

DIRECTORS' REVIEW

Financial Performance:

CDL Investments New Zealand Limited ("CDI") advises that the Company has made an unaudited operating profit after tax of \$15.10 million for the six month period ending 30 June 2019 (2018: \$25.47 million). Operating profit before tax was \$20.98 million (2018: \$35.38 million).

Property sales and other income for the period was \$40.29 million (2018: \$60.23 million). Net Asset Backing (at cost) for the period under review was 77.6 cents per share (2018: 72.8 cents per share).

Portfolio update:

Compared to the same period last year when sales of its Auckland (Greville Road) and Hamilton (Magellan Heights) subdivisions contributed to its strong first half results, it is clear that market conditions for residential sections have softened and this is clearly reflected in these results. Despite these challenging conditions, CDI was able to adjust its sales programme and recorded good sales at its Hastings and Christchurch subdivisions in the first half of the year.

CDI has also taken advantage of the current market to purchase an additional 8.17 hectares of land in the Hawkes Bay region for development in the medium term. Agreements for an additional 25.77 hectares are due to settle before the end of the year subject to fulfilment of conditions.

CDI is also progressing well with its commercial developments at Stonebrook (Rolleston) and Prestons Park (Christchurch) and remains on target for completion and occupancy by Q3 2020.

Commentary and Outlook:

The results reflect the current market conditions and both the Board and Management are conscious that these challenging conditions will continue for the remainder of 2019.

That said, we are optimistic about improving our sales volume in the third and fourth quarters of this year. CDI has a good inventory of sections for sale across our developments and we are therefore optimising our sales programme in the areas where demand is the highest in order to maximise our revenue.

In addition, a soft market can present the company with opportunities to grow our land portfolio. We are therefore actively looking to acquire land in key locations which will add value to our current and future development programmes together with other development opportunities.

Our focus remains on the delivering the best possible result for 2019 to our shareholders. The Board is confident that we will deliver a stronger sales performance in the second half of 2019 and that this will be reflected in the year-end results.



Colin Sim
Chairman
1 August 2019