Prestons Park, Christchurch

CDL INVESTMENTS
NEW ZEALAND LIMITED

ANNUAL REPORT 2023

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The Directors of CDL Investments New Zealand Limited are pleased to present the Annual Report of the Company for the year ended 31 December 2023.

Signed for and on behalf of the Board of Directors:

DESLEIGH JAMESON
BOARD CHAIR

JOHN HENDERSON
INDEPENDENT DIRECTOR

28 March 2024

CDL INVESTMENTS
NEW ZEALAND LIMITED

2023 FINANCIAL SUMMARY

$31.2M
REVENUE & OTHER INCOME

$319.2M
TOTAL ASSETS

$18.7M
PROFIT BEFORE TAX

108 CPS
NET TANGIBLE ASSET

$13.5M
PROFIT AFTER TAX

$313.7M
SHAREHOLDERS' FUNDS

4.64 CPS
EARNINGS PER SHARE

$62.7M*
COMMERCIAL VALUATION

$412.6M
MARKET VALUATION

$ NIL
DEBT

$349.9M*
RESIDENTIAL VALUATION

$52.2M
CASH AT BANK

Highland Drive, Richmond, Tasman

*Values are based on independent external valuations.

CHAIRMAN'S REVIEW

FINANCIAL PERFORMANCE

CDL Investments New Zealand Limited ("CDI") recorded a profit after tax of $13.5 million for 2023 (2022: $31.2 million) which reflects the challenging trading environment seen over the past twelve months. While the Board is disappointed that the level of profit is significantly less than previous years, it is appreciative of the work put in by Management to achieve the results in 2023. The Board believes that CDI has established a platform for future revenue growth, particularly from the company's newer residential developments.

Profit before tax for 2023 was commensurate with the company's performance and was $18.7 million (2022: $43.3 million). Property sales, rental income and other income totalled $31.2 million (2022: $67.3 million). There were no one-off gains from land sales in 2023 as compared to $29 million recognised in the previous year.

At year end, CDI's shareholders' funds increased to $313.7 million (2022: $308.9 million) and total assets also increased to $319.2 million (2022: $313.7 million). Net tangible assets per share (at book value) also increased to 107.9 cents (2022: 107.0 cents).

CDI's property holdings as at 31 December 2023 as independently valued was $412.6 million (2022: $405.4 million). This takes into account new acquisitions made in 2023 as well as the sales recorded. At cost, the portfolio was valued at $260.4 million (2022: $239.5 million) in line with CDI's accounting policies.

PROPERTY PORTFOLIO

In 2023, we purchased and settled a total of 37.5 hectares of land. Our acquisitions were in the Waikato, Nelson/Marlborough and Canterbury regions with the majority being new projects, not adjacent to existing land holdings. Management is working on development schemes and resource consent applications for these new acquisitions to allow development work to commence in the near term.

Post balance date, the purchase of 10.8 hectares of land in Nelson was settled during January 2024.

Residential sales in 2023 were strongest at Prestons Park (Christchurch) with a small number of sales coming from the Auckland subdivisions (Kewa Road and Christian/Tram Valley Road), which are now sold out.

Solid progress has been made at our Iona Block development in Havelock North where we have secured resource consents for Stage 1 and commenced construction. We are confident that works will progress to a stage where off-the-plan sales can start in Q2 2024. The Stage 2 resource consent has been lodged and is currently being processed by Hastings District and Hawke's Bay Regional Councils.

CDI's commercial projects including the warehouses in Wiri, South Auckland and the neighbourhood centres located at Prestons Park and Stonebrook are performing as expected and contributed $2.5 million, representing approximately 8% of total revenue in 2023. The high inflationary environment during 2023 impacted lease conversion rates with a number of tenants unable to secure sufficient finance to proceed.

DIVIDEND ANNOUNCEMENT

The Board resolved to maintain its fully imputed ordinary dividend at 3.5 cents per share payable on 17 May 2024. The Board carefully considered the dividend amount and decided to provide a consistent return to shareholders. This is a sign of the confidence the Board has in the company's future prospects. The level of dividend will allow the company to retain enough cash resources to allow completion of its development work during this year.

The record date will be 3 May 2024. The Dividend Reinvestment Plan will apply to this dividend.

SUMMARY AND OUTLOOK

The dramatic downward market shifts we encountered from the end of 2022 (which carried into 2023) should not continue into 2024. With a new government promising reform of convoluted consent processes and the prospect of some additional fast-tracking, we feel that residential property development as a whole should stabilise during 2024 and start to tick upward through 2025, if not earlier.

Market conditions are presenting some interesting opportunities which the Board has asked Management to assess and consider carefully. We are encouraging Management to broaden their horizons and look at property types and potential acquisitions in the residential and commercial spheres which they may not have considered previously.

For those reasons, the Board and Management currently expect CDI's revenues and profits in 2024 to be better than those in 2023. Further updates will be provided as the year progresses. The Board and Management share an optimistic outlook for 2024, particularly if sales from Havelock North commence before the end of the year. We will be doing everything practicable to keep to our development timelines so our sales targets can be met.

I would like to offer my thanks to our loyal shareholders on behalf of the Board for your invaluable support during 2023.

COLIN SIM
CHAIRMAN

26 February 2024

MANAGING DIRECTOR'S REVIEW

2023 presented a series of challenges which we have managed to navigate successfully and produce another profitable result. While the financial results may appear disappointing compared to previous years, they reflect the impact of the high inflationary environment everyone experienced through 2023 and has reminded us of the ongoing cyclical nature of the New Zealand property market we operate in.

As we move into 2024, market conditions are changing again and we are seeing the early signs of a residential property market recovery with improving price growth, increased buyer enquiry and confidence to move forward with purchases. While domestic inflation and mortgage rates remain high, improvements toward the end of the year should bring further confidence to the New Zealand property markets. Overall we see a gradual recovery throughout this year with momentum building toward the end of the year, flowing over into 2025. Whilst economic headwinds remain, we are prepared for those changes, whether they be positive or negative for our trading, and are ready and able to react quickly.

The ability to move and react to market changes is something which we have done well historically. As a small organisation, we are not burdened with significant overheads or debt which would impact on our decision making and ability to move quickly and adapt to market shifts.

We have used the last twelve months to look carefully at appropriate opportunities for future development and I am pleased to advise that in 2023 we settled 37.5 hectares of land located across the Waikato, Nelson and Port Hills in Christchurch. All of these new acquisitions present unique opportunities for residential section development which we are looking to progress over the next few years. We are excited about all of these opportunities and will be releasing more details when resource consents have been obtained and development works commenced. I am pleased to advise that our Port Hills land was not badly affected by the recent fires in the area.

In 2023, I asked the Board to take a detailed look at our future strategy with the Management team and what our collective visions for the next ten years ought to be. We have looked at a number of concepts and ideas together and shared our respective thoughts and vision on where the company could and should go. Management's views were critiqued and challenged by the Board and the Board's knowledge and experience has allowed Management to explore a wide and diverse range of future pathways. During 2024, the Board and management team are planning to refine our strategic direction and we will share this with shareholders and the market later in the year.

Shareholders can have confidence that both the Board and Management team are ambitious for the future of CDL Investments. We have so much potential to unlock over the next few years, it is an exciting time for the Board and Management team. Our geographically diverse land holdings, such as the Iona Block in Havelock North and our new acquisitions in Nelson and Christchurch, are in areas where there is demand for our product and where we know that we can make good sales over the short to medium term. Equally, we continue to progress master planning for our pipeline residential and commercial developments in Auckland, Hamilton and Hawke's Bay for the medium to long term.

We are also actively looking at future opportunities to develop commercial land. That includes looking at stand-alone opportunities like our Wiri warehouse projects but also how commercial developments can be incorporated in future pipeline projects. Much of this will be dependent on location, zoning and planning rules but thinking outside the box is something that the Board want to see from the Management team. With our new Development Managers now on board, we have expanded our talent pool with the right skills and experience to deliver new and diversified pathways.

It is timely to mention in 2024, CDL Investments, as you know it, will mark its thirtieth birthday. While the company was originally incorporated in 1984, on 24 November 1994 to be precise, the CDL Investments name was adopted and the company as we know it today took shape and started on its remarkable journey. I mention this because from my own personal perspective as someone who has worked with the company for over half of that time, the legacy created over the last three decades is something that I am determined to preserve and build on.

To all CDL Investments shareholders and the Board, I sincerely thank you for your loyalty to our company over the years. We look forward to your continued support as we develop and implement what we strongly believe will be an innovative, positive and profitable future plan for our company.

My team and I want to ensure that the next three decades only enhance and grow the company's reputation as a trusted residential and commercial land developer. We are all excited about the prospects and opportunities for our company and we look forward to your support and enthusiasm as we chart our course to future success.

JASON ADAMS
MANAGING DIRECTOR

RESIDENTIAL
2023 SNAPSHOT

Prestons Park, Christchurch

Lucas Terrace, Nelson

$28.1M
SALES REVENUE

91.2%
TOTAL REVENUE

53
SECTIONS SOLD

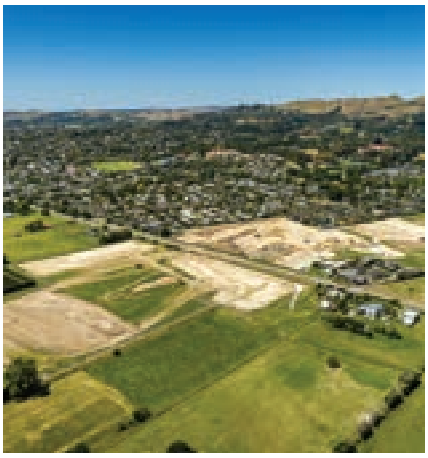
$349.9M*
RESIDENTIAL PORTFOLIO VALUE

11
TOTAL # DEVELOPMENTS

37.5 HA
LAND ACQUIRED

Kewa Heights, Auckland

Tram Valley Road, Auckland



Iona Terraces, Havelock North

COMMERCIAL
2023 SNAPSHOT

COMMERICAL SALES

$ NIL
SALES REVENUE

NIL
% TOTAL REVENUE

NIL
SECTIONS SOLD

COMMERICAL LEASING

$2.49M
LEASE REVENUE

4
OF PROPERTIES

$62.7M*
COMMERCIAL PORTFOLIO VALUE

3.1 HA
COMMERCIAL PORTFOLIO AREA

Stonebrook Retail Centre, Rolleston, Selwyn, Canterbury

Boundaryline, Roscommon Road, Auckland

WAREHOUSES

$1.87M
LEASE REVENUE

2
OF PROPERTIES

16,402 M²
NETT LETTABLE AREA

100%
LEASED

5.92 YEARS
WEIGHTED AVERAGE LEASE EXPIRY

RETAIL

$0.58M
LEASE REVENUE

2
OF PROPERTIES

3,411 M²
NETT LETTABLE AREA

66.6%
LEASED

4.92 YEARS
WEIGHTED AVERAGE LEASE EXPIRY

Primepac, Roscommon Road, Auckland

*Values are based on independent external valuations.

BOARD OF DIRECTORS

COLIN SIM
Chairman
& Non-Executive Director

Mr. Sim is the executive chairman of the East Quarter Group of companies in Australia. The East Quarter Group is involved in the development, investment and management of residential, commercial and industrial projects across New South Wales. Mr. Sim has strong analytical skills and extensive experience in property development/investment and business in Australia. He studied Mechanical Engineering in London and has lived in Sydney, Australia for over 40 years.

Mr. Sim was appointed to the Board in July 2017 and was re-elected to the Board at the 2021 Annual Meeting of Shareholders.

Mr. Sim resigned as Board Chair on 15 March 2024 after CDI reassessed the size and composition of its Board.

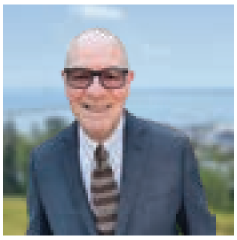
JASON ADAMS
Managing Director
& Member of the Audit Committee

Mr. Adams was appointed as a director of CDI on 1 June 2022 and took up the Managing Director's position on 1 June 2022. He has a background in civil engineering and construction as well as extensive experience with acquisitions, subdivision consenting, planning and development processes.

Mr. Adams has been responsible for the management and development of CDI's residential and commercial land portfolio since 2008 and was appointed as General Manager of CDL Land New Zealand Limited since 2011 and Executive Director since 2019.

Mr. Adams was elected as a director at the 2023 Annual Meeting of Shareholders.

Mr. Adams resigned as Managing Director on 15 March 2024 and will continue as CDI's Chief Executive Officer.



JOHN HENDERSON
Independent Non-Executive Director
& Member of the Audit Committee

Mr. Henderson is currently Managing Director of John Henderson Resources Limited and Ding Bay Limited. From 2015-2020, he was appointed by NZ Department of Conservation to the Waipu Cove Reserve Board and was elected Board Chair. Previously, Mr. Henderson had a 28 year career with the Starwood Hotels and Resorts Group holding various senior corporate management positions across Asia Pacific, Europe, and North America.

Mr. Henderson was last elected as a director at the 2022 Annual Meeting of Shareholders.

EIK SHENG KWEK
Non-Executive Director

Mr. Kwek is currently the Group Chief Operating Officer of City Developments Limited ("CDL") having been CDL's Group Chief Strategy Officer since 2018. Mr. Kwek joined CDL in 2009, covering Business Development for overseas projects before being appointed as Head of Corporate Development. He was appointed as Chief Strategy Officer in 2014 and was additionally appointed Head, Asset Management in April 2016. Prior to joining CDL, he was with the Hong Leong Group of companies in Singapore specialising in corporate finance roles since 2006.

He is also Executive Director of Millennium & Copthorne Hotels Limited, previously listed on the London Stock Exchange as Millennium & Copthorne Hotels plc. He holds a Bachelor of Engineering in Electrical and Electronics Engineering from Imperial College of Science, Technology and Medicine and a Master of Philosophy in Finance from Judge Business School, Cambridge University.

