amount of investments to determine whether an impairment is required taking into account any impacts of COVID-19. 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	**37,379,060**	48,409,113
New interests acquired	**9,546,400**	27,242,771
Share of profits	**13,172,848**	5,983,976
Return of capital	**(9,757,768)**	(14,700,432)
Dividend paid	**(5,388,033)**	(5,441,966)
Revaluation of investment	**(385,617)**	(4,075,172)
Reclassification of investments (a)	**-**	(20,039,230)
Disposal of interests	**(777,746)**	-
Balance at the end of the year	**43,789,144**	37,379,060

(a) Reclassification of investments includes associates that became controlled entities during the year.

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

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 2021 %	2020 %	Investment Information
Associated entities in Australia			
Australian Invoice Finance Limited	-	44.1	An investment company that provides finance to small business
Bigstone Capital Pty Limited	-	34.0	An investment company that provides finance to small business using a peer-to-peer marketplace to fund loans
BioPower Systems Pty Limited	**25.1**	25.1	Non-operating company
Burnley Maltings Pty Ltd (b)	**32.2**	32.2	A residential property development in Yarra, Victoria
Causeway Income Partners Limited (a)	-	50.0	A fund manager providing investors with steady income by investing in a diverse portfolio of quality SME and middle market corporate loan
Cedar and Stone Pty Ltd	-	43.3	A 100% plant based skin care company
Cravenda Pty Ltd (a), (b)	**50.0**	50.0	Trustee of Cravenda Unit Trust
Cravenda Unit Trust (a), (b)	**50.0**	50.0	A residential property development in Mernda, Victoria
CVC Emerging Companies Fund (b)	**22.3**	22.3	A wholesale unit trust that invest in listed and unlisted growth or expansion stage companies
CVC Emerging Companies IM Pty Ltd (a), (c)	**50.0**	50.0	Manager of CVC Emerging Companies Fund
Donnybrook JV Pty Ltd (b)	**49.0**	49.0	A residential property development in Donnybrook, Victoria
JAK Contributory Mortgage Fund Loan Trust No 3	-	20.8	An investment entity that provides Senior Debt Funding to residential property developers
JAK Contributory Mortgage Fund Loan Trust No 8 (b)	**20.6**	-	An investment entity that provides Senior Debt Funding to residential property developers
JAK Investment Group Pty Ltd	-	40.0	A boutique real estate finance and investment house specialising in the provision of real estate capital solutions
LC Menangle Unit Trust (a), (b)	**50.0**	50.0	A residential property development in Menangle, New South Wales
LC Norwell Valley Pty Ltd (a), (b)	**50.0**	-	A residential property development in Norwell Valley, New South Wales

(a) Causeway Income Partners Limited, 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.

(b) The underlying investments are asset based and management have undertaken a review of the investments taking into account the impact of the COVID-19 pandemic to determine the recoverable amount of the investment.

(c) The investment is in a fund and asset management operation where the impact of COVID-19 has had minimal impact on the recoverable value.

For personal use only

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 2021 %	2020 %	Investment Information
Associated entities in Australia			
Lewcorp Properties Pty Ltd (c)	**20.0**	20.0	A residential property development in Elsternwick, Victoria
Mooloolaba Wharf Holding Company Pty Limited (a), (c)	**50.0**	50.0	The landowner of "The Wharf" Mooloolaba, Parkland Parade and River Esplanade in Mooloolaba, Queensland
The Maroochydore Medical Centre Facility Unit Trust (a), (c)	**50.0**	50.0	A residential property development in Maroochydore, Queensland
Turrella Property Pty Ltd (a), (c)	**50.0**	32.5	A residential property development in Turrella, New South Wales
Turrella Property Unit Trust (a), (c)	**50.0**	32.5	Trustee of Turrella Property Unit Trust
Urban Properties Cairns Pty Limited	**-**	20.0	A dormant company
Urban Properties Centenary Pty Limited	**-**	20.0	A dormant company
US Residential Fund (b)	**-**	22.2	An ex-ASX listed entity was wound up during the year
Joint Ventures in Australia			
Drey Pty Ltd (a), (c)	**50.0**	-	A residential property development in Kirra Beach, Queensland
JAK Mickleham Road Pty Ltd and North Victorian Buddhist Association Inc Joint Venture (a), (c)	**50.0**	50.0	A residential property development in Craigieburn West, Victoria
MAKE 246 EBRB Pty Ltd (a), (c)	**50.0**	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), (c)	**50.0**	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) The reporting date of all the associated entities and joint ventures except US Residential Fund is 30 June. Prior being wound up US Residential Fund had a reporting date of 31 December.

(c) The underlying investments are asset based and management have undertaken a review of the investments taking into account the impact of the COVID-19 pandemic to determine the recoverable amount of the investment.

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

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 2021 $	2020 $
Summarised statement of financial position		
Cash and cash equivalents	**79,822**	65,319
Other assets	**658,719**	1,222,319
Current assets	**738,541**	1,287,638
Non-current assets	**67,300,000**	40,025,415
Other current liabilities	**742,699**	659,088
Current liabilities	**742,699**	659,088
Financial liabilities (excluding trade payables)	**30,989,325**	28,031,241
Non-current liabilities	**30,989,325**	28,031,241
Net assets	**36,306,517**	12,622,724
Reconciliation to carrying amounts:		
Opening net assets 1 July	**12,622,724**	15,642,472
Profit/(loss) for the period	**23,683,793**	(3,019,748)
Closing net assets	**36,306,517**	12,622,724
Group's share - percentage	**50%**	50%
Group's share - dollars	**18,153,258**	6,311,362
Adjusted to market value	**(79)**	(79)
Carrying amount	**18,153,179**	6,311,283
Summarised statement of comprehensive income		
Revenue	**29,148,749**	1,700,249
Interest income	**-**	93
Depreciation and amortisation	**(11,206)**	(30,176)
Interest expense	**(3,165,956)**	(2,832,023)
Profit/(loss) for the period	**23,683,793**	(3,019,748)
Total comprehensive income	**23,683,793**	(3,019,748)
Dividends received	**-**	-

For personal use only

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	Australian Invoice Finance Limited		Donnybrook JV Pty Limited	
	2021 $	2020 $	2021 $	2020 $
Summarised statement of financial position				
Current assets	-	16,327,698	**33,782,638**	32,143,025
Non-current assets	-	12,625	**2,048,259**	1,958,251
Current liabilities	-	444,426	**97,032**	22,128,533
Non-current liabilities	-	11,076,917	**22,974,640**	-
Net assets	-	4,818,980	**12,759,225**	11,972,743
Reconciliation to carrying amounts:				
Opening net assets 1 July	-	4,532,275	**11,972,743**	6,945,844
Shares issued	-	1,000,000	**1,000,000**	5,232,711
Loss for the period	-	(713,295)	**(213,518)**	(205,812)
Return of capital	-	-	**-**	-
Closing net assets	-	4,818,980	**12,759,225**	11,972,743
Group's share - percentage	-	44.1%	**49%**	49%
Group's share - dollars	-	2,125,170	**6,252,020**	5,866,644
Impairment	-	(1,282,309)	**-**	-
Goodwill	-	-	**1,355,789**	1,355,789
Carrying amount	-	842,861	**7,607,809**	7,222,433
Summarised statement of comprehensive income				
Revenue	-	374,645	**30,139**	30,390
(Loss)/profit for the period	-	(713,295)	**(213,518)**	(205,812)
Total comprehensive income	-	(713,295)	**(213,518)**	(205,812)
Dividends received	-	-	**-**	-

(a) During the 2020 financial year Eildon Capital Group and 79 Logan Road Trust became controlled entities of CVC. The amounts disclosed relate to the beginning of the period until the date Eildon Capital Group and 79 Logan Road Trust became controlled entities of CVC. Refer note 2.

