

DIRECTORS' REVIEW

Financial Performance

The Board of CDL Investments New Zealand Limited ("CDI") is pleased to report that the company recorded a profit after tax of \$31.3 million in 2021 (2020: \$30.1 million). The result reflects another very positive year of sales despite the ongoing pandemic and reinforces the continued strong demand for high quality subdivisions.

CDI's 2021 profit before tax was \$43.4 million (2020: \$41.8 million). Property sales & other income totaled \$92.1 million (2020: \$88.8 million).

At 31 December 2021, CDI's shareholders' funds increased to \$286.4 million (2020: \$257.1 million) and total assets also increased to \$297.6 million (2020: \$265.0 million). Net tangible assets per share (at book value) also increased to 99.6 cents (2020: 91.7 cents).

As at 31 December 2021, the independent market value of CDI's property holdings was \$359.7 million (2020: \$292.8 million) which reflects the acquisitions made in 2021. At cost, the portfolio was valued at \$290.1 million (2020: \$164.8 million) in line with CDI's accounting policies.

Development Portfolio

2021 was a busy and exciting year across CDI's developments.

In 2021, CDI acquired a total of 69.25 hectares of land in the Hawkes Bay region. Following on from our December 2021 update, the application for stage 1 resource consent will be submitted to Council in March 2022. Obtaining resource consent will allow stage 1 development works to proceed and we are targeting completion of those works by March 2023.

We were pleased to have sold all of our available sections at Dominion Road (Papakura, South Auckland) and are encouraged by the continued demand for sections at our Kewa Road subdivision (North Shore, Auckland) after completion and titling of the final stage. Our residential development in Swanson, West Auckland is nearly complete and ready for sale, and has already attracted much interest from potential buyers. These sections will be sold during the course of 2022.

Also as stated in our December 2021 update, additional stages will be constructed at Prestons Park (Christchurch) to meet increased demand and these will be sold over the course of 2022 and 2023. We look forward to the completion and tenanting of the commercial area in Q1 2022 which will add another income stream for CDI. Prestons Park is and will continue to be a strategically important development for the company and for Christchurch as a whole.

Additional acquisitions are likely in 2022 to ensure that the company has sufficient development stock in areas where we forecast demand to remain high and which can be developed and sold over the short to medium term.

In addition, the company has commenced construction of the first of two warehouses at its commercially-zoned site in Wiri, South Auckland. This is a very positive step for CDI's diversification strategy with completion of the first warehouse/office scheduled in May 2022, and the second warehouse scheduled to be completed in August 2022. Both warehouses are fully leased.

Post balance date, the sale of land at Jerry Green Street, Wiri which we announced in April 2021, settled in January 2022.

CDI did not apply for assistance from the government Wage Subsidy programme during 2021.

Dividend Announcement

The Board has resolved to maintain its fully imputed ordinary dividend at 3.5 cents per share payable on 13 May 2022. The Board believes the amount is fair and reasonable given the profit achieved and ensures that CDI has sufficient cash resources to continue its development work and seek additional acquisitions without taking on debt.

The record date will be 29 April 2022. The Dividend Reinvestment Plan will apply to this dividend.

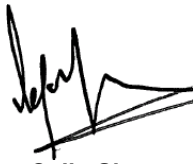
Summary and Outlook

The Board is pleased with the overall performance and results from 2021. These have also laid the groundwork for additional stages for sale in the coming twelve months and beyond.

While 2021 was not as disruptive as 2020, the lockdowns, especially in Auckland caused some delays as consultants and work teams were not able to effectively complete work on sites. Fortunately, time has either been made up or the effects of the delays did not negatively affect development progress to a material extent.

Over the next two to three years, CDI is in a solid position to balance its returns from its commercial land holdings and its future residential property development sites. Management will be looking to extract maximum gains from each and will look at the best possible options including leveraging or sale, if warranted, so as to ensure it is in a position to acquire new land when the right opportunities emerge.

This year will also see the conclusion of our Managing Director BK Chiu's time with the company. On behalf of the Board, I would like to take this opportunity to thank BK for his leadership of CDI over the course of sixteen-plus years. CDI has come a very long way since he assumed his role and both the Board and Management are grateful for his stewardship of the company and the results he has helped to achieve.



Colin Sim
Chairman
18 February 2022