Mr. Kwek was re-elected as a director at the 2023 Annual Meeting of Shareholders.

VINCENT YEO
Non-Executive Director

Mr. Yeo is Chief Executive Officer and Executive Director of M&C REIT Management Limited. From 1993 to 1998, he was Managing Director of CDL Hotels New Zealand Limited (now Millennium & Copthorne Hotels New Zealand Limited) and CDL Investments New Zealand Limited. He previously also served as an Executive Director of Millennium & Copthorne Hotels plc in London and President, Millennium & Copthorne Hotels Asia Pacific Region.

Mr. Yeo was last elected as a director at the 2021 Annual Meeting of Shareholders.

DESLEIGH JAMESON
Independent Non-Executive Director
& Chair of the Audit Committee

Ms. Jameson is currently the Chief Executive and Owner of Gubb & Hardy Limited, a wholesale contributory mortgage company. She has extensive senior managerial experience as the former Chief Executive/Executive Director of e-commerce firms Instra Corporation and CentralNic plc and governance experience as the former Chair of the charity Starjam and board member of the Industry Training Federation for several years. She is a current member of the Institute of Directors and holds an Executive MBA from the University of Auckland.

Ms. Jameson was elected as a director at the 2021 Annual Meeting of Shareholders.

Ms. Jameson was elected as Board Chair on 15 March 2024 following Mr Sim's resignation.

CDL TEAM

JASON ADAMS
Managing Director & Executive Director

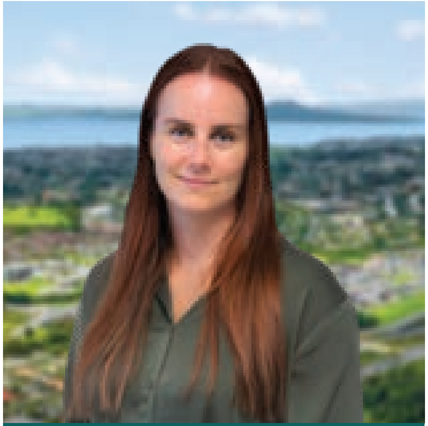
CDL Invesments & CDL Land

JACKSON BULL
General Manager & Senior Development Manager

CDL Land

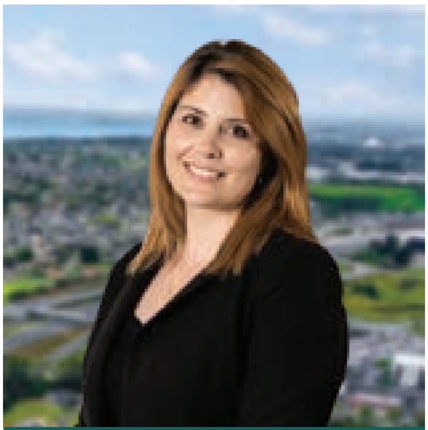
DARREN SOO
Senior Development Manager

CDL Land



MELISSA CROWE
Development Manager

CDL Land



SIMONE CROMHOUT
Administrator

CDL Investments & CDL Land

BOON PUA
Vice President Finance

CDL Investments & CDL Land

NATASHA HOOD
Group Accounting Manager

CDL Investments & CDL Land

TAKESHI ITO
Company Secretary

CDL Investments & CDL Land

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement summarises the approach of CDL Investments New Zealand Limited ("CDI") to applying the principles and recommendations outlined in the NZX Corporate Governance Code dated 1 April 2023 (the "NZX Code"), including where our practice differs from the recommendations under the Code. This Corporate Governance Statement reports on CDI's corporate governance matters in respect of the period ending 31 December 2023, and was approved by the Board on 15 March 2024. Notwithstanding that we have a 31 December 2023 balance date, we have chosen to report against the 1 April 2023 version of the NZX Code, rather than the 17 June 2022 version of the NZX Code.

Towards the end of the 2023 financial year and into the 2024 financial year, we undertook a review of our key corporate governance documentation (including committee charters and key policies and procedures) (the **Corporate Governance Review**). Following the completion of the Corporate Governance Review, in February and March 2024 the Board resolved to approve and adopt updated versions of the relevant documentation.

The Company's constitution, the Board and committee charters, any of the other charters or other governance documents referred to in this statement are available to view on our website at www.cdlinvestments.co.nz.

PRINCIPLE 1
ETHICAL STANDARDS

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

Following completion of the Corporate Governance Review, in February 2024 the Board adopted an updated version of the Code of Ethics that applies to directors and employees of CDI. The Code of Ethics outlines internal reporting procedures for any breach of ethics, and describes CDI's expectations about behaviour. A copy of the Code of Ethics is available on the Company's website.

The updated Code of Ethics has been communicated to all directors and employees of the Company. Historically, CDI has conducted training on compliance with the Code of Ethics with its directors and the Code of Conduct with its employees on induction. Given the small number of its employees, CDI has not previously conducted regular training on ethics related matters. However, going forward, in accordance with the updated Code of Ethics, CDI will regularly conduct training on compliance with the Code of Ethics with its directors and employees.

In addition to the Code of Ethics, CDI has a Code of Conduct which applies to all of CDI's employees. All of CDI's employees are expected to act in the best interests of CDI and to enhance the reputation of the Company. CDI also has a number of operational policies which must be followed by employees and the CDI Code of Conduct forms part of each employee's employment agreement.

During the 2023 financial year CDI did not comply with recommendation 1.1 of the NZX Code in respect of the requirement for the Code of Ethics to apply to all employees. Instead, the Code of Conduct applied to all of CDI's employees. While the Code of Conduct addressed a number of the factors set out in recommendation 1.1 of the NZX Code, it did not address all of the relevant factors. No alternative governance practice was adopted in lieu of the recommendation during the period. As noted above, following the Corporate Governance Review CDI's Code of Ethics now applies to all of CDI's employees.

CDI also believes in fair dealing with its customers and suppliers, shareholders, employees and other stakeholders and external third parties.

All Directors have access to the Company Secretary at any time as well as independent legal, financial or other professional advice at the expense of the company as may be required.

CDI has a Whistleblowing Policy which extends to all management and employees. The Whistleblowing Policy facilitates the disclosure and impartial investigation of any serious wrongdoing. This policy advises employees of their right to disclose serious wrongdoing, and sets out the Company's internal procedures for receiving and dealing with such disclosures. The policy is consistent with, and facilitates, the Protected Disclosures Act 2000 and is supported by the Board.

CDI has a financial product trading policy which applies to all employees and directors. Our financial product trading policy updated in March 2024 as part of the Corporate Governance Review. Our share trading policy is available on the Company's website.

PRINCIPLE 2
BOARD COMPOSITION AND PERFORMANCE

To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives.

BACKGROUND

CDI's Board has responsibility, control and oversight of the business activities, strategic direction and the governance of CDI and its subsidiary companies. It looks at how the company is operating, how risk and compliance are managed, approving financial and other reports and capital expenditure and reporting to CDI's shareholders. The Board approves CDI's budgets and business plans as well as significant projects and has statutory obligations for other matters such as the payments of dividends and the issue of shares. The Board is accountable to CDI's shareholders for the Company's performance.

The Board adopted a written charter in March 2024 as part of the Corporate Governance Review. The Board Charter sets out the roles and responsibilities of the Board. The Board Charter is available [in the governance section] of the Company's website. During the 2023 financial year CDI did not comply with the requirement under recommendation 2.1 of the NZX Code to have a written board charter. CDI did not follow this recommendation because CDI

Primepac, Roscommon Road, Auckland

had previously considered this requirement to have been satisfied by the relevant section of the Corporate Governance Statement itself and the roles and responsibilities of the Board set out in the Constitution. Given this, no alternative governance practice was adopted in lieu of the recommendation during the period.

Certain powers are delegated to Board Committees and Subcommittees. The role of the Committees is detailed under Principle 3.

Day-to-day management is delegated to the Managing Director and senior management. The levels of authority are approved by way of a Delegated Authorities Manual, which is reviewed by the Audit Committee and ultimately approved by the Board.

NOMINATION PROCESS

Appointments to the Board are generally considered by the Board as a whole, and the Board takes into account the skills required to allow it to carry out its functions and governance role. If necessary, a Board subcommittee will be formed to assess nominees.

As part of the appointment process, checks are completed which include the nominee's business experience, qualifications and good character. If appointed, a director will receive a letter formalising their appointment. The letter confirms the key terms and conditions of appointment and is signed by both the Chair and the director.

ASSESS DIRECTOR, BOARD AND COMMITTEE PERFORMANCE

The Board's procedure for regularly assessing director, board and committee performance is set out in the Board Charter, which was adopted in March 2024 as part of the Corporate Governance Review. During the 2023 financial year CDI did not comply with the requirement under recommendation 2.7 of the NZX Code to have a formal procedure for assessing such performance. CDI did not follow this recommendation because the procedure was previously conducted on an informal basis. Given this, no alternative governance practice was adopted in lieu of the recommendation during the period.

BOARD COMPOSITION

CDI's Constitution specifies a minimum number of three directors and a maximum number of nine directors at any one time. Two directors must ordinarily be living in New Zealand. In line with the NZX Main Board Listing Rules, CDI is required to have at least two Independent Directors.

INDEPENDENCE DETERMINATIONS

During the 2023 financial year, the board comprised Colin Sim (Chair), Desleigh Jameson, John Henderson, Eik Sheng Kwek, Vincent Yeo and Jason Adams (Managing Director). As part of the Corporate Governance Review, the Board decided to make certain changes to its size and composition – which resulted in Messrs Sim and Adams resigning from the Board. The Board currently comprises Desleigh Jameson (Chair), John Henderson, Eik Sheng Kwek and Vincent Yeo.

CORPORATE GOVERNANCE
STATEMENT – CONTINUED

CDI has determined that its Chair Desleigh Jameson and John Henderson are Independent Directors for the purposes of the NZX Listing Rules. Messrs Kwek and Yeo are not considered by the Board to be Independent Directors.

This means that CDI does not currently comply with, and did not during the 2023 financial year comply with, recommendation 2.8 of the Code. That recommendation requires a majority of the Board to be Independent Directors for the purposes of the NZX Listing Rules. CDI did not follow this recommendation because its largest shareholder holds more than 50% of the shares in the Company and had believed that it is reasonable for Independent Directors to not comprise a majority of the directors in those circumstances. The Company notes that non-Independent Directors equally do not comprise a majority of the directors (only 50%), the Chair is an Independent Director and the Chair has a casting vote. Given these matters, no alternative governance practice was adopted in lieu of the recommendation during the period. As noted in CDI's announcement of 15 March 2024, CDI intends to appoint an additional Independent Director (aiming to make the appointment ahead of its 2024 annual meeting). If an additional Independent Director is appointed, the Board should then comprise a majority of Independent Directors.

CDI's Chair is an Independent Director and is not the Managing Director.

When assessing independence, the Board holistically considers the interests and relationships of a director that could affect the determination, including having regard to (but not limited to) the factors set out in Table 2.4 of the NZX Code.

The Board considers John Henderson to be an Independent Director for the purposes of the NZX Listing Rules despite him being a director of CDI for more than 12 years. Mr Henderson was first appointed to the CDI Board in 2006. The Board believes that the length of time Mr Henderson has been a director of CDI has not impacted his ability to act objectively or adequately monitor management. Mr Henderson is due to retire by rotation at CDI's 2025 Annual Meeting of Shareholders and has said that he will not be seeking re-election at that meeting.

BOARD MEETINGS

Board meetings are generally held quarterly, with additional meetings convened when required. The table below details directors' attendances during 2023.

DIRECTOR	MEETINGS ATTENDED
Colin Sim (Chair)	4/4
Jason Adams (Managing Director)	4/4
Vincent Yeo	4/4
Eik Sheng Kwek	4/4
John Henderson	4/4
Desleigh Jameson	4/4

SKILLS

In 2022, the Board revised its Skills Matrix to demonstrate the skills, experience and diversity of its Board.

SKILL/ATTRIBUTE	RELEVANT DIRECTOR
Retail, marketing, brand and sales experience	Jameson, Yeo
Governance experience	Henderson, Jameson, Kwek, Sim, Yeo
Large enterprise/multinational business or leadership experience	Henderson, Jameson Kwek, Sim, Yeo
Accounting/finance/tax experience	Jameson, Kwek
Business strategy experience	Henderson, Jameson, Kwek, Sim, Yeo
Property development/ management experience	Adams, Jameson, Kwek, Sim, Yeo

TRAINING

The Board encourages all directors to undertake their own continuous education so that they can perform their duties as directors and provide maximum benefit to the Board and to shareholders. Following adoption of the Board Charter in February 2024 as part of the Corporate Governance Review, CDI will provide specific training to directors as required.

DIVERSITY AND INCLUSION POLICY

In 2018, CDI also adopted a Diversity and Inclusion Policy. The key elements of CDI's Diversity and Inclusion Policy are to maintain a culture of ownership and trust, ensuring that our leaders are good role models for other and demonstrate behaviours and actions that match our values and adhere to them throughout our business.

The Board is satisfied that CDI's current practices are in line with the Diversity and Inclusion Policy. During 2023, work has continued on increasing awareness about diversity within organisation and improving our talent recruitment and selection process.

We are also looking to review and refresh our training around diversity issues in the workplace. Updating our Diversity and Inclusion Policy is a priority for 2024. As measurable metrics for furthering diversity and inclusion are established, performance against these agreed metrics will be referenced in subsequent annual reports.

Based on the above, the Board's assessment is that CDI has complied with its Diversity and Inclusion Policy for 2023.

Highland Drive, Richmond, Tasman

PRINCIPLE 3
BOARD COMMITTEES

The Board should use committees where this will enhance its effectiveness in key areas while still retaining board responsibility.

Committees help the Board in carrying out its responsibilities and CDI currently has one standing committee, being the Audit Committee.

