



CDL INVESTMENTS
NEW ZEALAND LIMITED

DIRECTORS' REVIEW

Financial Performance

CDL Investments New Zealand Limited ("CDI") is pleased to report that the company recorded a profit after tax of \$31.2 million in 2022 (2021: \$31.3 million). The result reflects both the positive demand and trading environment that was evident for the majority of 2022 but also shows the impact of the rapid changes seen in the last few months of 2022 with the rapid rise in interest rates and inflation and the consequential impact on the property markets. CDI achieved a profit before tax for the year of \$43.3 million (2021: \$43.4 million). Property sales, rental income & other income totalled \$67.3 million (2021: \$92.1 million).

At 31 December 2022, CDI's shareholders' funds increased to \$308.9 million (2021: \$286.4 million) and total assets also increased to \$313.7 million (2021: \$297.6 million). Net tangible assets per share (at book value) also increased to 107.0 cents (2021: 99.6 cents). The independent market value of CDI's property holdings as at 31 December 2022, was \$405.4 million (2021: \$359.7 million) which reflects both the acquisitions made and value added in 2022. At cost, the portfolio was valued at \$239.5 million (2021: \$209.1 million) in line with CDI's accounting policies.

Property Portfolio

CDI acquired a total of 15.8 hectares of land during 2022 in both the Hawkes Bay and Waikato regions. Those acquisitions were adjacent or close to nearby existing land holdings and will allow the company to add additional stages or units to future development plans.

CDI's 2022 result was underpinned by the sale of one of its commercial landholdings in Wiri, South Auckland. Residential sales were strongest at Prestons Park (Christchurch). Our Kewa Road subdivision (North Shore, Auckland) is nearly sold out and the first sales at our recently completed residential development in Swanson, West Auckland settled before the end of 2022. Additional stages are being readied for sale at Swanson and Prestons Park and we expect these to be sold during the course of the year.

Development consents were submitted for CDI's projects in the Hawkes Bay in 2022 and good progress is being made on getting approvals. Work on finalising subdivision infrastructure and house designs is being done now and we expect to commence works during 2023.

Both of CDI's warehouses in Wiri, South Auckland were completed during the year and are now occupied. The majority of the units at the commercial centres located at Prestons Park and Stonebrook have also been let.

Dividend Announcement

The Board has resolved to maintain its fully imputed ordinary dividend at 3.5 cents per share payable on 12 May 2023. The Board believes the amount is consistent with recent years' profits while allowing the company to retain enough cash on hand for additional development work and possible future acquisitions.

The record date will be 28 April 2023. The Dividend Reinvestment Plan will apply to this dividend.

Summary and Outlook

Given the rapid deterioration in the New Zealand property market and business confidence in the last few months of 2022, the Board considers the overall result to be positive and in line with the guidance provided earlier in the year.

2023 will be more challenging and the Board and Management are focused on ensuring that CDI is able to maximise its sales in the areas where there is still strong demand and to minimize our exposure to costs in regions which are slowing down.

CDI will continue to look for acquisition opportunities over the course of next year and will also look at new areas for additional diversification using CDI's existing land portfolio. With the success of its Wiri warehouses and the commercial areas at Prestons Park and Stonebrook now mature, CDI is using its experience to look at how and what it can add to existing and future projects to provide additional amenity value and increased development returns.

CDI will be monitoring the proposed changes to resource management legislation carefully. It is too early to say what impact the changes will mean for the company and its developments. CDI will continue its dialogue with local authorities on plan changes and infrastructure issues and to apply for consents under the current regime.

We thank our shareholders for their continued support during 2022 and also take this opportunity to thank our Management team for another profitable year. The Board was pleased to appoint Jason Adams to the Managing Director role after BK Chiu's retirement and was also pleased to promote Jackson Bull to the position of General Manager, CDL Land New Zealand Limited. We have also been joined by Melissa Crowe who is our Christchurch-based Development Manager. With a strong and experienced team, the Board believes that the company is in good shape to tackle the challenges ahead.

A handwritten signature in black ink, appearing to read 'Colin Sim', with a stylized flourish at the end.

Colin Sim
Chairman
16 February 2023