

DIRECTORS' REVIEW

Financial Performance:

For the six month period ending 30 June 2022 CDL Investments New Zealand Limited ("CDI") can report that it made an unaudited operating profit after tax of \$22.90 million (2021: \$20.75 million). Our operating profit before tax was \$31.81 million (2021: \$28.82 million).

Property sales and other income for the period was \$47.81 million (2021: \$61.27 million). Net Asset Backing (at cost) for the period under review was 104.08 cents per share (2021: 95.95 cents per share).

These results come despite significant downward changes to market conditions seen over the period. The Board is pleased that CDI has been able to withstand some of the negative sentiment to date but we are also conscious that the current trading environment will likely continue for some time and this will impact on our full year results to some extent.

Portfolio update:

The first half of 2022 has seen a lot of activity across our portfolio.

CDI settled sales of residential sections in Auckland and Canterbury from its Kewa Road and Prestons Park subdivisions during the first half of 2022. The settlement of our sale of commercial development land at Jerry Green Street, Wiri (South Auckland) is also recognised in the results.

We also purchased 4.85 hectares of land in north-east Hamilton adjacent to some of our existing land holdings and this new holding gives us further economies of scale.

A particular highlight of the last six months has been the progress with our warehousing 'design and build' projects in Wiri. The first was completed in June and is now occupied by our tenant. The second is rapidly nearing completion and on track to be occupied and operational in the coming weeks. We have been very pleased with both of these projects, neither of which were badly affected by labour or supply chain delays. The majority of our units at our other commercial local centre developments at Stonebrook and Prestons Park are also occupied and operational, and our leasing agents are continuing working on tenanting the remaining units.

We continue to work on the master planning and consent applications for the Iona Block in Havelock North and we expect that the stage 1 consents will be issued shortly. This will ensure that we are able to commence earthworks in Q4 2022 as planned. In addition, the stage 2 resource consent application is on track to be lodged end September 2022.

Commentary and Outlook:

Market conditions for the immediate future will be challenging. Interest rate increases, tighter bank mortgage lending criteria coupled with abnormally high inflation caused by global pressures will doubtless continue to be felt well in to 2023. For this year, we are aiming to match our 2021 results overall and to ensure that we have prepared the groundwork for sales into 2023. That will not be an easy task given the current trading environment but we believe that it is a realistic one given our sales performance to date. We are targeting new sales in Auckland (Christian Road, West Auckland) and in Canterbury (Prestons Park) to deliver those results.

At the same time, those market factors will put additional pressure on highly-leveraged developers and owners who will be looking to offload land or other property holdings. CDI is not under that kind of financial pressure and will be actively positioning itself to use its resources to take advantage of suitable opportunities should they arise.



Colin Sim
Chairman
10 August 2022