CDI does not currently have a Remuneration Committee because the Board as a whole deals with remuneration matters, including conducting periodic reviews of its fees and the remuneration of the Managing Director and senior management.

CDI does not currently have a Nominations Committee because nominations and appointments are generally considered by the Board as a whole. The process for appointing directors is set out under Principle 2.

The Board also forms other subcommittees as and when required to address specific issues that arise.

AUDIT COMMITTEE

The Audit Committee is comprised with a majority of Independent Directors and has an Independent Director (who is not the Board Chair) as Chair. The current members of the Audit Committee are, John Henderson (Chair), Desleigh Jameson and Eik Sheng Kwek.

The members of the Audit Committee during the 2023 financial year were Desleigh Jameson (Chair), John Henderson and Jason Adams.

The Audit Committee operates under a written charter. The Audit Committee Charter is available on the Company's website.

The table below reports attendance of the Audit Committee members during 2023:

DIRECTOR	MEETINGS ATTENDED
Desleigh Jameson	3/3
John Henderson	3/3
Jason Adams	3/3

As Jason Adams was CDI's Managing Director, CDI did not during the 2023 financial year comply with the requirement under recommendation 3.1 of the NZX Code. That recommendation states that the Audit Committee should comprise solely of non-executive directors. CDI did not follow this recommendation because it believed that it was preferrable to have an executive director on the Audit Committee as this provides a direct insight into Management's perspective rather than a director who is associated with the majority shareholder or the Chair of the Board (being the only options available to CDI given the size and composition of the Board at the time). Given this, no alternative governance practice was adopted in lieu of the recommendation during the period.

Employees attend meetings of the Audit Committee at the invitation of the Committee only.

TAKEOVER PROTOCOLS

In February 2024 as part of the Corporate Governance Review, the Board adopted written protocols that set out the procedure to be followed if there is a takeover offer for the Company (the **Takeover Protocols**). During the 2023 financial year CDI did not have established Takeover Protocols and therefore did not comply with recommendation 3.6 of the NZX Code. CDI did not follow this recommendation because the Board had previously considered receipt of a takeover offer to be an unlikely event given Millennium & Copthorne Hotels New Zealand Limited's long-term majority shareholding in the Company and that if Millennium & Copthorne Hotels New Zealand Limited was to approach the Company in relation to a control transaction it should have sufficient time in which to organise its response. Given this, no alternative governance practice was therefore adopted in lieu of the recommendation during the period.

CORPORATE GOVERNANCE
STATEMENT – CONTINUED

PRINCIPLE 4
REPORTING AND DISCLOSURE

The Board should demand integrity in financial and non-financial reporting and in the timeliness and balance of corporate disclosures.

CONTINUOUS DISCLOSURE POLICY

As an NZX-listed entity, CDI recognises the need to ensure that it is fully compliant with its reporting and disclosure obligations and has in place a Continuous Disclosure Policy (**CDP**) which applies to CDI, its subsidiaries ("Group"), and all their respective directors and employees.

The Board has appointed the Chairman, the Chairman of the Audit Committee, the Managing Director, the Company Secretary and the Vice President Finance to act as CDI's Continuous Disclosure Committee (the **Disclosure Committee**). A quorum of the Disclosure Committee shall consist of no less than three (3) of these persons.

The Disclosure Committee is responsible for:

- Determining what information amounts to material information and must be disclosed
- Determining the timing of disclosure of any information in accordance with the CDP
- Approving the content of any disclosure to NZX (including matters not directly covered by the CDP)
- Ensuring that all employees and directors within the Group whom the Committee considers appropriate receive a copy of the CDP and appropriate training with respect to it
- Developing mechanisms designed to identify potential material information (e.g., agenda item on management meetings)
- Liaising with legal advisers in respect of CDI's compliance with its continuous disclosure obligations

The CDP was updated as part of the Corporate Governance Review and is available on the Company's website

KEY GOVERNANCE DOCUMENTS ON WEBSITE

As mentioned at the start of this Corporate Governance Statement, the Company's key governance documents are available on the Company's website.

PRINCIPLE 5
REMUNERATION

The remuneration of directors and executives should be transparent, fair and reasonable.

DIRECTOR REMUNERATION

The total pool for Directors' Fees is capped at $180,000 and was last approved by shareholders in 1996. The level of fees was last reviewed by the Board as a whole in 2019.

Non-executive directors are each entitled to receive a base fee of NZ$30,000 per annum. The Chair of the Board and the Chair of the Audit Committee each receives a further NZ$5,000 per annum. Executive Directors do not receive Directors' or Committee fees. No retirement benefits are paid to Directors. Reasonable travel and other costs associated with company business are reimbursable or met by CDI.

Details of the actual director remuneration for the 2023 financial year is set out in the Statutory Information section of our 2023 Annual Report.

The Board adopted a director remuneration policy in March 2024 as part of the Corporate Governance Review. The director remuneration policy is available on the Company's website. During the 2023 financial year CDI did not comply with the requirement under recommendation 5.1 of the NZX Code to have a written director remuneration policy. CDI did not follow this recommendation because this had been dealt with on an informal basis given the length of time since the fee pool had been increased. Given this, no alternative governance practice was adopted in lieu of the recommendation during the period.

EMPLOYEE REMUNERATION

Employee remuneration (including that of the Managing Director and senior management) is made up of two primary components being a fixed component and a short term incentive. The fixed component comprises a base salary and other benefits such as Kiwisaver, a contribution to health insurance and, in some cases, use of a company vehicle. The fixed component is determined with reference to market information as well as the responsibilities of the position, experience and overall performance.

Short term incentives are designed to reward high performing employees with appropriate incentives which are measured on key performance indicators which are reviewed and monitored regularly and based solely on company performance. These include meeting budget or revenue targets. The Company reserves the right to suspend or adjust incentives if targets are not met.

CDI does not currently have an employee share plan or a long term incentive scheme.

All employees participate in performance and development reviews, with end-of-year review outcomes informing decisions regarding remuneration adjustments in accordance with company policy.

The Board adopted an executive remuneration policy in March 2024 as part of the Corporate Governance Review. The executive remuneration policy is available on the Company's website. During the 2023 financial year CDI did not comply with the requirement under recommendation 5.2 of the NZX Code to have a written executive remuneration policy. CDI did not follow this recommendation because executive remuneration had been dealt with on a case-by-case basis with the relevant executive. Given this, no alternative governance practice was adopted in lieu of the recommendation during the period.

MANAGING DIRECTOR'S REMUNERATION

MANAGING DIRECTOR'S REMUNERATION	FY2022	FY2023
Base Salary (a)	334,816	400,822
Benefits (b)	13,712	15,622
Short Term Incentives	130,000	-
Total	478,528	416,444

a) The figure is the actual amount paid inclusive of holiday pay. The agreed base salary under the employment agreement is $400,000.

b) Benefits include company vehicle and insurance.

PRINCIPLE 6
RISK MANAGEMENT

Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.

While risks are a part of doing business, it does need to be monitored and addressed. CDI's Board, Audit Committee and Management Team all have a role in identifying areas of risk and understanding their impact on the Company as well as how these areas are to be managed and mitigated in accordance with CDI's risk management framework.

CDI's Management Team is responsible for the day-to-day identification, assessment and management of risks applicable to the Company as well as the implementation of appropriate controls, processes and policies to manage such risks. Management also ensures that there are training programmes in place to identify, manage, mitigate or eliminate hazards and risks in the workplace.

The Audit Committee's role is to review and report to the Board on the adequacy of Management's oversight and implementation of risks with particular regard to financial and operational risks.

The Board is ultimately responsible for the oversight and implementation of the Company's responses to risk management.

Descriptions of the material risks facing CDI's business are set out on pages 30 and 31 of this Annual Report.

CDI has a detailed health and safety risk and reporting framework which comprises policies which detail such matters as hazard identification and mitigation, accident reporting procedures and general safety measures in the workplace. The policies comprising the framework are reviewed regularly and training on the policies and health & safety issues is provided to employees. CDI has a Health & Safety Committee at its head office and it meets regularly. In addition, each of CDI's development sites has a site specific Health & Safety Management Plan, which is prepared by external consultants/contractors prior to the award of the Contract Works. Prior to the commencement of construction at CDI development sites all site attendees must complete a site specific induction workshop, where all hazards and risks are identified, and reporting and emergency processes are outlined. Weekly records of hazard identification, site incidents/accidents are kept onsite and recorded in the weekly meeting minutes by the Site Engineer. Site meeting minutes are provided to the senior management team and the Board is updated as incidents/accidents occur and at quarterly Board Meetings. The information is used to monitor any significant trends and variations, to identify any particular areas where there is higher risk and to allocate training and other resources to those areas where new or higher risks are present. CDI considers that it manages health and safety risks to an acceptable standard and in compliance with its legal obligations.

CDI has a series of internal controls in place covering such areas as financial monitoring and reporting, human resources and risk management. The primary responsibility for monitoring and reporting against internal controls and remedying any deficiencies lies with Management.

CDI also keeps current insurances appropriate to its business including directors and officers liability policies and public liability policies with reputable global insurers.

Stonebrook Retail Centre, Rolleston, Selwyn, Canterbury

CORPORATE GOVERNANCE
STATEMENT – CONTINUED

Prestons Park Retail Centre, Christchurch

PRINCIPLE 7
AUDITORS

The Board should ensure the quality and independence of the external audit process.

External Audit plays a critical role in ensuring the integrity of financial reporting. The role of the external auditor is to plan and carry out an audit of CDI's annual financial reports and review the half-yearly reports. The Audit Committee reviews the performance and independence of the external auditors.

CDI has in place an External Auditor Independence Policy which deals with the provision of services by the CDI's external auditors, auditor rotation and the relationships between the external auditor and the Company. The policy states that:

The Audit Committee shall only recommend to the Board a firm to be external auditor if that firm:

- Would be regarded by a reasonable investor, with full knowledge of all relevant facts and circumstances, as capable of exercising objective and impartial judgment on all issues encompassed within the auditor's engagement
- Audit partners are members of Chartered Accountants Australia New Zealand (CAANZ)
- Has not, within two years prior to the commencement of the audit, had as a member of its audit engagement team CDI's Managing Director, Vice President Finance, Group Accounting Manager, or any member of the Company's Management who acts in a financial oversight role
- Does not allow the direct compensation of its audit partners for selling non-audit services to CDI

The general principles to be applied in assessing non-audit services are as follows:

a) the external auditor should not have any involvement in the production of financial information or preparation of financial statements such that they might be perceived as auditing their own work. This includes the provision of bookkeeping and payroll services as well as valuation services where such valuation forms an input into audited financial information

b) the external auditor should not perform any function of management, or be responsible for making management decisions

c) the external auditor should not be responsible for the design or implementation of financial information systems

d) the separation between internal audit (or equivalent processes) and external audit should be maintained

CDI's Audit Committee shall pre-approve all audit and related services that are to be provided by the auditor. Aside from core external audit services, it is appropriate for the CDI's auditors to provide the following services:

- Due diligence (except valuations) on proposed transactions
- Review of financial information where third party verification is required or deemed necessary (outside the normal audit process)
- Completion audits/reviews
- Financial model preparation or review
- Accounting policy advice
- Listing advice
- Accounting/technical training
- Taxation services of an assurance nature

It is not considered appropriate for CDI's external auditors to provide:

- Book keeping services related to accounting records or financial statements
- Tax planning and strategy services unless specifically approved by the Audit Committee
- Appraisal/valuation services including opinions as to fairness
- Provision of payroll services
- The design or implementation of financial information systems
- Outsourced internal audit and risk management services
- Legal services
- Management functions
- Broker/dealer/investment adviser/investment banking services
- Advocacy for the Company
- Actuarial services
- Assistance in the recruitment of senior management

These prohibitions apply to all offices of the audit firm, including overseas offices and affiliates.

The billing arrangements for services provided by CDI's external auditors should not include any contingent fees.

CDI expects that its external auditors will rigorously comply with their own internal policies on independence and all relevant professional guidance, including independence rules and guidance issued by CAANZ.

The nature of services provided by CDI's auditors and the level of fees incurred should be reported to the Audit Committee Chairman semi-annually (or sooner where requested) to enable the Committee to perform its oversight role and report back to the Board. In 2024, CDI adopted a non-audit services policy and this is available on the Company's website.

The continued appointment of CDI's external auditors is confirmed annually by the Board on recommendation from the Audit Committee.

Rotation of the lead audit partner or firm will be required every five years. Lead audit partners who are rotated will be subject to a 2 year cooling off period (i.e. 2 years must expire between the rotation of an audit partner and that partner's next engagement with the Company).

The hiring by CDI of any former lead audit partner or audit manager must first be approved by the Chairman of the Audit Committee. There are no other restrictions on the hiring of other staff from the audit firm.

KPMG are currently CDI's external auditor and the lead external audit engagement partner was rotated in 2023. The current audit partner is Geoff Lewis.

The Audit Committee monitors local and overseas practice on auditor independence regularly to ensure that this policy remains consistent with best practice and meets CDI's requirements.

CDI's external auditors also attend the Company's Annual Meeting to answer any questions from shareholders as to the audit and the content of the Annual Report.

INTERNAL AUDIT

CDI does not currently have an internal audit function but does maintain a detailed set of processes and procedures covering its operations and financial controls which are reviewed and updated regularly.

PRINCIPLE 8
SHAREHOLDER RIGHTS AND COMMUNICATION

The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.

CDI is committed to providing shareholders and stakeholders with timely information on its activities and performance. CDI does this through a number of channels including:

- Announcements in accordance with continuous disclosure as required under the Listing Rules
- Publication of the company's annual and interim reports which are sent to all shareholders
- Encouraging shareholders to attend the Annual Meeting in May of each year (either in person or online) to hear the Chairman and the Managing Director provide updates on the company's performance, ask questions of the Board and vote on the resolutions to be determined at the meeting. Resolutions at shareholder meetings are usually determined by poll where each ordinary shareholder has one vote per share

Relevant communications, copies of annual reports and key corporate governance documents and policies are now available on CDI's website at www.cdlinvestments.co.nz

Shareholders have the option to receive communications from the issuer electronically.