For personal use only

Eildon Capital Group (a)		79 Logan Road Trust (a)		Burnley Maltings Pty Ltd	
2021 $	2020 $	2021 $	2020 $	2021 $	2020 $
-	-	-	-	**11,600,540**	14,841,550
-	-	-	-	**520**	1,040
-	-	-	-	**5,538,995**	5,665,336
-	-	-	-	-	-
-	-	-	-	**6,062,065**	9,177,254
-	-	-	-	**9,177,254**	8,414,442
-	-	-	-	-	1,380,000
-	-	-	-	**(3,115,189)**	(617,188)
-	-	-	-	-	-
-	-	-	-	**6,062,065**	9,177,254
n/a	n/a	**n/a**	n/a	**32.2%**	32.2%
-	-	-	-	**1,951,985**	2,955,076
-	-	-	-	-	-
-	-	-	-	-	385,617
-	-	-	-	**1,951,985**	3,340,693
-	7,793,075	-	5,676,177	-	-
-	4,730,453	-	4,723,021	**(3,115,189)**	(617,188)
-	4,730,453	-	4,723,021	**(3,115,189)**	(617,188)
-	4,252,098	-	64,229	-	-

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

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		CVC Emerging Companies Fund	
	2021 $	2020 $	2021 $	2020 $
Summarised statement of financial position				
Current assets	**1,537,443**	1,230,001	**1,591,583**	4,853,596
Non-current assets	**20,100,644**	20,110,828	**48,025,785**	42,429,470
Current liabilities	**516,339**	328,511	**123,225**	84,436
Non-current liabilities	**13,603,694**	14,067,634	**5,363,193**	3,043,942
Net assets	**7,518,054**	6,944,684	**44,130,950**	44,154,688
Reconciliation to carrying amounts:				
Opening net assets 1 July	**6,944,684**	7,069,205	**44,154,688**	14,936,234
Shares issued	**-**	-	**14,936,234**	14,936,234
Capital returned	**-**	-	**-**	-
Other comprehensive income	**-**	-	**-**	-
Profit/(loss) for the period	**573,370**	(124,521)	**7,170,549**	14,282,220
Dividend paid	**-**	-	**(22,130,521)**	-
Closing net assets	**7,518,054**	6,944,684	**44,130,950**	44,154,688
Group's share - percentage	**50%**	50%	**22.3%**	22.3%
Group's share - dollars	**3,759,027**	3,472,342	**9,841,202**	9,846,495
Impairment	**(25)**	(25)	**-**	-
Goodwill	**-**	-	**3,877**	5,107
Carrying amount	**3,759,002**	3,472,317	**9,845,079**	9,851,602
Summarised statement of comprehensive income				
Revenue	**3,498,720**	3,557,269	**15,128,486**	18,520,743
Profit/(loss) for the period	**573,370**	(124,521)	**7,170,549**	14,282,220
Total comprehensive income	**573,370**	(124,521)	**7,170,549**	14,282,220
Dividends received	**-**	-	**4,938,889**	-

Impairment

The carrying value of investments in associates and joint ventures has been reviewed for impairment, including considering the impact of COVID-19. The carrying value of the investments in associates and joint ventures has not been impacted with the current carrying value being a reasonable indication of the value of each entity based on an assessment of each entities net asset backing. Further:

JAK Contributory Mortgage Fund Loan Trust No 8

The underlying investment in the associate represents a loan provided to a property developer which is managed by JAK Investment Group Pty Limited (the Manager). The carrying value of the investment represents CVC's share in the fair value of the loan, which has been determined on the basis of the net asset backing methodology. The Manager considers that the carrying value reflects the recoverable value after assessing the impact of COVID-19.

For personal use only

Bigstone Capital Pty Limited		JAK Contributory Mortgage Fund Loan Trust No 3		JAK Contributory Mortgage Fund Loan Trust No 8	
2021 $	2020 $	2021 $	2020 $	2021 $	2020 $
-	12,242,864	-	27,917,285	**6,016,940**	-
-	15,375,015	-	1,510,814	**-**	-
-	11,005,894	-	3,917,285	**-**	-
-	14,957,917	-	-	**-**	-
-	1,654,068	-	25,510,814	**6,016,940**	-
-	2,633,540	-	13,299,991	**-**	-
-	-	-	12,210,823	**27,467,187**	-
-	-	-	-	**(21,450,247)**	-
-	(130,736)	-	-	**-**	-
-	(848,736)	-	3,108,201	**1,293,069**	-
-	-	-	(3,108,201)	**(1,293,069)**	-
-	1,654,068	-	25,510,814	**6,016,940**	-
-	34%	-	20.8%	**20.6%**	-
-	562,383	-	5,306,249	**1,239,490**	-
-	(562,383)	-	(306,249)	**-**	-
-	-	-	-	**197,040**	-
-	-	-	5,000,000	**1,436,530**	-
-	2,660,203	-	3,108,321	**1,293,077**	-
-	(848,736)	-	3,108,201	**1,293,069**	-
-	(848,736)	-	3,108,201	**1,293,069**	-
-	-	-	-	**258,761**	-

For personal use only

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.

	2021 $	2020 $
Aggregate carrying amount of individually immaterial investments accounted for using the equity method	**1,035,560**	1,337,871
Aggregate amounts of CVC's share of:		
Profit for the period	**302,032**	192,131
Total comprehensive income	**302,032**	192,131

NOTE 16: INVESTMENT PROPERTIES

Non-current		
Leased properties	**34,900,000**	26,300,000
Reconciliations:		
Investment properties at the beginning of the year	**26,300,000**	2,400,000
Additions - capital expenditure	**56,123**	20,010
Reclassification to inventory	**-**	(32,991)
Additions - acquisition of subsidiary	**-**	23,900,000
Fair value adjustment	**8,543,877**	12,981
Carrying amount at the end of the year	**34,900,000**	26,300,000
Amounts recognised in comprehensive income		
Rental income	**1,589,259**	212,127
Outgoing recovery	**27,824**	23,925
Direct operating expenses from property that generated rental income	**38,214**	31,735

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 3.34 years (2020: 4.32 years), excluding options for lease extensions upon completion of the lease term.

