

DIRECTORS' REVIEW

Financial Performance:

CDL Investments New Zealand Limited ("CDI") made an unaudited operating profit after tax of \$20.75 million for the six month period ending 30 June 2021 (2020: \$13.74 million). Operating profit before tax was \$28.82 million (2020: \$19.08 million).

Property sales and other income for the period was \$61.27 million (2020: \$40.96 million). Net Asset Backing (at cost) for the period under review was 95.95 cents per share (2020: 85.9 cents per share).

The results reflect ongoing positive strength in the New Zealand property markets generally. The Board is satisfied with the current sales tempo and believes that the company should look to take advantage of the current positive market conditions and meet current demand.

Portfolio update:

CDI settled sales of residential sections in Auckland, Hamilton and Canterbury from its Kewa Road, Dominion Road, Magellan Heights and Prestons Park subdivisions within the last six months and is targeting further sales in Auckland and Canterbury in the second half of the year. The company also sold industrial zoned land in Auckland and this is recognised in the results.

While CDI did not make any land acquisitions in the first half of 2021, it has been evaluating a number of potential acquisition opportunities in various locations. As advised on 21 July, the company settled a transaction for 69.4 hectares of land located in Havelock North which will secure its short to long term development requirements in that region. The company is also looking at additional opportunities and announcements will be made in due course should any of these potential opportunities proceed to contract.

In April, CDI announced that it has reached agreement with Fernbrook Property (No. 1) Limited for the sale of 3.8320 hectares of land located at Wiri which is zoned Business-Heavy Industry. Settlement is to take place in January 2022 and the sale price and terms remain confidential to the parties.

Construction of CDI's Commercial Centre at Stonebrook is complete and the majority of units are tenanted with negotiations ongoing for the remaining two units. The Centre is operational and has been well received by the local community. Block 1 of the Prestons Park Commercial Centre is due to be completed by the end of July and Block 2 remains on schedule to be completed by the end of the year.

Good progress has been made with the Design Build and Lease development in Wiri (Auckland) which commenced earlier this year with the Warehouse 1 build scheduled for completion by Q1 2022 and Warehouse 2 completion during Q3 2022. Tenants have been secured for both Warehouses.

The change in Alert Levels in Auckland and Wellington during the first half of 2021 did not impact on CDI's activities.

Commentary and Outlook:

With economic activity remaining relatively strong in New Zealand at the present time, we expect that the demand for residential sections across the country will remain high for the time being. That said, the medium to longer term outlooks are becoming somewhat uncertain with predictions of higher interest rates and inflation.

While we remain positive that we should be able to better our 2020 results at this stage, we do not discount a sudden downward shift in economic conditions globally or regionally before the end of the year and the impact that any such change may have on our results.

CDI has always believed that having a geographically diverse portfolio is a key factor to ensuring that it can withstand economic vagaries as it is not reliant on a single project or subdivision. Besides replenishing the area of our development land, another factor is ensuring that we pace our developments appropriately to meet demand. The Board has asked Management to look closely at positioning all of the company's land holdings to ensure that we can continue to respond quickly to the prevailing market conditions affecting each of CDI's subdivisions and to make decisions in an agile way to ensure we optimise value at all times.



Colin Sim
Chairman
2 August 2021