The Company did not put the notice of meeting for its 2023 Annual Shareholders Meeting on its website at least 20 working days prior to the meeting as required by recommendation 8.5 of the NZX Code, but the notice of meeting was despatched to shareholders, and announced to NZX, at least 20 working days prior to the meeting. Given these matters, no alternative governance practice was adopted in lieu of the recommendation during the period. CDI intends that all future notices of annual or special meetings of CDI shareholders will be posted on its website as soon as possible and at least 20 working days prior to the relevant meeting.

CLIMATE RELATED DISCLOSURES

INTRODUCTION AND COMPLIANCE STATEMENT

This is CDI's first reporting period under the Aotearoa New Zealand Climate Standards.[1] In relation to the Adoption Provisions outlined in the Standards, CDI advises that it has used:

- Adoption Provision 1 which provides an exemption in the first reporting period from the requirements to disclose the current financial impacts of its physical and transition impacts and (if relevant) an explanation as to why quantitative information cannot be disclosed.
- Adoption Provision 2 which provides an exemption in the first reporting period from the requirements to disclose the anticipated financial impacts of climate-related risks and opportunities, a description of the time horizons over which the anticipated financial impacts could reasonably be expected to occur, and (if relevant) an explanation as to why quantitative information cannot be disclosed.
- Adoption Provision 3, which provides an exemption in the first reporting period from the requirements to disclose the transition plan aspects of an entity's strategy, including how its business model and strategy might change to address its climate-related risks and opportunities, and how the transition plan aspects of its strategy are aligned with its internal capital deployment and funding decision making processes.
- Adoption Provision 4, which provides an exemption from the requirement to disclose scope 3 GHG emissions in the first reporting period. The categories of scope 3 emissions excluded from this Statement are: purchased goods and services, capital goods, upstream transportation and distribution, upstream leased assets, downstream transportation and distribution, processing of sold products, use of sold products, end-of-life treatment of sold products, downstream leased assets, franchises, and investments, in its first reporting period under this regime.
- Adoption Provision 5, which provides for comparative information in relation to the immediately preceding two reporting periods. 2023 is CDI's base year and therefore it does not have comparative information for Scope 3 emissions which would allow it to report and disclose for preceding reporting periods.
- Adoption Provision 6, which provides an exemption in the first reporting period from the requirement to disclose comparative information for metrics the immediately preceding two reporting periods. 2023 is CDI's base year and therefore it does not have comparative information for its metrics.
- Adoption Provision 7, which provides an exemption in the first reporting period from the requirement to disclose an analysis of the main trends evident from a comparison of each metric from previous reporting periods to the current reporting period.

With the above Adoption Provisions applied, CDI complies with the Standards.

Reference

1 The Aotearoa New Zealand Climate Standards comprise NZ CS1, NZCS 2 and NZ CS3. For the purposes of this report, these will collectively be referred to as "the Standards".

Tram Valley Road, Auckland

SUMMARY OF CDI'S
VALUE CHAIN AND BUSINESS

CDL Investments has developed residential sections across New Zealand for nearly three decades. Over that time, we have created suburbs and living spaces across Auckland, Hamilton, Tauranga, Taupo, Havelock North, Hastings, Nelson, Canterbury and Queenstown. We are immensely proud of the work that we have done which has helped to create homes for hundreds of families and jobs for our contractor and development partners.

We recently diversified into commercial development with the creation of commercial areas as part of our existing developments and more recently into development and building of commercial warehouses which complement our existing business knowledge and skill sets.

We believe in long-standing relationships across our supply chain and our aim has been to be a reliable and trustworthy developer. We have a strong commitment to creating sustainable communities from responsible development. We take a long-term view for investment and consider multi-generational timelines.

We know that our shareholders and stakeholders want all companies to assess the impact that their business has on the wider environment and how we are going about creating a sustainable value chain throughout our operations.

Boundaryline, Roscommon Road, Auckland

OUR VALUE CHAIN:

Our strengths:

- Geographically diverse land portfolio across New Zealand
- Strong balance sheet with minimal debt
- Highly experienced and qualified development team
- Long-standing relationships with trusted development partners

What we aim to do:

- Provide high quality, developed residential sections or commercial developments
- Create long-term value and benefits for our customers, our communities and for our shareholders
- Be a safe and satisfying place of work
- Maintain a geographically diverse land portfolio
- Maintain a strong and sustainable financial position

CDL INVESTMENTS
NEW ZEALAND LIMITED

What we deliver:

- Over 900 residential sections developed and sold in the last five years
- $50 million worth of dividends to our shareholders over the last five years

CLIMATE RELATED
DISCLOSURES - CONTINUED

TCFD FRAMEWORK
DISCLOSURES

As well as reporting against the Standards, this report is our first public disclosure aligned to the Task Force on Climate-Related Financial Disclosures (TCFD) framework.

Climate impact is expected to affect the property sector and land development in a variety of ways. We know that the development of land requires high levels of energy, fuel and other consumables which impact on the environment. For that reason alone, it is critical to review both our own operations and the operations of our contractors and stakeholders to see how climate-positive improvements can be incorporated in our activities.

While our development locations are not close to immediately seaward-facing areas, the impact of climate change is likely to be felt in some way. Recent weather incidents such as Cyclone Gabrielle affected the East Coast of the North Island near where we have land holdings and while our operations were not affected, we have reflected on how a similar incident might cause impacts on our land holdings and development works.

We know that our purchasers and other stakeholders are wanting to know that our developments do not impact the environment unless absolutely necessary. Similarly, we are aware that we need to show how we are helping reduce carbon consumption and our emissions with the aim of being climate positive.

Highland Drive, Richmond, Tasman

CLIMATE-RELATED
GOVERNANCE

CDI's board's oversight of climate-related risks and opportunities and Management's role in assessing and managing climate-related risks and opportunities is as follows:

- CDI's Board has ultimate responsibility for overseeing the management of risks, which include risks related to climate change.
- The Board of CDI is committed to introducing and integrating sustainability across key aspects of its business and advancing sustainability efforts overall.
- The Board as a whole has oversight of the current sustainability strategy and identifying ESG issues and in time will set sustainability targets and will oversee sustainability reporting. The Board oversees progress against CDI's climate-related goals and will ensure that targets are tracked and progressed.[2] As part of its role in determining strategy, the Board will also consider climate-related risks as part of future strategy.
- CDI's Board does not currently have a director with specialist knowledge of climate issues although several directors are aware of sustainability frameworks. To expand its knowledge, a workshop with Toitu Envirocare was held in 2023 to provide the Audit Committee in particular with a better understanding of climate risks and opportunities. The Board believes that it has a sufficient number of directors who have knowledge and experience of risk management generally and who are able to assess and deal with risk and risk management.
- CDI's Audit Committee assists the Board by considering various business risks. The Audit Committee meets at least twice a year and its proceedings are reported back to the Board which meets quarterly.[3]
- CDI's Managing Director and CDL Land's General Manager has day-to-day oversight of climate-related risks, opportunities and initiatives that drive climate mitigation and adaptation strategies – these include the materiality assessment and scenario analysis. A Supply Chain Risk Management Study will be conducted in the future. Management reviews and advises the Board on strategic climate-related issues and CDI's carbon reduction strategy and initiatives. As this is the first year of measurement and disclosure, no metrics have been set in relation to remuneration which are linked to climate related risks and opportunities.

CDL Land's Development Managers provide CDI's Managing Director and CDL Land's General Manager with support for monitoring and assessing CDI's activities which contribute to or impact on the climate. The team will conduct assessments, prepare risk reports and puts in place actions plans to mitigate or eliminate risks.

References

2 CDI aims to set targets in 2024 now that it completed its base year of GHG emissions. For 2023, no targets were set.

3 Please also refer to the Corporate Governance Statement in this Annual Report (pages 10 to 17) which should be read together with these disclosures CDI has recently completed a comprehensive review of its corporate governance policies and these are published on its website www.cdlinvestments.co.nz

SCENARIO
ANALYSIS

NZ CS 1 requires reporting entities to make disclosures of various climate change scenarios and the impacts of those scenarios on our business. The essence of the scenarios is to address some of the following questions and issues:

- How does climate change affect our sector and our company?
- What are the critical uncertainties on our assets, operation, strategy and business model, and the potential impact on our prospects that our sector and our company need to prepare for?
- Are we prepared for those uncertainties and how are we addressing them as part of our risk management?
- What are the resiliency options, if any? What is our plan to transition toward a low-emissions and climate-resilient future?

No company can predict the future and solve all of the questions that we need to address. The objective is to identify risk and opportunities and uncertainties, aim to mitigate if possible and to develop a future path for our company in a world that is affected by climate change.

As 2023 is our base year, our scenario analysis was done on a basic level internally, is a narrative-driven analysis but not fully detailed. The financial impact of the scenario assessments we have done to date is yet to be quantified. With the information we have gathered as part of the GHG assessment and audit, we expect to do more detailed work in 2024 and to provide more detailed analysis as part of future disclosures. Future analysis will incorporate external advice.

For our 2023 scenario modelling, we have used data from the International Panel on Climate Change (IPCC) 5th and 6th Assessment Reports and the AR6 Synthesis Report: Climate Change 2023[4] which was published by the IPCC in March 2023 to provide some metrics and key assumptions. We have also had regard to the Climate Change scenarios for New Zealand published by the National Institute of Water and Atmospheric Research (NIWA)[5] including their New Zealand findings from the IPCC 5th Assessment Report[6]. We have also referred to the Ministry for the Environment's "Aotearoa New Zealand climate change projections guidance".[7]

KEY UNDERLYING ASSUMPTIONS:

- Global surface temperature has increased faster since 1970 than in any other 50-year period over at least the last 2000 years.
- Widespread and rapid changes in the atmosphere, ocean and biosphere have already occurred. Human-caused climate change is already affecting many weather and climate extremes in every region across the globe. This has led to widespread adverse impacts and related losses and damages to nature and people.
- Global mean sea level increased by 0.20 metres between 1901 and 2018 and the average rate of sea level rise was an average of 3.7mm per year between 2006 and 2018 For New Zealand, this could mean an increase in sea level rise of between 0.2m to 0.32m depending on the extent of global warming.
- Climate change has reduced food security and affected water security, hindering efforts to meet the UN's Sustainable Development Goals. On most scenarios being modelled, New Zealand could see population growth from between 16% to 26% which could be similar to global population growth trends of between 8% to 16%.
- In urban areas, observed climate change has caused adverse impacts on human health, livelihoods and key infrastructure. Urban infrastructure, including transportation, water, sanitation and energy systems have been compromised by extreme and slow-onset events.
- Global warming will continue to increase in the near term (2021–2040) mainly due to increased cumulative CO2 emissions. In the near term, global warming is more likely than not to reach 1.5°C even under a very low GHG emission scenario and likely or very likely to exceed 1.5°C under higher emissions scenarios.
- Risks and projected adverse impacts and related losses and damages from climate change will escalate with every increment of global warming. For New Zealand, the number of extreme heat days could increase to between 15 to 30 additional such days and in certain area of New Zealand there will be changes to rainfall patterns and flooding is likely to increase. Fire weather indices are also projected to increase in many parts of the country.
- For any given future warming level, many climate-related risks are likely to be higher than assessed and projected long-term impacts are also likely to be much greater than currently observed.
- Reaching net zero CO2 or GHG emissions primarily requires deep and rapid reductions in gross emissions of CO2, as well as substantial reductions of non-CO2 GHG emissions.
- Climate change is therefore a threat to human well-being and planetary health. There is a rapidly closing window of opportunity to secure a liveable and sustainable future for all.

For our 2023 modelling, we have defined the Near Term as being 2023 to 2030, Mid Term to be 2031 to 2050 and Long Term to be 2051 onwards. We also define "physical risks" as those which primarily arise due to climate impacts such as weather and warming and "transition risks" as risks which result from the transition to either a lower carbon environment or a higher carbon environment.

References

4 https://www.ipcc.ch/report/sixth-assessment-report-cycle/

5 https://niwa.co.nz/our-science/climate/information-and-resources/clivar/scenarios

6 https://niwa.co.nz/sites/niwa.co.nz/files/NZCCC%20Summary_IPCC%20AR5%20NZ%20Findings_April%20 2014%20WEB.pdf

7 https://environment.govt.nz/assets/publications/Climate-Change-Projections-Guidance-FINAL.pdf

CLIMATE RELATED DISCLOSURES - CONTINUED

1.5°C SCENARIO

A 1.5 degree scenario assumes that a pathway to global sustainability is achievable but assumes global warming continues due to increased GHG emissions. Given the assumptions from the IPCC, in the near term, global warming is more likely than not to reach 1.5°C even under the very low GHG emission scenario. This is therefore the most optimistic scenario but is not guaranteed and the effects of global warming will continue to be felt in any event.

For New Zealand, this will likely mean that there will still be extreme weather events which are likely to require infrastructure responses. As stated above, our assumption is that there will continue to be climate and weather patterns shifts and disruptions.