The future minimum lease payments under non-cancellable leases are as follows:

Less than one year	**1,518,946**	1,525,467
Between one and two years	**1,564,514**	1,571,231
Between two and three years	**1,467,210**	1,618,368
Between three and four years	**589,314**	1,496,892
Between four and five years -	**606,994**	
	5,139,984	6,818,952

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

	2021 $	2020 $
NOTE 17: INTANGIBLE ASSETS		
Goodwill	**1,570,000**	1,570,000
Reconciliations:		
Carrying amount at the beginning of the period	**1,570,000**	-
Acquisition of business	**-**	2,946,006
Impairment of goodwill	**-**	(1,376,006)
Carrying amount at the end of the year	**1,570,000**	1,570,000

The goodwill is attributable to the acquisition of the funds management business in Eildon Funds Management Limited on 8 August 2019. The recoverable amount is supported by an independent valuation prepared by Grant Thornton Australia Ltd on 8 October 2020.

The valuation of Eildon Funds Management Limited was based on the following metrics:
- Discount cash flow model: growth rate 2.5% and discount rate 9.5% -10.5%;
- Earnings before interest and taxes multiple: 4.3 – 5.7x;
- Funds under management: 1.7% - 2.3%

Directors are of the opinion that the relevant metrics are prudent and justified, given there was no significant change since the date of the valuation report.

Goodwill is not deductible for tax purpose. Refer to note 2.2(a).

NOTE 18: TRADE AND OTHER PAYABLES		
Current		
Trade payables (a)	**227,251**	5,358,134
Sundry creditors and accruals	**6,212,848**	4,581,916
	6,440,099	9,940,050

(a) Trade payables as at 30 June 2020 includes $2,596,242 payable for the purchase of units in the LAC JV Unit Trust and $2,403,758. The amount represents the finance cost remaining to be paid for a guarantee provided by a third party to the vendor of the property in Moorebank, New South Wales, being purchased by LAC JV Unit Trust. These have been fully paid during the year.

NOTE 19: PROVISIONS		
Current		
Employee entitlements	**815,886**	587,695

For personal use only

	2021 $	2020 $
NOTE 20: INTEREST BEARING LOANS AND BORROWINGS		
Current		
Secured loan (note 20.1)	**16,406,743**	4,729,164
Non-current		
Secured loans (note 20.1)	**13,967,176**	28,041,076
Unsecured loan from associated entity (note 20.2)	**9,582,265**	9,581,805
Convertible notes (note 20.3)	**51,503,976**	54,817,879
	75,053,417	92,440,760

20.1 Secured Loans

The secured loans are generally for periods up to 10 years. The loans attract interest rates ranging from 2.6% to 9% (2020: 2.6% to 10%) per annum. The loans are secured by a first ranking charge over the applicable assets.

Facility Amount		
Bank loans	**12,563,558**	12,596,101
Non-bank loans	**17,810,361**	20,174,139
	30,373,919	32,770,240
Security		
Inventories	**30,911,954**	32,100,200
Investment properties	**34,900,000**	26,300,000
Financial assets at amortised cost	**-**	1,359,148
ASX listed shares		
Financial assets – "at fair value through profit or loss"		
Current (note 12)	**-**	27,423,831
Non-current (note 12)	**18,098,728**	-
Eildon Capital Group (a)	**20,130,090**	18,545,778
	38,228,818	45,969,609

(a) The value of Eildon Capital Group ("EDC") has been determined based on the "last-traded" price on the ASX at the end of the financial year. EDC is a subsidiary of CVC and the carrying value of CVC's interest is $20,597,321 (2020: $20,305,412). Refer note 2.3.

20.2 Unsecured loan from associated entity

This loan is an unsecured loan from Winten (No. 20) Pty Limited at an interest rate of 5.25% (2020: 5.25%) per annum repayable by 10 July 2023. Refer note 29.3.

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

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 43,847 (2020: 22,336) notes were bought back during the year. The convertible notes are presented in the Statement of Financial Position as follows:

	2021 $	2020 $
Face value of notes issued at the end of the year	**53,381,700**	57,766,400
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)
	48,600,141	52,984,841
Cumulative interest expense (a)	**10,980,624**	7,997,933
Cumulative interest paid	**(8,350,006)**	(6,277,160)
Cumulative gain on notes bought back	**823,398**	328,859
Cumulative debt settlement expenses (b)	**(550,181)**	(216,594)
Non-current liability	**51,503,976**	54,817,879
Accrued interest expense (c)	**5,529**	6,097

(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 2021 and 30 June 2020 were included in other payables. Refer to note 18.

The initial fair value of the liability portion of the note was determined using a market interest rate for an equivalent non-convertible note at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the notes. The remainder of the proceeds is regarded as the value of the conversion rights and is recognised in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent periods. Interest on convertible notes is expensed in profit or loss.

20.4 Fair value

For the majority of the borrowings, the fair values 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.

20.5 COVID-19 Response

As part of the COVID-19 response CVC has been buying back and cancelling convertible notes which has the impact of improving the loan to value ratio and reduces the risk of a breach of a lending covenant in the event that the values of assets were to fall. CVC continues to hold sufficient cash reserves and manage its cashflows in the event that it is required to repay borrowings when facilities fall due.

NOTE 21: OTHER LIABILITIES

Current	**16,376,609**	9,395,906
Non-current	**8,879,798**	13,354,711
	25,256,407	22,750,617

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. Refer to note 33.4 for more information.

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

	The Company			
	2021		2020	
	Number	$	Number	$
NOTE 22: CONTRIBUTED EQUITY				
Issued and paid-up ordinary share capital				
Balance at the beginning of the year	**117,357,320**	**98,096,404**	117,690,259	98,768,308
Shares bought back	**(533,226)**	**(862,863)**	(332,939)	(670,688)
Share buyback transaction costs	**-**	**(2,373)**	-	(1,737)
Income tax on buyback transaction costs	**-**	**712**	-	521
Balance at the end of the year	**116,824,094**	**97,231,880**	117,357,320	98,096,404

On 23 November 2020 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 196,428 shares had been bought back under this scheme with 19,803,572 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 2020 Annual Report.

