

# DIRECTORS' REVIEW

## Financial Performance

CDL Investments New Zealand Limited ("CDI") is pleased to report that after an extraordinary year, the company recorded a profit after tax of \$30.1 million (2019: \$34.1 million) in 2020, which is a very creditable result under challenging circumstances.

Reflecting the fact that the company was able to trade during lockdown and also reflecting active demand in all regions during the year, CDI's property sales & other income totaled \$88.8 million (2019: \$91.8 million). Profit before tax was \$41.8 million (2019: \$47.4 million).

At 31 December 2020, CDI's shareholders' funds increased to \$257.1 million (2019: \$235.5 million) and total assets also increased to \$265.0 million (2019: \$240.7 million). Net tangible asset per share (at book value) was 91.7 cents (2019: 84.5 cents).

## Property portfolio

Our Dominion Road (Papakura, South Auckland) and Kewa Road (North Shore, Auckland) subdivisions both sold well and further stages commenced development in 2020. Demand was high and we expect that the new additional stages will sell quickly in 2021.

Sales at Prestons Park (Christchurch) were also very positive and we recorded additional sales at Magellan Heights (Hamilton) and Northwood (Hastings).

During 2020, CDI acquired a total of 1.4 hectares of land in the Hawkes Bay region. Additional acquisitions are being considered in 2021 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.

The five unit Commercial Centre located at Stonebrook (Rolleston, Selwyn District) is complete and the first lease agreements were signed in Q4 2020 with the tenants commencing their operations during Q1 2021. Construction of the fifteen unit Commercial Centre at Prestons Park, Christchurch has commenced with Block 1 (five units) scheduled to be completed in July 2021 and Block 2 (ten units) due to be completed in December 2021.

In addition, the company has entered into an agreement for a Design Build and Lease development at one of its commercially-zoned sites in Wiri, Auckland. This is a very positive step for CDI's diversification strategy and construction of the warehouse/ office is scheduled to commence in February 2021.

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

As at 31 December 2020, the independent market value of CDI's property holdings was \$292.8 million (2019: \$315.6 million). At cost, the portfolio was valued at \$164.8 million (2019: \$182.7 million) in line with CDI's accounting policies.

## Dividend Announcement

The Board has resolved to maintain its fully imputed ordinary dividend at 3.5 cents per share payable on 14 May 2021. The amount reflects the profit result achieved in 2020 but will also allow the company to retain earnings to acquire additional land during the course of this year.

The record date will be 30 April 2021. The Dividend Reinvestment Plan will apply to this dividend.

## Summary and Outlook

Shareholders should be pleased that CDI was able to achieve a result in 2020 which mirrored 2019 especially in a year which, to put it mildly, was discombobulating. CDI with its geographically diverse portfolio of residential sections in Auckland, Hamilton and Christchurch benefitted from unusually positive market conditions. While these conditions remain evident, the company is optimistic that 2021 will also see a solid level of sales across New Zealand for residential sections. New stages will be developed and brought to market to meet this demand including sections in Kewa Road and Dominion Road in Auckland, and Prestons Park in Christchurch.

Over the past seven years, we have selectively acquired 154.5 hectares of land for our core business of residential development. These acquisitions will continue as more identified opportunities become available

and announcements made in due course. In the past three years, we have also embarked on strategies to diversify our development programme and revenue stream and we will continue with this where we believe this is suitable and will deliver additional value to shareholders.

The Board is confident that the acquisitions made and those to be made in 2021 will ensure that the Company is able to secure a sufficient pipeline of development land to maintain CDI's future profitable operations.

On behalf of the Board, I thank our staff for their extraordinary work in an extraordinary year.

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

**Colin Sim**  
**Chairman**  
**17 February 2021**