PHYSICAL RISKS:

- **Availability of land for development/constraints on the areas we can invest in or develop:** Historically, CDI has acquired non-urban land and applied for plan changes and resource consents so that the land can be developed into residential sections. Should climate change and extreme weather events have a widespread impact across various regions of New Zealand it is possible that land in these affected areas could not be acquired or developed into residential sections and this might impact the ability of CDI to maintain its historic acquisition and development strategies. While CDI considers this a very unlikely possibility in this scenario for its existing land holdings given that it undertakes geotechnical and topological investigations prior to purchase, climate change and an extreme weather event could cause changes to land contours and structures which might delay development or construction works to an extent which would increase the costs of finalising the development prior to sale or settlement.
- **Responses to extreme weather events such as flooding:** in this scenario, our assumptions are that there may be a need to respond to several extreme weather events. We will need to be able to have plans to respond to such events which may involve assessing whether development works in progress can start or continue, what impact there may be on the overall completion of a project (of parts thereof), what impact that may have with consent compliance with territorial authorities and also with parties who have purchased sections from us especially for pre-titled sales. We may need to take into account potential disruption with delays or compromised infrastructure which is not supplied by us or disruption to transportation networks. The unpredictability of natural disasters makes quantifying financial impacts difficult even under a 1.5 degree scenario.
- **Revenue loss:** Weather events and natural disasters can potentially lead to revenue loss in several ways. Damage to land or property, especially if land is in the process of being developed, may mean that works will be delayed or deferred resulting in time loss, increased costs and loss of sales or potential legal action in relation to sales contracts. As the potential circumstances will vary according to site and scale. This is not something we have currently modelled in 2023 but will be looking to do so in the future.
- **Building maintenance costs:** While our commercial portfolio makes up a relatively small proportion of our total land holdings and assets, we do have commercial properties which require maintenance. Maintenance costs are likely to increase in several ways. If there are more adverse events, it follows that there will be more post event maintenance and proactive maintenance to combat the effects of the adverse events. Future modelling will consider the impacts on maintenance costs.

TRANSITION RISKS:

- **Insurance premium increases:** While bare land is not insured in the same way as buildings and houses, in this scenario, we would likely face increasing but still accessible insurance premiums generally but with differential premiums or allowances for certain particular properties based on an estimated increasing frequency of weather events. This may be similar to the way that insurers estimate and allow for earthquake risk now. For properties that are affected or deemed likely to be affected by climatic events, there is the risk that they may find insurance more costly than now and in some cases where incidents are frequent and there is a loss history, insurance may be curtailed in some way either due to the deductible/excess imposed or by the policy response terms. Alternative options such as self-insurance may need to be considered for those sites. To date, CDI's commercial portfolio and other buildings are small in number and we continue to have full replacement cover for our portfolio meaning that our insurance premiums are manageable.
- **Increased environmental obligations:** in this scenario, we are assuming that there may likely be pressures to reduce emissions and other impactful activities. Imposition of charges for emissions might occur but how these are structured is not known and uncertain, policy in this area is unclear and assessing the potential financial risk is tricky when there are several unknown issues.
- **Energy costs and infrastructure:** CDI's overall energy costs are not significant and reflect the small size of the company. For that reason, we do not consider such costs to be a material risk but looking at land development as a whole, we would assume in this scenario that there would be a moderate but periodic increases in energy costs to power infrastructure such as air conditioning and other building systems to combat hotter days and colder winter temperatures. Where this could potentially affect CDI is that such demand increases require CDI to take steps to design developments to incorporate mitigation measures to reduce the potential for supply disruptions and possibly failures. There could also be an increasing focus on maximising energy efficiency and looking at alternative sources of power to reduce costs where practicable. Providing for a greater number of electric/hybrid vehicles or less fossil fuel vehicles is also a possibility but the recent change of government policy in this area makes forecasting future trends difficult.

2.0°C
SCENARIO

A 2.0 degree scenario assumes that a pathway to global sustainability is not achievable and the effects of climate change increase over the mid-term to long term and the currently seen effects are exacerbated. The IPCC believes that it is very likely that global warming will exceed 1.5°C and that this therefore assumes a higher emissions scenario which is described as "disorderly".

We assume that that New Zealand will see an increase in extreme weather events and increased vulnerability to assets and infrastructure. As a result, we would expect to see changes in policy and investment to cope or counter such vulnerabilities and an increased focus on population protections.

PHYSICAL RISKS:

- **Availability of land for development/constraints on the areas we can invest in or develop:** More frequent weather events, particularly if they continue to have a widespread impact across various regions of New Zealand could result in certain land not being able to be developed for residential use. While CDI considers this a very unlikely possibility for its existing land holdings given that it undertakes geotechnical and topological investigations prior to purchase, climate change and extreme weather events would likely hasten changes to land contours and structures to varying degrees. The possibility exists that sudden, unexpected changes could render some land or part of land unviable for development as intended and therefore a change of use might have to be considered. Modelling will be done to assess and quantify potential impacts.
- **Responses to extreme weather events such as flooding:** in this scenario, our assumptions are that there will be a need to respond to many more extreme weather events. We will need to be able to have plans to respond to such events which may involve assessing whether works in progress can continue, what impact there may be on the overall completion of a project (of parts thereof), what impact that will have with consent compliance with territorial authorities and also with parties who have purchased sections from us especially for pre-titled sales. We would need to take into account potential disruption with delays or compromised infrastructure which is not supplied by us or disruption to transportation networks which could affect deliveries of materials to site as an example. Prior experience with other natural disaster such as the Canterbury Earthquakes might provide some guidance but given the unpredictability of natural disasters, the exact impacts including financial impacts are difficult to predict and quantify.
- **Revenue loss:** in this scenario, we assume that there will likely be an increased probability of revenue loss above and beyond occasional disruption. Damage to land or property, especially if land is in the process of being developed, may mean that works will be delayed or deferred resulting in time loss, increased costs and loss of sales or potential legal action in relation to sales contracts As the potential circumstances will vary according to site and scale. This is not something we have currently modelled in 2023 but will be looking to do so in the future.
- **Building maintenance costs:** While our commercial portfolio makes up a relatively small proportion of our total land holdings and assets, we do have commercial properties which require maintenance. Maintenance costs are likely to increase in several ways. With more adverse events, it follows that there will be post event maintenance and proactive maintenance to combat the effects of the adverse events. Further infrastructure or design changes might be required to mitigate future effects which could add to capital costs. The extent and impact of such costs is yet to be modelled by CDI.

TRANSITION RISKS:

- **Increased environmental obligations:** in this scenario, we are assuming that there may likely be pressures to structurally decarbonise or likely pay for the emissions which are made above a mandated threshold in order to try and limit or reduce emissions. As policy in this area is changing and debate on such measures such as congestion charging is restarting, there is no clarity on how to assess the potential financial risk when there are several unknown issues.
- **Insurance premium increases:** in this scenario, we would likely face the issue of increasing insurance premiums for certain particular properties based on an increasing frequency of weather events. While bare land cannot be insured like developed property, as we now have a portfolio of commercial property, this still has the potential to affect CDI. If any of the commercial property assets become affected or are deemed to be likely to be affected by climatic events, there is the risk that insurance will become very costly, will only available under strict policy terms or potentially unavailable if insurers decline to take on the insurable risks. In such an event, alternative options such as self-insurance may need to be considered.
- **Energy costs and infrastructure:** In this scenario we do not consider such costs to be a material risk but looking at land development as a whole, we would assume in this scenario that there would be continuing increases in energy costs to power infrastructure as a direct result of climate change. CDI could be required to take steps which might be mandatory to design developments to incorporate mitigation measures. There would also be an increasing focus on maximising energy efficiency and alternative sources of power to reduce costs where practicable even for residential buildings. Providing for a greater number of electric/hybrid vehicles would be likely.
- **Market uncertainty:** As costs rise and are forecast to increase, they will have a corresponding impact on the profitability of our businesses. Under a 2.0 degree scenario, we have assumed that CDI is able to continue to do business, but could be faced with increased costs and would need more time than anticipated to complete development works in order to settle sections for sale. The extent of the costs and impact have not yet been modelled.

CLIMATE RELATED DISCLOSURES - CONTINUED

3.0°C SCENARIO

A 3.0 degree scenario assumes that the wider environment is seriously degraded with continued global warming intensifying the global water cycle resulting in more dramatic climate events (wet and dry), more variable or extreme events such as storms, cyclones or hurricanes, a reduction in the ability of land and ocean carbon sinks to absorb emissions and further global mean sea-level rise and other detrimental effects on the land and ocean environments.

Often described as a "hot house world" scenario, there will very likely be severe physical impacts of climate changes evidenced by significant sea level rise, rainfall intensity and a further increase in the number of extreme heat days. Such events could have cascading effects into areas such as agriculture and horticulture. Social and response services and critical infrastructure would be put under severe pressure. "Climate refugees" to New Zealand could further exacerbate this scenario.

PHYSICAL RISKS

- **Limiting the availability of land for development/constraints on the areas we can invest in or develop:** Should climate change and extreme weather events continue to have a widespread impact across various regions of New Zealand such that these affected areas are unable to be effectively used for a productive purpose, this is likely impact the ability of CDI to maintain its historic acquisition and development strategies. At an extreme, this could limit or curtail the ability of CDI to progress existing developments or to embark on new ones as the financial viability or costs to complete would make such developments unprofitable or uneconomic. CDI would then be forced to look for alternative ways to use the remainder of its land portfolio or in the most extreme circumstances divest completely.
- **Responses to extreme weather events such as flooding and extreme heat days:** The obvious risks under a 3.0 degree scenario are whether existing land holdings could continue to be developed as intended, whether there would need to be a change of plan for any such development, what additional costs or delays would be incurred as a result and how that would affect CDI's trading and financial position. These are extreme circumstances and for 2023, we have not been able to model what this scenario looks like for our businesses. This will be the subject of future work. Under such a scenario, there could be an existential threat to some of our locations if such extreme events cause a level of disruption or damage to render a property unusable or unviable. If that is correct, such a scenario would have a material impact to the business. Because the scenario will vary accordingly to location and the size of the land/development, the potential financial impact will vary accordingly.
- **Building maintenance costs:** in a similar way to the responses to extreme weather events, we would assume under this scenario that increased maintenance would be an automatic assumption for our commercial building portfolio. The question we are looking to address is whether any level of maintenance even at an increased tempo would be sufficient. Future modelling will look at such a scenario.
- **Revenue loss:** The potential level of revenue loss will depend on the extent and location of the land or buildings affected and may also vary depending on seasonal conditions. At an extreme end, the extent of revenue loss caused by one major or a series of extreme events could potentially cause the viability of land or properties to become unviable. Future modelling will consider such possibilities and their impacts.

TRANSITION RISKS

- **Insurance premium increases/insurance availability:** If more frequent weather events continue to be prevalent, a sustained amount of loss incidents could cause insurance to be severely priced or potentially unavailable. While bare land cannot be insured like developed property, as we now have a portfolio of commercial property, this still has the potential to affect CDI. If insurance became too costly, then options such as self-insurance or parametric cover would need to be considered.
- **Increased environmental obligations such as GHG pricing:** in this scenario, we are assuming that there will be mandatory demands to structurally decarbonise or likely pay for the emissions which are made above a mandated threshold in order to try and limit or reduce emissions. With no clear guidance on the financial impact of such measures, forecasting the impacts is very difficult and leads into the uncertainty risk below.
- **Energy costs (fuel and electricity):** We would assume in this scenario that there would be a steep increase in energy costs to power infrastructure such as air conditioning and for transport generally whatever mode is selected. Higher demand would inevitably add pressure on constrained networks leading to increased failures which would result in delays or further increased costs. Conversely, there would be a strong focus on maximising energy efficiency and looking at alternative sources of power to reduce costs where practicable.
- **Further market uncertainty:** Increased structural costs and obligations as detailed above could have a material financial impact on our businesses. How viable land development would be in an extreme climate scenario is difficult to model, much less predict. Calculating the financial impact to CDI of a 3.0 degree scenario is therefore very difficult.

CLIMATE RELATED
OPPORTUNITIES

Where there are risks, there is usually space for opportunities. In the course of measuring our GHGs in 2023, we identified a number of areas which could constitute potential opportunities which we will consider exploring in the future as we look to reduce our impact on the environment. These include:

- **Using more environmentally friendly/more efficient modes of transport:** As part of our GHG emissions measuring, we noted that the largest contribution to our GHGs was transport (road and air). Making more efficient choices would result in a reduction of direct emissions and a reduction of operating and fuel costs. We have already started transitioning to some lower emissions and electric vehicles and we looking at additional options.
- **Increasing overall resiliency:** as issues arise with infrastructure and services where investment is sub-optimal or unlikely, solutions to mitigate risk through self-provision of certain services or infrastructure could be beneficial. One example is installing batteries in developments to supplement existing power supply networks or to create/promote resiliency within a development or suburb. This is an opportunity that we could start to explore as part of future subdivision designs.
- **Providing for lower emission or alternative sources of energy:** this could take the form of providing for a future solar panel installation/ infrastructure as part of a linear park or requirements to ensure that residential developments are designed in such a way to as to provide for space to allow alternative energy solutions to be accommodated. While policy direction is not clear on these issues, this is potentially an opportunity that we can start to explore as part of future subdivision designs.
- **Reducing water use:** with increasing demand for water and higher infrastructure costs forecast, a reduction in water consumption/use would see a reduction in operating costs to the business. This is another opportunity that can be explored now and does not have to wait for a 2.0 degree or 3.0 degree scenario.

RISK
MANAGEMENT

As part of its wider review of its overall strategy, CDI will be reviewing its risk management framework in 2024. When implemented, the new framework will to identify climate related risks for the business and will also assess the impact of those and other risks. Currently, CDI does not look at climate-specific risks in isolation, rather they are considered as part of the overall risk framework.

In 2023, CDI engaged Toitu Envirocare ("Toitu") as its external advisory firm to assist with the identification of risks and measurement of its Greenhouse Gas (GHG) emissions. In 2023, Toitu also conducted an audit to ISO 14064-3: 2019 standards of CDI's GHG emissions. As part of its base year work, CDI is incorporating climate-related risks into the risk framework and in terms of time horizons will also be using the definitions under its scenario modelling.[8]

Within this Annual Report, CDI has published its Outline of Material Risks on pages 30 and 31, we state that climate impact is expected to affect the property sectors in a variety of ways. We understand how important it is to review our operations and developments to see how they will be impacted and whether we can make climate-positive improvements.