	2021 $	2020 $
NOTE 23: OTHER EQUITY		
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	
	2021 $	2020 $	2021 $	2020 $	2021 $	2020 $
NOTE 24: OTHER RESERVES						
Balance at the beginning of the year	**433,655**	266,808	**-**	-	**433,655**	266,808
Change in non-controlling ownership interests	**505,149**	166,847	**-**	-	**505,149**	166,847
Share based payment	**-**	-	**(19,247)**	-	**(19,247)**	-
Balance at the end of the year	**938,804**	433,655	**(19,247)**	-	**919,557**	433,655

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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

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:

	2021 $	2020 $
Cash on deposit	**55,754,136**	22,625,871

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

Net profit/(loss)	**28,012,988**	(2,725,993)
Adjustments for:		
Share of equity accounted profit	**(13,172,848)**	(5,983,976)
Depreciation of property, plant and equipment	**653,287**	771,975
Gain on change of control	**-**	(1,759,634)
Bad debts	**-**	138,625
Performance right	**48,610**	-
Change in fair value of investment properties	**(8,543,877)**	(12,981)
Impairment of other assets	**2,686,369**	-
Impairment of intangible assets	**-**	1,376,006
Impairment expenses on financial instruments	**4,340,038**	9,479,330
Impairment recoveries on financial instruments	**(1,971,836)**	(115,354)
Impairment of plant and equipment	**-**	145,795
Gain on loan forgiveness	**(2,157,227)**	-
Net (gain)/ loss on equity investments	**(8,305,172)**	3,689,152
Net foreign currency differences	**13,402**	79,189
Changes in operating assets and liabilities:		
Trade and other receivables	**(10,017,440)**	(38,677,626)
Inventories	**(9,878,647)**	(12,852,433)
Equity investments	**9,376,841**	22,686,370
Other assets	**(555,096)**	(2,368,136)
Trade and other payables	**35,296,540**	(8,721,952)
Provisions	**228,191**	(371,140)
Current tax liabilities	**4,591,676**	683,334
Deferred tax assets and liabilities	**5,353,019**	(2,744,187)
Net cash provided by/(used in) operating activities	**35,998,818**	(37,283,636)

25.3 Financing Facilities

CVC had access to the following specific lines of credit.

Total facilities available:		
Secured non-bank loans	**17,810,361**	20,174,139
Secured bank loans	**32,563,558**	32,596,101
Total facilities	**50,373,919**	52,770,240
Total facilities used (note 20.1):		
Secured non-bank loans	**17,810,361**	20,174,139
Secured bank loans	**12,563,558**	12,596,101
	30,373,919	32,770,240

For personal use only

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 (b)	Borrowings $	Leases (a) $	Total $
Year ended 30 June 2021				
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**
Year ended 30 June 2020				
Liabilities at the beginning of the year	-	80,335,742	-	80,335,742
Recognised on adoption of AASB 16	-	-	2,850,836	2,850,836
Acquisition - lease	-	-	415,855	415,855
Cash flows	5,408,139	1,975,108	(684,501)	6,698,746
Acquisition of subsidiary	16,861,557	11,490,000	-	28,351,557
Other changes	480,921	3,369,074	(2,181,173)	1,668,822
Liabilities at the end of the year	22,750,617	97,169,924	401,017	120,321,558

(a) One of the office leases was assigned to an external party during the 2020 financial year. The relevant lease liabilities have been derecognised and included in other changes.

(b) 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. Refer to note 33.4 for more information.

NOTE 26: AUDITORS' REMUNERATION

The auditor of the Company is Pitcher Partners Sydney (2020: HLB Mann Judd NSW Partnership).

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

	2021 $	2020 $
Audit or review of the financial report		
Pitcher Partners Sydney	**251,315**	-
HLB Mann Judd NSW Partnership	**31,715**	167,250
Non-audit services		
Other assurance services		
Pitcher Partners Sydney	**1,000**	-

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

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.

	2021 $	2020 $
Guarantees (a)	**21,741,450**	19,741,450
Guarantee (b)	**12,655,000**	18,500,000
Bank guarantees (c)	**380,083**	733,934
Bank guarantees (d)	**579,040**	111,481

(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	**11,584,343**	48,563

27.3 Loans and Other Investments

Amounts available to be drawn by borrowers under existing loan facility agreements		
Associated entities	-	620,386
Key management personnel	-	1,465,485
Unrelated entities	**41,153,678**	9,055,847
	41,153,678	11,141,718
Amounts available to be called by investees for partially paid shares and units		
Unrelated entities	**5,471,308**	2,933,584

NOTE 28: SEGMENT INFORMATION

28.1 Primary Segments - 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:

- Direct Property Investment relates to direct exposure, including in ordinary equity, preference equity, joint ventures and options to acquire an interest in direct property subject to planning outcomes.
- 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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

NOTE 28: SEGMENT INFORMATION (CONT.)

28.2 Secondary Segments - Geographical Segments

CVC operates predominantly in Australia.

	Direct Property Investment $'000's	Property Backed Lending $'000's	Non-Property Investment $'000's	Consolidated $'000's
Year ended 30 June 2021				
Revenue:				
Segment revenue	**37,864**	**17,401**	**8,578**	**63,843**
Unallocated amounts:				
Interest income				**144**
Corporate income				**3,338**
Consolidated revenue				**67,325**
Equity accounted income	**11,300**	**374**	**1,499**	**13,173**
Results:				
Total profit for reportable segments	**23,748**	**13,699**	**10,064**	**47,511**
Unallocated amounts:				
Corporate expenses				**(9,629)**
Income tax expenses				**(9,869)**
Consolidated profit after tax				**28,013**

Disaggregation of revenue from contracts with customers

	Direct Property Investment $'000's	Property Backed Lending $'000's	Non-Property Investment $'000's	Corporate Income $'000's	Consolidated $'000's
Timing of revenue recognition					
At a point in time	**4,111**	**221**	**-**	**1,749**	**6,081**
Over time	**25,258**	**917**	**-**	**1,142**	**27,317**
Revenue from contracts with customers	**29,369**	**1,138**	**-**	**2,891**	**33,398**
Other revenues	**8,495**	**16,263**	**8,578**	**591**	**33,927**
Total revenue	**37,864**	**17,401**	**8,578**	**3,482**	**67,325**

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

NOTE 28: SEGMENT INFORMATION (CONT.)

28.2 Secondary Segments - Geographical Segments (Cont.)

	Direct Property Investment $'000's	Property Backed Lending $'000's	Non-Property Investment $'000's	Consolidated $'000's
Year ended 30 June 2020				
Revenue:				
Segment revenue	3,145	11,793	2,259	17,197
Unallocated amounts:				
Interest income				331
Corporate income				1,526
Consolidated revenue				19,054
Equity accounted income	313	605	5,066	5,984
Results:				
Total profit for reportable segments	(1,108)	8,076	(4,100)	2,868
Unallocated amounts:				
Corporate expenses				(7,938)
Income tax benefit				2,344
Consolidated loss after tax				(2,726)

Disaggregation of revenue from contracts with customers

	Direct Property Investment $'000's	Property Backed Lending $'000's	Non-Property Investment $'000's	Corporate Income $'000's	Consolidated $'000's
Timing of revenue recognition					
At a point in time	2,789	323	3	-	3,115
Over time	343	383	-	1,445	2,171
Revenue from contracts with customers	3,132	706	3	1,445	5,286
Other revenues	13	11,087	2,256	412	13,768
Total revenue	3,145	11,793	2,259	1,857	19,054

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

NOTE 28: SEGMENT INFORMATION (CONT.)

