

DIRECTORS' REVIEW

Financial Performance

CDL Investments New Zealand Limited ("CDI") recorded a profit after tax of \$33.6 million for the year ended 31 December 2018, an increase of 4.6% from the previous year (2017: \$32.2 million). This result is the ninth consecutive year of profit growth for the company.

Property sales & other income totaled \$85.0 million (2017: \$78.7 million). Profit before tax also increased to \$46.7 million (2017: \$44.7 million). Shareholders' funds as at 31 December 2018 increased to \$210.6 million (2017: \$186.1 million) and the Company's total assets stood at \$217.6 million (2017: \$191.7 million). The net tangible asset per share (at book value) at balance date was 75.7 cents (2017: 67.1 cents).

Dividend Announcement

Reflecting the result, CDI has resolved to maintain its fully imputed ordinary dividend at 3.5 cents per share payable on 17 May 2019. The record date will be 3 May 2019. The Dividend Reinvestment Plan will apply to this dividend.

Land portfolio

At 31 December 2018, the independent market value of CDI's land holdings was \$337.8 million (2017: \$276.3 million). At cost, the portfolio was valued at \$169.7 million (2017: \$124.7 million) in line with CDI's accounting policies. This reflects both the sales made during the year as well as acquisitions of 86.4 hectares of land in 2018 in Hamilton and Christchurch.

Good progress is being made on the commercial areas which are part of our Prestons Park and Stonebrook subdivisions and we anticipate that these should be ready for occupation in the first half of 2020.

Summary and Outlook

With our recent land acquisitions, the Board is confident that the future of the company and its core business is secure. The Board is also satisfied that the changes to the Overseas Investment Act introduced in 2018 merely adds additional procedural steps and will not materially affect the Company's acquisitions of land already zoned residential. The Board is therefore confident in CDI's business model of developing residential sections in growth areas.

While we are confident that 2019 will be profitable, we are already seeing a slowing property market and this sentiment will impact our sections sales in coming months. 2019 will therefore necessitate some degree of flexibility in our sales approaches in order to maintain our positive sales tempo.

Management and staff

On behalf of the Board, I thank our management and staff for their work in 2018.

I would like to take this opportunity to acknowledge two members of the CDI family who we lost in the course of 2018. Long-standing former Independent Director Rob Challinor passed away after a long illness in October and our highly respected former Executive Director John Lindsay passed away after a short illness in November. The Board sent its condolences to both families and will mark their respective contributions to CDI at an appropriate time in the future.



Colin Sim
Chairman
13 February 2019