For these Climate Related Disclosures, we understand that physical risks are those relating to the physical impacts of climate change, including via temperature, rainfall, storms, extreme weather events, and sea-level rise. Transition risks on the other hand are those related to transitioning to a climate-resilient environment and economy both at the global and regional level. Thus, these would include policy, legal, technology, market and reputation changes associated with the mitigation and adaptation requirements relating to climate change.

We know that our development locations are likely to be affected by climate change in some way and will therefore have both physical and transition risks. As an example, severe weather incidents such as those experienced in 2023 have already shown us how our land holdings and development operations can be impacted by flooding and infrastructure pressures causing delays to our project timelines and also potentially increasing costs. Putting in place contingency plans for short term physical risks has been a priority over the last year.

A more immediate transition risk arises out of compliance with the Standards. Given that this is the first year of reporting, there is uncertainty as to exactly what expectations are from both the wider market and from the regulator. As these become clearer, CDI will look to refine and expand its disclosures accordingly. In addition, there have been additional costs associated with compliance such as the engagement of external consultants, the audit of GHG emissions and additional time and resource expended internally to collate and process the data. These increases are likely to continue for the short term as additional advice is sought and additional reporting undertaken.

In 2023, CDI did not allocate specific funds for climate related risks or opportunities. It has not yet determined the amount or percentage of assets or business activities which are vulnerable to transition risks. This will be the subject of further assessment work to be carried out. As modelling is yet to be completed, CDI has not yet set an internal emission price per metric tonne of CO2e used internally.

While we have not yet seen any changes to regulations as a result of those weather events affecting our development sites, other parts of the country have seen changes as a direct result of weather events and we are conscious that when considering new acquisitions in the future, such changes will be a factor in determining whether a project is feasible or not and what additional costs will need to be expended in the course of completing the development. Those risks are mid term transition risks. In 2024, more work will be done to refine mid-term and long term physical and transition risks as we obtain and refine more information about our environment impact. CDI is not aware of any specific industry-based metrics for residential property development in New Zealand that is it is currently able to utilise.

Reference

8 "Near Term" is being 2023 to 2030, "Mid Term" is between 2031 to 2050 and "Long Term" is 2051 onwards.

CLIMATE RELATED
DISCLOSURES - CONTINUED

STRATEGY

Given that 2023 is our base year and additional work will need to be done to fully map out our climate-related strategy, CDI is not disclosing a transition plan that would meet the requirements of NZ CS 1 and has applied Adoption Provision 3 of the Standards which provides an exemption in the first reporting period from the requirements to disclose the transition plan aspects of an entity's strategy.

In 2023, CDI undertook a review of its strategic direction and as part of that review it will be looking to incorporate climate-positive improvements. In 2024, CDI is aiming to develop its transition plan which is expected to contain short and long term emissions reduction targets. Outside of the transition plan, CDI has adopted the United Nations Sustainable Development Goals (the "UN SDGs") as a point of reference to assist with identifying areas that need to be included as part of its wider sustainability strategy. To date, CDI has identified the following UN SDGs and material topics:

4: Quality education
- Talent attraction, development and retention

5: Gender equality
- Equal opportunity employer
- Promotion of diversity throughout CDI
- Talent attraction, development and retention

6: Clean water and sanitation
- Water management and efficiency

7: Affordable and clean energy
- Climate change
- Energy efficiency
- Renewable energy

8: Decent work and economic growth
- Economic contribution to society
- Workplace safety

11: Sustainable cities and communities
- Responsible investment
- Local community impact

12: Responsible consumption and production
- Responsible supply chain and sourcing
- Water management and efficiency

13: Climate action
- Climate change
- Emissions reduction
- Water management and efficiency
- Renewable energy

14: Life below water
- Water management/and efficiency

15: Life on land
- Responsible supply chain and sourcing

16: Peace, justice and strong institutions
- Business ethics and anti-corruption
- Cyber security and data governance

CDI aims to include as many of the SDGs as practicable and relevant in future materiality assessments.

From our 2023 materiality assessment, we also identified the list of material topics which we believe need to be addressed as part of our future strategy. These are:

- **Emissions reductions**
- **Waste reduction/recycling**
- **Staff engagement**

EMISSIONS REDUCTIONS

In 2023 we have been developing our understanding of our emissions footprint, how we can reduce our emissions and carbon footprint and what this means for our business. At this stage, we have not set a target for carbon reduction as this is our base line year but we are aiming to do so now that we have our emissions data compiled and analysed.

Although CDI's emissions are relatively small and reflect the size of the organization, carbon emissions reductions across our operations are part of our strategy and looking at how we can reduce our emissions as well as looking at the feasibility of lower emission energy in our operations will be a strategic issue for CDI. In 2023, the main source of GHG emissions was through air travel as staff travelled to and from the company's various development projects around New Zealand and one of our initiatives in 2024 will be to see how we can reduce those emissions through more efficient travel patterns.

In 2023, we joined Toitu Envirocare's carbonreduce programme and in February 2024 we successfully completed the requirements to become a Toitu carbon reduce certified organisation.[9] This is an important step on our continued journey to improve our carbon footprint and environmental efficiency in general.

WASTE REDUCTION/RECYCLING

CDI does not itself directly undertake earthworks or other intensive property development or refurbishment works as these works are contracted out by way of tender. As a residential land developer and not a builder of houses or other buildings, it does not procure or use materials such as steel or concrete as these are procured by the builders or purchasers of the sections which CDI develops. That said, in developing the land into residential sections, CDI and its contractors will produce impacts such as greenhouse gas emissions and generate waste from the movement of earth and other materials to and from sites, demolition works and related activities. CDI and its contractors aim to minimise the impact of these activities where practicable.

CDI is not yet in a position to measure waste and GHGs from the activities conducted by its contractors (Scope 3 emissions) and is relying on the exemptions in the Standards for 2023. This is something which is being worked on in conjunction with those contractors and external advice on how to measure these impacts will be sought. The nature of land development makes it difficult to consider lower impact materials and methodologies but CDI will look to engage with its contractors and stakeholders to develop a framework where such alternatives can be considered in the course of future land development.

STAFF ENGAGEMENT

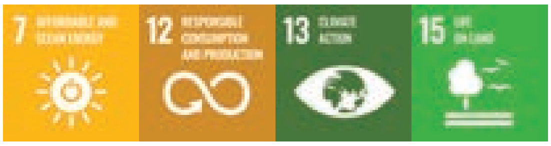
Environmental initiatives have been part of CDI's land development operations for many years and the company looks to design residential subdivisions and commercial projects to alleviate material impacts on the environment where this is possible. Within CDL Land's management and development teams, the relevant issues are well understood especially with regard to urban design and land development.

Being a small company, CDI's team is small and highly engaged in all of the company's development operations. With a history of creating suburbs and legacy subdivisions, promoting positive social impacts through development is a hallmark of the company's philosophy and creating a positive and safe working environment is critical to CDI's success.

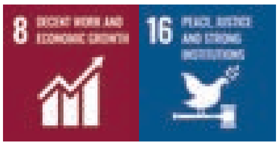
OUR FUTURE
VALUE GOALS

As 2023 is our base line year, we will be looking at conducting more detailed risk assessments from 2024 and performing climate change analysis in the near future to allow us to set firm targets and goals. Our aim is to use these risk assessments and analyses to be able to better integrate climate-related risks into our business strategy and our future financial analysis.

Using the UN SDGs, our current targets and goals are:



- Reducing our overall environmental impact (SDG 7, 12, 13, 15) – especially with regard to water use/energy use; and



- Maintaining a fair, safe and inclusive workplace (SDG 8 and 16).

Other more defined targets will be set in 2024.

Reference

9 Certification was achieved through an audit which aligned to the following criteria: ISO 14064-1:2018, ISO 14064-3:2019, Toitu Programme Technical Requirements 3.1 Audit & Certification Technical requirements 3.0, Certification Mark Guide v 3.0.

Prestons Park Retail Centre, Christchurch

CLIMATE RELATED
DISCLOSURES - CONTINUED

ASSESSING STAKEHOLDER
RELATIONSHIPS AND PARTNERSHIPS

Based on the principle of continuous engagement we have developed a stakeholder engagement framework and identified key areas of concern or assessment which apply to each stakeholder/stakeholder group:

Stakeholder	Method of engagement	Key areas of concern/assessment
Board of directors	• Scheduled meetings of the whole board • Meetings and briefings outside the normal board schedule • Other communications between management and the board • Meetings and discussions with ESG/climate consultants	• Overall economic and financial performance of CDI • Sustainability performance - setting the strategy, goals and assessing and reassessing targets • Risk management
Government/regulators	• Submissions or participation in public consultations	• Environmental legislation and policy
Employees	• Employee training • Employee surveys and reviews	• Career development opportunities • Workplace safety and overall wellbeing • Employee, contractor, consultant health and safety
Our purchasers	• Social media (Facebook, Twitter) • Website	
Our management team and employees	• Management training, meetings and other communication • Performance and operational reviews • Employment and engagement surveys	• Workplace health and safety
Investors and media	• Release of annual and interim results to NZX and investors • Annual Meetings of shareholders; Annual and Interim Reports • Media releases and public comments • Responding to shareholder questions	• Financial and operational performance • Earnings and dividends • Strategy and future outlook • Corporate governance • Regulatory compliance
Suppliers	• Meetings and other engagement as per supply agreements • Assessment of supply targets as set out in the supply agreement	• Supply chain performance • Alignment of sustainability frameworks

OUR METRICS AND TARGETS

In 2023, we achieved Toitu Envirocare carbon reduce certification for the first time for our GHG Inventory and emissions, covering our Scope 1, Scope 2 and selected Scope 3 emissions. The GHG emissions data covered our direct emissions and indirect emissions, including: refrigerants, composting, air travel, purchased energy, transmission and distribution (T&D) losses for purchased energy, fuel emissions (rental and other cars), office waste, water supply and recycling for the reporting period (January 1, 2023 through December 31, 2023).The programme requirements that applied are in accordance with ISO 14064-1:2018. This is a significant step towards measurement and setting future targets which we are looking to confirm in 2024.

CDI is committed to measuring and looking at ways to reduce its carbon footprint. Our assessment of emissions included vehicles, business travel, fuel and electricity usage, paper consumption, and waste generation. The emissions will be evaluated annually, and the inventory will undergo independent audit and verification. Currently, CDI is not looking at carbon offsets or purchasing carbon credits but in the future will investigate options by which it could offset or credit its emissions. In 2024, work will be done to include Scope 3 emissions from sources such as employee commuting and supplier generated emissions.

In measuring GHG emissions for 2023, we set an operational boundary which covered our support office operations. The emissions of third party contractors were not included as CDI does not have ownership and operational control of those operations or assets. Thus, we did not include Scope 3 emissions as this was our base year and therefore we are relying on adoption relief as provided for in the Standards for these areas.

CDI considered a wide range of direct and indirect emissions in 2023 and made a number of exclusions for various categories as these were considered to be *de minimis*, third party emissions or not used by CDI in 2023. As stated in the Introduction, for 2023, CDI has used Adoption Provision 4 which provides for an exemption from the requirement to disclose Scope 3 GHG emissions in the first reporting period.

The de minimis emissions sources included paper use, aluminium can and glass recycling, industrial gases, paints and other coatings, postal and courier services used directly. Sources that were not used included agricultural products, iron and steel (including structural steel), coal/lignite/peat and other refined petroleum products, employment services.

Third party emissions excluded include architectural and engineering services, electrical equipment, postal and courier services (used indirectly), publishing services, repair of computers and other IT equipment, living plants/seeds/crops, tyres/tubes, domestic appliances, emissions from residential and non-residential building construction, civil engineering services, electrical installation work, plumbing services, land and land improvements, storage services, legal and accounting services, IT design/development/infrastructure/technical/consulting/network management services, cleaning services, paper products, printing, computer support and miscellaneous scientific or technical services. Building completion work, housing and other real estate, rail/sea/air freight, telecommunications and internet were also considered but were not applicable to CDI in 2023.

The categories of Scope 3 Emissions excluded are: purchased goods and services, capital goods, upstream transportation and distribution, upstream leased assets, downstream transportation and distribution, processing of sold products, use of sold products, end-of-life treatment of sold products, downstream leased assets, franchises, and investments.

Our 2023 inventory summary of greenhouse gas (GHG) emissions covering the measurement period 01 January 2023 to 31 December 2023 is:

Category (ISO 14062-1:2018)	Scopes (ISO 14064-1:2006)	2023
Category 1: Direct emissions	Scope 1	14.18
Category 2: Indirect emissions from imported energy (location-based method)*	Scope 2	1.41
Category 3: Indirect emissions from transportation	Scope 3	32.62
Category 4: Indirect emissions from products used by organisation	Scope 3	0.98
Category 5: Indirect emissions associated with the use of products from the organisation	Scope 3	0.00
Category 6: Indirect emissions from other sources	Scope 3	0.00
Total direct emissions		**14.18**
Total indirect emissions		**35.00**
Total gross emissions		**49.19**
Category 1 direct removals		0.00
Purchased emission reductions		0.00
Total net emissions		**49.19**

CDI emissions intensity: emissions intensity is operating revenue (gross tCO2e/$millions) = 1.59

At this stage, we have not set a target for overall carbon reduction as this is our base line year but we are aiming to do so now that we have our emissions data compiled and analysed. CDI has not yet determined whether the targets will be on an intensity or absolute basis but will be science-based. Targets which are currently being contemplated include reductions in GHG emissions and use of energy (electricity and gas) and reducing water consumption at various sites such as commercial and office premises.

EMISSIONS FACTORS

The emission factors used are drawn from a variety of sources, primarily: Government published emission factors (such as the NZ Ministry for the Environment); other government publications or data; industry publications or data; international bodies; technical reports; peer-reviewed journals or literature; the IPCC; supplier-specific data (from providers); Global Warming Potentials (GWP) from the IPCC fifth assessment report (AR5) are the preferred GWP conversion. CDI's GHG emissions data has been quantified according to the requirements of ISO 14064-1:2018.