28.2 Secondary Segments - Geographical Segments (Cont.)

	Direct Property Investment $'000's	Property Backed Lending $'000's	Non-Property Investment $'000's	Consolidated $'000's
Year ended 30 June 2021				
Assets:				
Segment assets	119,017	131,527	46,446	296,990
Unallocated amounts:				
Cash and cash equivalents				55,754
Other assets				9,403
Total assets				362,147
Liabilities:				
Segment liabilities	31,318	36,029	-	67,347
Unallocated amounts:				
Other liabilities				75,138
Total liabilities				142,485
Year Ended 30 June 2020				
Assets:				
Segment assets	100,477	135,945	64,515	300,937
Unallocated amounts:				
Cash and cash equivalents				22,626
Other assets				8,686
Total assets				332,249
Liabilities:				
Segment liabilities	38,348	34,195	-	72,543
Unallocated amounts:				
Other liabilities				65,940
Total liabilities				138,483

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

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.

	2021 $	2020 $
29.1 Key Management Personnel Compensation		
Short-term employee benefits	**1,616,702**	1,314,867
Post-employment benefits	**80,798**	103,641
Total	**1,697,500**	1,418,508

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

29.2 Shares held by Key Management Personnel

(a) On 8 August 2019, CVC acquired 60% of Eildon Funds Management Limited from Messrs Avery, Beard and Hunter for a consideration of $3,623,500. The price was based on an independent valuation prepared by Lonergan Edwards and Associates Limited. Refer to note 2.2(a).

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

	Opening Ownership Interest 1 Jul 2019	Other Changes (a)	Closing Ownership Interest 30 Jun 2020	Other Changes (a)	Closing Ownership Interest 30 Jun 2021
LAC JV Pty Limited	-	33.3%	33.3%	(33.3%)	-
LAC JV Unit Trust	-	33.3%	33.3%	(33.3%)	-
LAC JV No. 2 Pty Limited	-	33.3%	33.3%	(33.3%)	-
LAC JV No. 2 Unit Trust	-	33.3%	33.3%	(33.3%)	-
Marsden Park Development Trust	-	34.0%	34.0%	(34.0%)	-

(a) Mr Rapajic-Leaver was appointed as director on 1 July 2019 and resigned on 29 June 2021.

	2021 $	2020 $
29.3 Loans with Related Parties		
Loans from associates		
Beginning of the year	**9,581,805**	9,613,092
Loan repayments made	**(510,576)**	(543,113)
Interest charged	**511,036**	511,826
End of the year	**9,582,265**	9,581,805

For personal use only

	2021 $	2020 $
NOTE 29: RELATED PARTY INFORMATION (CONT.)		
29.3 Loans with Related Parties (Cont.)		
Loans to associates		
Beginning of the year	**29,853,919**	17,107,668
Loans advanced	**8,289,748**	5,298,055
Loan repayments received	**(6,522,855)**	(1,397,655)
Interest charged	**3,674,113**	1,810,104
Interest received	**(550,712)**	(81,031)
Impairment	**(1,129,990)**	(1,221,656)
Impairment recovery	**612,357**	80,000
Acquisition of subsidiary	**-**	8,258,434
End of the year	**34,226,580**	29,853,919

The loans to associates are generally for periods up to 10 years. The loans attract interest rates ranging from 0% to 20% (2020: 0% to 17%) 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**	-
Transfer from loans to other related entities (b)	**-**	4,020,994
Loans advanced	**745,706**	3,020,275
Interest charged	**824,450**	509,156
Transfer loans to other entities (b)	**(9,120,581)**	-
End of the year	**-**	7,550,425
Loans to other related entities		
Beginning of the year	**-**	4,020,994
Transfer to loans to entities associated with key management personnel (b)	**-**	(4,020,994)
End of the year	**-**	-

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

(b) Mr Rapajic-Leaver was appointed as director on 1 July 2019 and resigned 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% (2020: 10%) per annum and are secured by the projects of the entities listed in note 29.2.

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 2021

For personal use only

NOTE 29: RELATED PARTY INFORMATION (CONT.)

29.4 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 2019	Sales	Other Changes during the Year	Closing Ownership Interest 30 Jun 2020	Sales	Other Changes during the Year	Closing Ownership Interest 30 Jun 2021
Marsden Park Development Trust							
Mr M.A. Avery	0.5%	-	-	0.5%	-	-	0.5%
Mr J.A. Hunter	0.5%	-	-	0.5%	-	-	0.5%
Mr A.D.H. Beard (b)	0.5%	(0.5%)	-	-	-	-	-
Donnybrook JV Pty Limited							
Mr M.A. Avery	1.3%	-	-	1.3%	-	-	1.3%
Mr A.J. Rapajic-Leaver(a)	-	-	0.4%	0.4%	-	(0.4%)	-
Mr J.A. Hunter	0.8%	-	-	0.8%	-	-	0.8%
Mr A.D.H. Beard (b)	1.0%	(1.0%)	-	-	-	-	-
Mr J.S. Leaver	2.0%	-	-	2.0%	-	-	2.0%

(a) Mr Rapajic-Leaver was appointed as director on 1 July 2019 and resigned on 29 June 2021.

(b) During the 2020 financial year, CVC acquired Mr Beard's investment in Marsden Park Development Trust and Donnybrook JV Pty Limited for a total consideration of $640,000 following his resignation on 1 August 2019.

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.

	2021 $	2020 $
Trade and other payables	**372,975**	364,682

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.

For personal use only

	2021		2020	
	Paid $	Received $	Paid $	Received $
NOTE 29: RELATED PARTY INFORMATION (CONT.)				
29.4 Other Transactions (Cont.)				
(b) Amounts recognised as revenue or expense				
Management and consulting fees				
Associated entities	-	**607,542**	93,141	1,352,388
Key management personnel	**612,500**	-	620,000	-
Other related entities	-	-	-	5,825
Interest income				
Associated entities	-	**3,674,113**	-	1,810,104
Key management personnel	-	**824,450**	-	509,156
Marsden Park distribution (refer note 29.4(a))				
Key management personnel	-	-	156	-
Borrowing costs				
Associated entities	**511,036**	-	511,826	-
Administrative cost				
Key management personnel	-	**44,179**	-	68,546

	2021		2020	
	Impairment $	Impairment Recovery $	Impairment $	Impairment Recovery $
Investment in associated entities	**385,617**	**127,653**	4,075,172	-
Loan to associated entities	**1,129,990**	**612,357**	1,221,656	80,000

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

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 1 Year or Less $	Fixed Interest 1 to 5 Years $	Non-Interest Bearing $	Total $
2021:							
Financial assets							
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**
Financial liabilities							
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**
2020:							
Financial assets							
Cash and cash equivalents	25	0.2%	22,625,369	-	-	502	22,625,871
Financial assets at amortised cost	9	11.9%	-	82,183,870	64,176,692	4,126,946	150,487,508
Financial liabilities							
Trade and other payables	18	-	-	-	-	9,940,050	9,940,050
Interest bearing liabilities	20	4.5%	55,923,980	4,729,164	36,516,780	-	97,169,924
Other liabilities	21	9.8%	-	9,395,906	13,354,711	-	22,750,617

For personal use only

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. Further, approximately half of borrowings of CVC are at variable 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 low interest rate environment and 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

CVC expects the Bank Bill Swap Rates (BBSW) to increase during the 2022 financial year by 0.5%. The impact at reporting date if interest rates increase by 0.5% (2021: interest rates stayed the same), whilst all other variables are held constant, is as follows:

	Decrease of 50 bp $
2021	
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% $
2021		
Net profit/(loss)	**1,266,911**	**(1,266,911)**
Equity increase/(decrease)	**1,266,911**	**(1,266,911)**
2020		
Net profit/(loss)	3,217,873	(3,217,873)
Equity increase/(decrease)	3,217,873	(3,217,873)

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

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 receivables:
Trade receivables are mainly related to management of relevant loans 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.

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 $
2021				
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**
2020				
Trade and other payables	9,940,050	-	-	9,940,050
Interest bearing liabilities	3,381,759	1,347,405	92,440,760	97,169,924
Other liabilities (a)	181,437	9,214,469	13,354,711	22,750,617
Lease liabilities	53,324	53,893	293,800	401,017

(a) Payments to unitholders of Eildon Debt Fund and Eildon Property Investment (E) Fund are matched with the cashflows of the repayment of specific loans classified as "Financial assets classified at amortised cost".

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.

For personal use only

NOTE 30: FINANCIAL RISK MANAGEMENT (CONT.)

30.5 Currency Risk (Cont.)

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:

	2021 $	2020 $
Financial assets		
Financial assets at amortised cost	**3,534,579**	3,265,136
Financial assets at fair value through profit or loss	**1,208,597**	1,566,009
	4,743,176	4,831,145

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.

	Net Profit/(Loss)		Equity Increase/(Decrease)	
	2021 $	2020 $	2021 $	2020 $
USD				
Increase in AUD of 10%	**(74,658)**	(81,123)	**(74,658)**	(81,123)
Decrease in AUD of 10%	**91,249**	99,150	**91,249**	99,150
NZD				
Increase in AUD of 10%	**(224,928)**	(207,781)	**(224,928)**	(207,781)
Decrease in AUD of 10%	**274,912**	253,955	**274,912**	253,955

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

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.

	Quoted Market Price (Level 1) $	Valuation Technique – Market Observable Inputs (Level 2) $	Valuation Technique – Non Market Observable Inputs (Level 3) $	Total $
Year ended 30 June 2021				
Financial assets				
"Fair value through profit or loss" investments				
Investments in listed entities	-	**18,098,728**	-	**18,098,728**
Investments in unlisted entities	-	-	**8,128,970**	**8,128,970**
Non-financial assets				
Investment properties	-	-	**34,900,000**	**34,900,000**
	-	**18,098,728**	**43,028,970**	**61,127,698**
Year ended 30 June 2020				
Financial assets				
"Fair value through profit or loss" investments				
Investments in listed entities	1,387,110	26,036,721	-	27,423,831
Investments in unlisted entities	-	-	6,581,920	6,581,920
Non-financial assets				
Investment properties	-	-	26,300,000	26,300,000
	1,387,110	26,036,721	32,881,920	60,305,751

For personal use only

NOTE 31: FAIR VALUE MEASUREMENTS (CONT.)

	2021 $	2020 $
Reconciliation of Level 3 fair value movements:		
Balance at the beginning of the year	**32,881,920**	26,586,206
Purchases	**9,389,968**	2,003,966
Purchases – acquisition of subsidiary (c)	**-**	23,900,000
Sales	**(5,881,021)**	(2,090,619)
Capital return	**(1,894,834)**	(406,036)
Gain/(loss) recognised in other income (a)	**8,532,937**	(3,415,855)
Transfer out of Level 3 to Level 1	**-**	(250,000)
Transfer out of Level 3 to equity accounting investment	**-**	(1,670,347)
Transfer out of Level 3 (b)	**-**	(11,775,395)
Balance at the end of the year	**43,028,970**	32,881,920
(a) Unrealised gain/(loss) recognised in profit or loss attributable to assets held at the end of the reporting period.	**8,221,946**	(3,645,276)

(b) The equity investments held by CVC in Eildon Debt Fund were reclassified to loans at the time that it became a controlled entity of CVC on 8 August 2019. Refer note 33.4.

(c) CVC is deemed to have acquired the property held by 79 Logan Road Trust when it became a subsidiary of CVC on 25 May 2020. Refer note 2.2(c).

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 Jones Lang LaSalle Advisory Services Pty Ltd on 15 January 2019 based on a yield of 8.95%; and
- Commercial: the fair value has been determined based on a market value assessment prepared by Cushman & Wakefield on 21 June 2021. Valuation was based on a direct comparison basis with consideration of capitalisation rates.

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.

	Net Profit/(Loss)		Equity Increase/(Decrease)	
	2021 $	2020 $	2021 $	2020 $
Investments in unlisted entities				
Favourable changes	**812,897**	658,192	**812,897**	658,192
Unfavourable changes	**(812,897)**	(658,192)	**(812,897)**	(658,192)
Investment properties				
Favourable changes	**5,141,251**	1,685,584	**5,141,251**	1,685,584
Unfavourable changes	**(4,525,308)**	(4,326,134)	**(4,525,308)**	(4,326,134)

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

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 2021 Min	2021 Max	2020 Min	2020 Max
Investments in unlisted entities	Net asset backing	Value per security	**Down 10%**	**Up 10%**	Down 10%	Up 10%
Investment properties						
Retail	Capitalisation of income	Capitalisation Rate	**7.5%**	**8.5%**	8%	9%
Commercial	Capitalisation of income	Capitalisation Rate	**4%**	**4.5%**	5%	6.5%
	Comparable Sales	Dollars per sqm	**$3,000/sqm**	**$4,000/sqm**	n/a	n/a

NOTE 32: EVENTS SUBSEQUENT TO YEAR END

A final dividend in respect of the year ended 30 June 2021 of 5 cents per share was declared on 26 July 2021 to be paid on 20 August 2021 to those shareholders registered on 4 August 2021.

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 – Unlisted Investments

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:

- Burnley Maltings Pty Ltd as $1,951,985 (2020: $3,340,693).
- CVC Emerging Companies Fund as $9,845,079 (2020: $9,851,602);
- JAK Contributory Mortgage Fund Loan Trust No 3 as $5,000,000 at 30 June 2020;
- JAK Contributory Mortgage Fund Loan Trust No 8 as $1,436,530 (2020: nil);
- JAK Investment Group Pty Limited as $126,391 at 30 June 2020;
- Lewcorp Properties Pty Limited as $638,724 (2020: $632,832);
- MAKE EBRB Dev Nominee Pty Ltd as $18,153,179 (2020: $6,311,283);
- Mooloolaba Wharf Holding Company Pty Limited as $3,759,002 (2020: $3,472,317); and
- Turrella Property Unit Trust as nil (2020: $245,957).