In alignment with ISO 14064-1 we have completed an uncertainty assessment of the activity data, emissions factors, and calculation methodologies. Emissions factors sources and uncertainty can be found in the full ISO 14064-1 aligned GHG inventory. Uncertainty is inherent within GHG accounting, however we have committed to review and reduce our assumptions and uncertainty through using supplier specific methodologies and reported emissions where possible.

CDI measures and manages our Greenhouse Gas (GHG) emissions in accordance with the requirements of International Standard ISO 14064-1 Greenhouse gases – Part 1: Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals ('ISO 14064-1:2018'). CDI has used a calculation methodology in alignment with ISO 14064-1 as: *Emissions = activity data x emissions factor.*

All emissions were calculated using Toitu emanage with emissions factors and Global Warming Potentials provided by the Toitu emanage tool. Global Warming Potentials (GWP) from the IPCC fifth assessment report (AR5) are the primary GWP conversion however some emissions factors are (AR4). If emission factors have been derived from recognised publications approved by the programme, which still use earlier GWPs, the emission factors have not been altered from as published.

Where applicable, unit conversions applied when processing the activity data has been disclosed. There are systems and procedures in place that will ensure applied quantification methodologies will continue in future GHG emissions inventories.

ASSURANCE

CDI's GHG inventory is subject to independent assurance by Toitu Envirocare (Enviromark Solutions Limited 2020) in accordance with ISO 14064-3:2019. Assurance was Reasonable for categories 1 and 2 and Limited for categories 3 and 4. The disclosures required by the Aotearoa Climate Standards were not assessed with the GHG inventory.

The climate related disclosures were authorised for issue for and on behalf of the directors on 28 March 2024.

DESLEIGH JAMESON
BOARD CHAIR

JOHN HENDERSON
INDEPENDENT DIRECTOR

OUTLINE
OF MATERIAL RISKS

MARKETS
AND COMPETITION

Although it is well spread geographically within New Zealand, CDI competes in a narrow sector of the economy namely the property market for residential sections. It is a competitive market with several different participants in each geographic market and a failure to meet the market or remain competitive could affect CDI's operational and financial position as it loses sales and market share to its competitors, thus affecting its revenues and potentially its ability to make necessary investments in its business for the future.

In order to mitigate market risks, we constantly monitor market trends and pricing and develop strategies to respond to changing market conditions. We regularly speak with our land agents to ensure that our service delivery and sections remain attractive and competitive in the marketplace and we make changes where necessary. We mitigate our exposure to the various markets we trade in by adjusting our sales strategies and our marketing to maximize demand and therefore sales from developments where demand is highest. We will also adjust the timing of our developments to meet/anticipate demand.

CLIMATE
CHANGE

Climate impact is expected to affect the property sectors in a variety of ways. It is imperative to review our operations and developments to see how they will be impacted and whether we can make climate-positive improvements. Our locations are likely to be affected by climate change in some way. Severe weather incidents have the potential to affect our operations with impacts to the land and development works themselves as well as access to and from our developments.

CDI has been very conscious about its environmental impact resulting from its property development activities. While it outsources the vast majority of the activity which generates the most emissions to other contractors, with the mandatory climate-related financial disclosures regime now in place it is looking to see what additional measures it can take to improve its operations even further. Having set 2023 as its baseline year for reporting purposes and having appointed Toitu Envirocare to assist with the analysis of emissions and other carbon data, CDI is looking to set targets for carbon reduction using a science-based target in the near future. CDI will also look for opportunities to include more environmentally friendly technologies across its developments.

As part of its reporting processes, CDI is using the Task Force on Climate-related Financial Disclosures (TCFD) recommendations to outline its responses. Future work will include monitoring of CDI's supply chain and increase its ESG communications to shareholders and stakeholders.

For more information, please refer to CDI's Climate-Related Disclosures.

REPUTATIONAL

Over the last thirty years, CDI has worked hard to develop a reputation as a trustworthy and competent developer which delivers results to its customers in a timely and cost effective way. As a small company compared to its competitors, it is very conscious that a loss of reputational risk will harm its business.

We engage in dialogue with our stakeholders and customers in an open and transparent way. We monitor customer feedback by checking traditional and social media platforms, responding to and managing any complaints which may be received whether directly or through our agents.

We aim to avoid any situations that could result in a negative impact on our reputation and brand.

LIQUIDITY
/SOLVENCY

Financial risks could affect CDI arise in many ways, both due to external and internal causes. For example, they could arise from a lower level sales of its sections and due to external events over which CDI has little or no control over. CDI's ability to trade depends on its ability to manage its financial situation optimally to ensure that it has sufficient liquidity and solvency to maintain its business.

CDI manages its financial and solvency risks by continuously monitoring its financial performance and cashflow and ensures that it maintains sufficient financial resources to carry out its operations and any projects that are undertaken.

CDI also takes a conservative approach to its capital management and taxation planning.

WORKFORCE

As a small business which requires highly skilled personnel, CDI faces significant risk if it is unable to employ sufficiently qualified and experienced people to maintain its operations. An inability to retain talented staff would result in a loss of historic/collective knowledge.

While CDI has historically sought to outsource key functions of its business, with the current level of development it has chosen to increase its in-house capabilities and recruited several new development manager to oversee and manage key projects. Finding suitably qualified and experienced people remains challenging and CDI is constantly looking at how it can attract and retain suitably qualified and experienced personnel across its operations.

Remuneration is benchmarked and reviewed to ensure that it is competitive.

HEALTH
AND SAFETY

Ensuring the health and safety of our employees and customers is essential for our business to succeed. The nature of our business means that there are numerous risks across our business which might result in harm to an employee or guest.

We have a comprehensive set of health and safety policies and risk registers in place that identify and categorise risks in the workplace.

We also monitor health and safety incidents and results at each development alongside our contractors. We also have an employee assistance programme through EAP Services Limited to help with employee's mental health and counselling where required.

BUSINESS
DISRUPTION

A local or global event which affects the movement of people (employees) has the potential to be highly disruptive to our business. The impact of such an event, sustained or not, could impact on our operations, revenue and cashflow and our reputation.

CDI has a range of policies across its business which would be used to respond to an emergency situation or natural disaster. Training of staff to respond to incidents is also conducted periodically.

CDI also has insurance cover for its buildings and for loss of (rental) income.

R2 Growth Cell, Puketaha, Hamilton (View from Greenhill Road)

PROJECT
MANAGEMENT

Risks arise in some of the following ways: schedule delay, cost overrun, building defects, contractor's performance, as well as contract disputes, that could impact our operations and sales.

CDI manages this risk by ensuring that there is sufficient oversight and review of all projects. This can take the form of oversight by its Development Managers or engaging external assistance where necessary. Together with external consultants such as planners, engineers and quantity surveyors, CDI imposes an assessment and monitoring process to identify and manage the key risks for each project. Stringent evaluation and tendering procedures apply to all projects to ensure that suitably qualified and experienced consultants and contractors are appointed. Regular site visits are also conducted to closely monitor the progress of projects and manage potential risks of delays, defects and cost overruns.

TECHNOLOGY

Technology is a critical element to ensuring that CDI is able to operate its business effectively. The risks to CDI include compromise of those business-critical systems, cybersecurity incidents, maintaining data it holds securely, ensuring that its systems remain fit for purposes and adapt to business and customer needs

To mitigate these and other risks, CDI (through its majority shareholder MCK) invests in its hardware and software platforms across its network. CDI uses the resources of MCK's dedicated Information Technology team which also supports CDI's networks and operations and deals with cybersecurity threats.

Disaster recovery planning and penetration testing is done to ensure the security and resilience of our network and systems. External experts and partners are engaged as required to improve our system resiliency.

LEGAL, REGULATORY
AND COMPLIANCE

CDI is subject to political and policy risks, such as new or amended public policies, statutory and regulatory requirements. CDI is exposed to legal and reputational damage resulting from breach of law or civil actions.

CDI manages these risks by monitoring changes to laws and regulations and engaging with Government or regulatory bodies on such changes. It frequently lodges submissions on new legislation and regulations and will meet with government and local authority officials as part of the consultation process.

CDI manages legal risk by monitoring and reporting significant litigation and disputes to the Board and seeking advice from our external lawyers. Insurers will be involved where necessary.

CDL INVESTMENTS
NEW ZEALAND LIMITED

FINANCIAL STATEMENTS CONTENTS

REGULATORY DISCLOSURES AND STATUTORY INFORMATION CONTENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

		GROUP	
IN THOUSANDS OF DOLLARS	**NOTE**	**2023**	**2022**
Property sales		28,063	65,858
Rental income		2,716	1,240
REVENUE		**30,779**	**67,098**
Cost of sales		(10,926)	(20,527)
GROSS PROFIT		**19,853**	**46,571**
Other income		397	248
Administrative expenses	3, 4	(1,433)	(882)
Property expenses		(527)	(589)
Selling expenses		(720)	(1,476)
Other expenses	3, 4	(2,373)	(2,211)
RESULTS FROM OPERATING ACTIVITIES		**15,197**	**41,661**
Finance income	5	3,514	1,664
Finance costs	5	(12)	(7)
NET FINANCE INCOME		**3,502**	**1,657**
PROFIT BEFORE INCOME TAX		**18,699**	**43,318**
Income tax expense	6	(5,236)	(12,129)
PROFIT FOR THE PERIOD		**13,463**	**31,189**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**13,463**	**31,189**
Profit attributable to:			
Equity holders of the parent		13,463	31,189
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**13,463**	**31,189**
Basic and diluted earnings per share (cents per share)	13	4.64	10.82

The accompanying notes form part of, and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

		GROUP		
IN THOUSANDS OF DOLLARS	NOTE	SHARE CAPITAL	RETAINED EARNINGS	TOTAL EQUITY
Balance at 1 January 2022		64,454	221,926	286,380
Total comprehensive income for the period				
Profit for the period		-	31,189	31,189
Total comprehensive income for the period		**-**	**31,189**	**31,189**
Transactions with owners of the Company				
Shares issued under dividend reinvestment plan	13	1,375	-	1,375
Dividend to shareholders	13	-	(10,063)	(10,063)
Supplementary dividend	13	-	(204)	(204)
Foreign investment tax credits	13	-	204	204
BALANCE AT 31 DECEMBER 2022		**65,829**	**243,052**	**308,881**
Balance at 1 January 2023		65,829	243,052	308,881
Total comprehensive income for the period				
Profit for the period		-	13,463	13,463
Total comprehensive income for the period		**-**	**13,463**	**13,463**
Transactions with owners of the Company				
Shares issued under dividend reinvestment plan	13	1,489	-	1,489
Dividend to shareholders	13	-	(10,108)	(10,108)
Supplementary dividend	13	-	(211)	(211)
Foreign investment tax credits	13	-	211	211
BALANCE AT 31 DECEMBER 2023		**67,318**	**246,407**	**313,725**

The accompanying notes form part of, and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		GROUP	
IN THOUSANDS OF DOLLARS	NOTE	2023	2022
SHAREHOLDERS' EQUITY			
Issued capital	13	67,318	65,829
Retained earnings		246,407	243,052
TOTAL EQUITY		**313,725**	**308,881**
Represented by:			
NON CURRENT ASSETS			
Property, plant and equipment		114	98
Development property	8	203,034	186,728
Investment property	9	35,834	36,381
Investment in associate		2	2
TOTAL NON CURRENT ASSETS		**238,984**	**223,209**
CURRENT ASSETS			
Cash and cash equivalents	12	2,159	31,667
Short term deposits	14	50,000	40,075
Trade and other receivables	11	6,578	2,327
Development property	8	21,507	16,420
TOTAL CURRENT ASSETS		**80,244**	**90,489**
TOTAL ASSETS		**319,228**	**313,698**
NON CURRENT LIABILITIES			
Deferred tax liabilities	10	284	153
Lease liability		57	58
TOTAL NON CURRENT LIABILITIES		**341**	**211**
CURRENT LIABILITIES			
Trade and other payables		3,820	1,340
Employee entitlements		138	118
Income tax payable		1,165	3,122
Lease liability		39	26
TOTAL CURRENT LIABILITIES		**5,162**	**4,606**
TOTAL LIABILITIES		**5,503**	**4,817**
NET ASSETS		**313,725**	**308,881**

For and on behalf of the Board

D JAMESON
DIRECTOR
26 February 2024

J ADAMS
MANAGING DIRECTOR
26 February 2024

The accompanying notes form part of, and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

		GROUP	
IN THOUSANDS OF DOLLARS	**NOTE**	**2023**	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		29,469	70,853
Interest received		3,509	1,309
Cash was applied to:			
Payment to suppliers		(14,088)	(22,956)
Payment to employees		(1,280)	(880)
Deposits paid on unconditional contracts for development land	19	(662)	-
Purchase of development land		(20,407)	(24,607)
Income tax paid		(6,850)	(12,495)
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		**(10,309)**	**11,224**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Short term deposits		40,075	30,000
Cash was applied to:			
Development of investment property		(386)	(13,587)
Purchase of plant and equipment		(14)	(4)
Short term deposits		(50,000)	(40,075)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(10,325)**	**(23,666)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was applied to:			
Dividend paid		(8,619)	(8,668)
Principal repayment of lease liability		(44)	(24)
Supplementary dividend paid		(211)	(204)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		**(8,874)**	**(8,916)**
Net decrease in cash and cash equivalents		(29,508)	(21,358)
Add opening cash and cash equivalents		31,667	53,025
CLOSING CASH AND CASH EQUIVALENTS	12	**2,159**	**31,667**

The accompanying notes form part of, and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS - CONTINUED

For the year ended 31 December 2023

		GROUP	
IN THOUSANDS OF DOLLARS	**NOTE**	**2023**	**2022**
RECONCILIATION OF PROFIT FOR THE PERIOD TO CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit after Taxation		13,463	31,189
Adjusted for non cash items:			
Depreciation of investment property		933	538
Depreciation of plant & equipment		7	2
Depreciation of right-of-use assets		34	19
Income tax expense	6	5,236	12,129
Adjustments for movements in working capital:			
(Increase)/Decrease in receivables		(4,251)	3,152
Increase in development property		(21,393)	(17,407)
Increase/(Decrease) in payables		2,512	(5,903)
CASH GENERATED FROM OPERATING ACTIVITIES		**(3,459)**	**23,719**
Income tax paid		(6,850)	(12,495)
CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		**(10,309)**	**11,224**

The accompanying notes form part of, and should be read in conjunction with these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

MATERIAL SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

CDL Investments New Zealand Limited (the "Company") is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange. The Company is a FMC Reporting Entity in terms of the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

The financial statements of the Company for the year ended 31 December 2023 comprises the Company and its subsidiary (together referred to as the "Group"). The registered office is located at Level 7, 23 Customs Street East, Auckland, New Zealand.