The carrying value of Australian Invoice Finance Limited has been impaired to $842,861 as at 30 June 2020.

The carrying value of Bigstone Capital Pty Limited has been impaired to nil as at 30 June 2020.

The carrying value of Donnybrook JV Pty Limited has been calculated as $7,607,809 (2020: $7,222,433) based on the net asset backing methodology, using the most recent reports provided by the entity. A valuation of the property of $180.7 million indicates that CVC's investment would have a value of approximately $88.5 million.

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 cashflows or multiple of earnings.

For personal use only

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

33.2 Investments in Listed Entities

Significant share holdings are held in Cyclopharm Limited, 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 Subsidiary Entities

Eildon Capital Group ("EDC")

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 has been that both EDC and 79 Logan Road Trust are treated as subsidiaries of CVC notwithstanding:

- EDC has a board that comprises a majority of independent directors which operate the entity without direction for CVC; and
- The minority investor in 79 Logan Road Trust is responsible for the ongoing management of the investment property owned by the trust.

Although both entities operate autonomously to CVC, as CVC has the ability to determine the outcome of any resolutions EDC and 79 Logan Road Trust are considered to be a controlled entities for accounting purposes.

During the 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 has been no change to the significant judgement and EDC continues to be considered a controlled entity for accounting purposes.

Eildon Debt Fund ("EDF")

The directors have concluded that CVC controls specified classes of units in EDF, 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 the associated assets.

Following the internalisation of EFM in November 2020 and capital raising of EDC in March 2021, CVC decreased its holding in EFM to 39.6%. Although the holding in EFM decreased, there has been no change to the significant judgements as EFM continues to be a subsidiary of CVC.

CVC is deemed to have acquired specified classes of units in EDF on 8 August 2019 along with the Eildon Funds Management Limited ("EFM") transaction. Refer note 2.2(a). Each class of unit is non-recourse to each other class of unit issued by the fund. As such each class of unit is deemed to be a separate entity. As each class of unit contains a single identifiable asset, it passes the optional concentration test in AASB3. As such the directors concluded that the acquisition is not a business.

33.4 Classification of Units in Certain Funds

During the financial year, CVC reassessed the classification of units issued by the Eildon Debt Fund and Eildon Property Investment (E) Fund. After considering the underlying terms and conditions of the units as outlined in each funds' trust deeds, CVC determined that it is more appropriate for the units issued by each fund be classified as liabilities. As a result, the units not eliminated on consolidation are recognised within "Other Liabilities" in the statement of financial position. Refer note 21.

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

NOTE 34: SHARE-BASED PAYMENTS

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.

34.1 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 director's 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%

34.2 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 director's 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%

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

Year ended 30 June 2021

Grant Date	Vesting Date	Exercise Price	Balance at Start of the Year	Granted during the Year	Balance at End of the Year	Value per Right
1 Feb 2021	31 Jan 2024	-	-	409,300	409,300	$0.87

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 2021;
- 2 cps distribution paid on a quarterly basis;
- Net assets of $1.11 as at 31 January 2021; and
- Vesting date of 31 January 2024.

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

Notes to the Financial Statements

For the Year Ended 30 June 2021

For personal use only

NOTE 35: CHANGE IN ACCOUNTING POLICY – CLASSIFICATION OF UNITS IN CERTAIN FUNDS

During the financial year, CVC reassessed the classification of units issued by the Eildon Debt Fund and Eildon Property Investment (E) Fund. In previous financial years, CVC elected to classify units issued by each fund as equity and as a result those units not eliminated upon consolidation appeared within non-controlling interests. After considering the underlying terms and conditions of the units as outlined in each funds' trust deeds, CVC determined that it is more appropriate for the units issued by each of fund be classified as liabilities. As a result, the units not eliminated on consolidation are recognised within Other Liabilities in the statement of financial position.

Comparative information has been restated to align with the revised accounting policy, so that both current year and prior year information is presented on a consistent basis. The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

	As Originally Presented $	Adjustment $	Restated $
Consolidated Statement of Profit or Loss and Other Comprehensive Income (extract) - 2020			
Finance costs	6,332,242	2,821,471	9,153,713
Loss before related income tax expense	(2,248,248)	(2,821,471)	(5,069,719)
Net profit/(loss)	95,478	(2,821,471)	(2,725,993)
Net profit/(loss) attributable to non-controlling interest	2,169,958	(2,821,471)	(651,513)
Total comprehensive income/(loss)	95,478	(2,821,471)	(2,725,993)
Total comprehensive income/(loss) attributable to non-controlling interest	2,169,958	(2,821,471)	(651,513)
Consolidated Statement of Financial Position (extract) - 2020			
Current Liabilities			
Trade and other payables	10,415,969	(475,919)	9,940,050
Other liabilities	-	9,395,906	9,395,906
Total Current Liabilities	16,787,887	8,919,987	25,707,874
Non-Current Liabilities			
Other liabilities	-	13,354,711	13,354,711
Total Non-Current Liabilities	99,420,609	13,354,711	112,775,320
TOTAL LIABILITIES	116,208,496	22,274,698	138,483,194
NET ASSETS	216,040,498	(22,274,698)	193,765,800
Non-controlling interest	48,358,460	(22,274,698)	26,083,762
TOTAL EQUITY	216,040,498	(22,274,698)	193,765,800

The revised accounting policy did not impact the reported amount of equity attributable to the shareholders of CVC Limited.

Directors' Declaration

For the Year Ended 30 June 2021

For personal use only

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 2021 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.

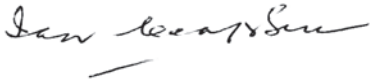
This declaration has been made after receiving the declarations required to be made to the Directors in accordance with s. 295A of the *Corporations Act 2001* for the financial period ended 30 June 2021.

Dated at Sydney 25 August 2021.

Signed in accordance with a resolution of the Board of Directors.



MA Avery
Director



IH Campbell
Director

Independent Auditor's Report

For the Year Ended 30 June 2021

For personal use only

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 2021, 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:

(a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

(b) 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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
Valuation of Financial Assets at Amortised Cost (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 2021, the Group had Financial Assets at Amortised Cost of $146.6 million, including an allowance for expected credit losses of $7.9 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 by management, including both qualitative and quantitative assumptions. 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 and reviewing loan agreements and other supporting documentation to gain an understanding of the loans provided and any related secured assets provided as collateral; – Assessing compliance of management's methodology for determining the provision for the allowance for expected credit losses with AASB 9; – Reviewing and challenging the key assumptions and significant estimates and judgements used by management in determining the recoverability of financial assets; and – Assessing the adequacy of disclosures in the financial statements.

Independent Auditor's Report

For the Year Ended 30 June 2021

For personal use only

Key Audit Matters (Cont.)

Key Audit Matter	How our audit addressed the key audit matter

Valuation and Classification of Investment Properties, Investments accounted for using the Equity Method and Inventories (Refer to Note 13 Inventories, Note 15 Investments accounted for using the Equity Method and Note 16 Investment Property)

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 requires significant judgement.

The Group's investment in property assets include investment properties and inventories, which are held either directly or indirectly through its investments accounted for using the equity method.

There is significant focus in ensuring that the investments are correctly classified. 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.

As at 30 June 2021, the Group had Investment Property of $34.9 million, Inventories of $30.9 million and Investments accounted for using the Equity Method of $43.8 million.

Investment properties are held at fair value and inventories are held at the lower of cost and net realisable value.

The valuation of property assets is determined using internal methodologies or through the use of external valuation experts.

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.

Our procedures included, amongst others:

- Assessing the appropriateness of the classification of the Group's property investments;
- Assessing the scope, competence and objectivity of external valuation experts and management's valuation assessments;
- Assessing the methodologies used in the valuations of property assets, for consistency with accounting standards, industry practice and the Group's policies;
- Challenging the key assumptions and significant estimates and judgements used in recoverability assessments and valuations; and
- Assessing the adequacy of disclosures in the financial statements.

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 2021 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.

Independent Auditor's Report

For the Year Ended 30 June 2021

For personal use only

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 13 to 18 of the Directors' Report for the year ended 30 June 2021. In our opinion, the Remuneration Report of CVC Limited, for the year ended 30 June 2021, 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

25 August 2021

Corporate Governance Statement

CVC Limited and its Controlled Entities

For personal use only

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 2021.

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 and Mr Ian Campbell. Mr Treasure was appoint to the board on 29 June 2021 and Mr Alexander Rapajic-Leaver resigned from the Board on 29 June 2021.

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.

Corporate Governance Statement

CVC Limited and its Controlled Entities

For personal use only

Principle 1 – Lay solid foundations for management and oversight (cont.)

Recommendation 1.5 (cont.)

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 42% 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.

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;

Corporate Governance Statement

CVC Limited and its Controlled Entities

For personal use only

- 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*	*Property Transactions*	*Property Management*	*Legal Compliance*	*Statutory Compliance*
	100%	*67%*	*100%*	*100%*	*100%*	*100%*	*67%*	*67%*	*67%*	*100%*	*100%*

Recommendation 2.3 - A listed entity should disclose:

(a) the names of the directors considered by the board to be independent directors;

(b) 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

(c) 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; and
- Mark Avery – Managing 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.

Corporate Governance Statement

CVC Limited and its Controlled Entities

For personal use only

Principle 2 – Structure the board to add value (cont.)

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

(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

Corporate Governance Statement

CVC Limited and its Controlled Entities

For personal use only

- 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.

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.

Corporate Governance Statement

CVC Limited and its Controlled Entities

For personal use only

Principle 6 – Respect the rights of security holders (cont.)

Recommendation 6.3 (cont.)

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.

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

Corporate Governance Statement

CVC Limited and its Controlled Entities

For personal use only

(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 does not have an active employee share based incentive scheme.

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

For personal use only

The following information was current as at 23 August 2021.

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	192	1,117
1,001 - 5,000	218	53
5,001 - 10,000	124	1
10,001 - 100,000	190	3
100,001 - over	65	-
Total	**789**	**1,174**

	Minimum Parcel Size	Number of Shareholders
Unmarketable Parcels		
Ordinary shares		
Minimum $500.00 parcel at $2.14 per share	234	96
Convertible notes		
Minimum $500.00 parcel at $83 per note	6	-

On market share buy-back

The Company has a current on market share buy-back which commenced on 23 November 2020.

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)	50,716,091
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 3,285,465 shares held by Wenola Pty Limited.

Additional Information

CVC Limited and its Controlled Entities

For personal use only

20 largest shareholders – ordinary shares

As at 23 August 2021, the top 20 shareholders and their shareholdings were as follows:

Shareholder	Shares Held	% of Issued Capital Held
Ordinary Shares		
Mr John Scott Leaver	26,613,913	22.78
Leagou Pty Limited	20,704,611	17.72
Southsea (Aust) Pty Limited	17,610,506	15.07
J K M Securities Pty Limited	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	3,285,465	2.81
Mr Nigel Cameron Stokes	1,000,000	0.86
Dr Raymond Joseph Healey	831,928	0.71
Melbourne Corporation of Australia Pty Limited	576,893	0.49
Heasman Superannuation Pty Ltd	505,100	0.43
Mr Julian Tertini	480,000	0.41
Cannington Corporation Pty Ltd	468,144	0.40
Syvest Pty Ltd	450,000	0.39
John Angela Pty Limited	445,000	0.38
JA Investments Limited	420,000	0.36
Jasperson Pty Limited	381,817	0.33
Mr Geoffrey Leaver	350,000	0.30
Buduva Pty Limited	339,214	0.29
AJ Dixon Pty Limited	300,841	0.26
	101,537,989	86.90
Convertible Notes		
J P Morgan Nominees Australia Pty Limited	46,784	8.76
Twenty Second Natro Pty Limited	12,500	2.34
Investment Management Co Pty Ltd	11,750	2.20
Mutual Trust Pty Ltd	5,547	1.04
Radder Investments Pty Ltd	4,030	0.75
Vantage Capital Management Pty Limited	4,000	0.75
Vision Australia Foundation	3,934	0.74
R S Management Pty Limited	3,734	0.70
Mentany Pty Limited	3,500	0.66
Pstar Pty Ltd	2,800	0.52
HSBC Custody Nominees (Australia) Limited	2,700	0.51
Ciano Investments Pty Ltd	2,550	0.48
Erwin Small Pty Ltd	2,500	0.47
Dr Andrew Robert Small	2,500	0.47
Waterloo Medical Centre Pty Ltd	2,500	0.47
Mr Damien Joseph Kenneally & Mrs Candace Lynn Kenneally	2,358	0.44
Zumbro Pty Limited	2,214	0.41
HSBC Custody Nominees (Australia) Limited	2,200	0.41
Mr James Vincent Chester Guest	2,069	0.39
Selbourne Investments Pty Ltd	2,010	0.38
	122,180	22.89

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 Suite 40.04, Level 40 Governor Phillip Tower, 1 Farrer Place, SYDNEY NSW 2000.

For personal use only

This page left blank intentionally.

For personal use only

PRINTED ON ECOSTAR 100% RECYCLED

An environmentally responsible paper made Carbon Neutral and manufactured from 100% Post Consumer Recycled paper in a Process Chlorine Free environment under the ISO 14001 environmental management system.

DESIGN - KETTLE OF FISH DESIGN

CVC Limited

For personal use only

CVC Limited

Suite 40.04, Level 40, Governor Phillip Tower
1 Farrer Place, Sydney NSW 2000
T +61 2 9087 8000 W www.cvc.com.au