The principal activities of the Group are the development and sale of residential land properties and rental income from the ownership of development properties and investment properties comprising commercial warehousing and retail shops.

(A) STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for Tier 1 profit-oriented entities. The financial statements also comply with International Financial Reporting Standards ("IFRS").

The financial statements were authorised for issuance on 26 February 2024.

(B) BASIS OF PREPARATION

The financial statements are presented in New Zealand Dollars ($), which is the Company's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand, unless otherwise indicated.

The financial statements have been prepared on the historical cost basis and on a going concern basis.

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of company policies and reported amounts of assets and liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 2 – Accounting Estimates and Judgements.

(C) BASIS OF CONSOLIDATION

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing these consolidated financial statements.

(D) PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are stated at cost less accumulated depreciation. The cost of purchased property, plant and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs, which have been incurred in bringing the assets to the location and condition necessary for their intended service. Depreciation on assets is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives, as follows:

• Buildings	50 years
• Building surfaces and finishes	30 years
• Building services	20 – 30 years
• Plant and equipment	3 – 10 years

No residual values are ascribed to building surfaces and finishes. Residual values of 10% are ascribed to building core.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2023

MATERIAL SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(E) TRADE AND OTHER PAYABLES

Trade and other payables are stated at amortised cost.

(F) REVENUE

Revenue represents amounts derived from land and property sales, and is recognised when the customer obtains control of the property and is able to direct and obtain the benefits from the property. The customer gains control of the property when the Company receives full and final consideration for the property and the Company transfers over the Certificate of Title.

Rental income from investment properties under operating leases is recognised on a straight-line basis over the term of the lease to the extent that future rental increases are known with certainty. Lease incentives granted are recognised as an integral part of the total rental income.

The Group grants settlement terms of up to 12 months on certain sections as part of the agreement for sale and purchase for unconditional sales. In some instances, the acquirers are permitted access to the residential sections for building activities prior to settlement. However, the acquirer does not obtain substantially all of the remaining benefits of the asset until final settlement of the land and the title has passed.

(G) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. The Group has not early adopted the amended standards in preparing the consolidated financial statements. The Group will be adopting the amended standards from 1 January 2024.

The following amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

1. Amendments to NZ IAS1 Non-current Liabilities with Covenants.
2. Amendments to NZ IFRS 16 Lease Liability in a Sale and Leaseback.
3. Amendments to NZ IAS 7 Supplier Finance Arrangements.
4. Amendments to NZ IFRS 7 Supplier Finance Arrangements.
5. Amendments to FRS-44 New Zealand Additional Disclosures of Fees for Audit Firms' Services.

(H) NEW CURRENTLY EFFECTIVE STANDARDS

The Group adopted all new and amended standards that became effective during the reporting period. However, they did not have any impact on the financial position, performance and cash flows of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2023

1. SEGMENT REPORTING

OPERATING SEGMENTS

The operating segments of the Group consists of property operations, comprising the development and sale of residential land sections and rental income from investment properties.

The Group has determined that its chief operating decision maker is the Board of Directors on the basis that it is this group which determines the allocation of resources to segments and assesses their performance.

An operating segment is a distinguishable component of the Group:

- That is engaged in business activities from which it earns revenues and incurs expenses,
- Whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions on resource allocation to the segment and assess its performance, and
- For which discrete financial information is available.

	RESIDENTIAL LAND DEVELOPMENT		INVESTMENT PROPERTY		GROUP	
IN THOUSANDS OF DOLLARS	**2023**	**2022 RESTATED**	**2023**	**2022 RESTATED**	**2023**	**2022 RESTATED**
External revenue	28,285	66,106	2,494	1,240	30,779	67,346
Earnings before interest, depreciation & amortisation	13,698	41,446	2,473	775	16,171	42,221
Finance income	3,514	1,664	-	-	3,514	1,664
Finance costs	(12)	(7)	-	-	(12)	(7)
Depreciation and amortisation	(7)	(3)	(933)	(538)	(940)	(541)
Depreciation of Right-of-use assets	(34)	(19)	-	-	(34)	(19)
Profit before income tax	17,159	43,081	1,540	237	18,699	43,318
Income tax expense	(4,805)	(12,063)	(431)	(66)	(5,236)	(12,129)
PROFIT AFTER INCOME TAX	**12,354**	**31,018**	**1,109**	**171**	**13,463**	**31,189**
Cash & cash equivalents and short term bank deposits	52,159	71,742	-	-	52,159	71,742
Investment in associates	2	2	-	-	2	2
Other segment assets	229,456	205,573	35,834	36,381	265,290	241,954
TOTAL ASSETS	**281,617**	**277,317**	**35,834**	**36,381**	**317,451**	**313,698**
Segment liabilities	(2,277)	(1,542)	-	-	(2,277)	(1,542)
Tax liabilities	(1,449)	(3,275)	-	-	(1,449)	(3,275)
TOTAL LIABILITIES	**(3,726)**	**(4,817)**	**-**	**-**	**(3,726)**	**(4,817)**
Plant and equipment expenditure	57	76	-	-	57	76
Investment property expenditure	-	-	386	13,587	386	13,587
Residential land development expenditure	10,135	13,327	-	-	10,135	13,327
Purchase of land for residential land development	20,407	24,607	-	-	20,407	24,607

The Group has changed the composition of its reportable segments, therefore the comparatives have been restated.

GEOGRAPHICAL SEGMENTS

Segment revenue is based on the geographical location of the segment assets. All segment revenues are derived in New Zealand.

Segment assets are based on the geographical location of the development property. All segment assets are located in New Zealand.

The Group has no major customer representing greater than 10% of the Group's total revenues (2022: One off transaction for the sale of an industrial property of $29.0 million).

For the year ended 31 December 2023

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

- Determining the net realisable value of development property to identify any impairment.
- The impairment test for investment properties (refer to note 9 for key assumptions and estimates used).

Management discussed with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group is exposed to a risk of impairment to development properties should the carrying value exceed the net realisable value due to market fluctuations in the value of development properties. However, there is no indication of impairment as the net realisable value determined by an independent registered valuer significantly exceeds the carrying value of development properties (see Note 8).

The valuer adopts the Sales Comparison Approach to determine rates per hectare/per square metre for block land holdings in addition to recent section sales to derive the gross realisation values. The net realisable values are determined from gross realisation values after deducting appropriate selling costs.

For residential land under development or is due to commence development in the short term, the valuer adopts the Residual Subdivision Approach. This approach considers the gross realisation values of the sections less costs associated with development including GST, sales commissions, legal fees, civil and development costs including Council contributions, professional fees, and contingency allowances. In addition, holding costs are deducted for the estimated timing of development and sell down periods.

In both valuation approaches, the valuer makes assumptions relating to section prices, sell down periods, consumer confidence, unemployment rates, interest rates, and external economic factors. These assumptions are sensitive to economic factors such as net migration, Official Cash Rate set by the Reserve Bank, inflation, residential market activity, and business confidence.

The Group is also exposed to a risk of impairment to investment properties should the carrying value exceed the recoverable amount due to market fluctuations in the value of investment properties. However, there is no indication of impairment as the recoverable amount determined by an independent registered valuer significantly exceeds the carrying value of investment properties (see Note 9). In determining the recoverable amount, the valuer adopts the Income Capitalisation Approach whereby the assessed market rent for each asset is capitalised in perpetuity from the valuation date at an appropriate capitalisation rate. The adopted capitalisation rate reflects the nature, location, and tenancy profile of the property together with current market investment criteria as evidenced by recent sales. The recoverable amount is sensitive to movements in the adopted capitalisation rate and the market rent.

CLIMATE-RELATED DISCLOSURE

The Group is currently in the process of identifying and reporting on the impacts of climate change that are affecting the business. Climate change poses significant risks and challenges for the construction and property industry, as it affects the physical, operational, and financial aspects of development properties and investment properties. Extreme weather events, such as floods, storms, heatwaves, and droughts, can damage the infrastructure, disrupt the supply chain, reduce the revenue, and increase the insurance and maintenance costs. While property investors, managers, and owners are increasingly cognisant of the climate-related impacts on their properties, the investment community have yet to price in the climate-related impacts on the asset values. This means that the current market values of development properties and investment properties may not reflect the potential losses or gains associated with their exposure to climate risks or their adoption of sustainability measures, decarbonisation initiatives, and sound environmental stewardship.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2023

3. ADMINISTRATIVE AND OTHER EXPENSES

The following items of expenditure are included in administrative and other expenses:

		GROUP	
IN THOUSANDS OF DOLLARS	NOTE	2023	2022
Auditors' remuneration			
• Audit fees		91	88
• Tax compliance and tax advisory fees		4	4
• Strategy advisory fees		74	-
Depreciation		974	560
Directors' fees	17	130	130
Rental payments		90	66

4. PERSONNEL EXPENSES

	GROUP	
IN THOUSANDS OF DOLLARS	2023	2022
Wages and salaries	1,129	751
Employee related expenses and benefits	145	121
Increase in liability for long-service leave	6	8
	1,280	**880**

The Group's net obligation in respect of long-term service benefits, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using their expected remunerations and an assessment of likelihood the liability will arise.

5. NET FINANCE INCOME

	GROUP	
IN THOUSANDS OF DOLLARS	2023	2022
Finance income	3,514	1,664
Finance costs	(12)	(7)
NET FINANCE INCOME	**3,502**	**1,657**

Finance income comprises interest receivable on funds invested that are recognised in profit or loss. Interest income is recognised in profit or loss as it accrues, using the effective interest method.

Finance costs comprises interest costs on lease liabilities that are recognised in the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2023

6. INCOME TAX EXPENSE

Recognised in the statement of comprehensive income

	GROUP	
IN THOUSANDS OF DOLLARS	**2023**	**2022**
Current tax expense		
Current year	5,105	12,050
	5,105	**12,050**
Deferred tax expense		
Origination and reversal of temporary differences	131	79
	131	**79**
TOTAL INCOME TAX EXPENSE IN THE STATEMENT OF COMPREHENSIVE INCOME	**5,236**	**12,129**

Reconciliation of effective tax rate

	GROUP	
IN THOUSANDS OF DOLLARS	**2023**	**2022**
Profit before income tax	18,699	43,318
Income tax using the company tax rate of 28% (2021: 28%)	5,236	12,129
	5,236	**12,129**
EFFECTIVE TAX RATE	**28%**	**28%**

Income tax for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The temporary differences relating to investments in subsidiaries are not provided for to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

7. IMPUTATION CREDITS

	GROUP	
IN THOUSANDS OF DOLLARS	**2023**	**2022**
IMPUTATION CREDITS AVAILABLE FOR USE IN SUBSEQUENT REPORTING PERIODS	**96,243**	**93,113**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2023

8. DEVELOPMENT PROPERTY

	GROUP	
IN THOUSANDS OF DOLLARS	**2023**	**2022**
Expected to settle greater than one year	203,034	186,728
Expected to settle within one year	21,507	16,420
DEVELOPMENT PROPERTY	**224,541**	**203,148**

Development property is carried at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, and holding costs such as interest. Interest and other holding costs incurred after completion of development are expensed as incurred. All holding costs are written off through profit or loss in the year incurred with the exception of interest holding costs which are capitalised during the period when active development is taking place. No interest (2022: nil) has been capitalised during the year.

The Group's inventory of development property is reviewed at each balance date to ensure its carrying amount is recorded at the lower of its cost and net realisable value. The net realisable value of the development property is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale. The determination of net realisable value of inventory involves estimates taking into consideration prevailing market conditions, current prices and expected date of commencement and completion of the project, the estimated future selling price, cost to complete projects and selling costs. An impairment loss is recognised in the income statement to the extent that the carrying value of development property exceeds its estimated net realisable value.

The fair value of development property held at 31 December 2023 was determined by an independent registered valuer, DM Koomen SPINZ of Extensor Advisory Limited. The fair value is determined to estimate the net realisable value. The net realisable value as determined by the independent registered valuer, exceeds the carrying value of development property.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the year ended 31 December 2023

9. INVESTMENT PROPERTY

	GROUP			
IN THOUSANDS OF DOLLARS	FREEHOLD LAND	BUILDINGS	WORK IN PROGRESS	TOTAL
Cost				
Balance at 1 January 2022	659	3,053	19,691	23,403
Additions	-	-	13,587	13,587
Transfers between categories	-	33,278	(33,278)	-
Balance at 31 December 2022	659	36,331	-	36,990
Balance at 1 January 2023	659	36,331	-	36,990
Additions	-	-	386	386
Transfers between categories	-	386	(386)	-
Balance at 31 December 2023	659	36,717	-	37,376
Depreciation and impairment losses				
Balance at 1 January 2022	-	(71)	-	(71)
Depreciation charge for the year	-	(538)	-	(538)
Balance at 31 December 2022	-	(609)	-	(609)
Balance at 1 January 2023	-	(609)	-	(609)
Depreciation charge for the year	-	(933)	-	(933)
Balance at 31 December 2023	-	(1,542)	-	(1,542)
Carrying amounts				
Balance at 1 January 2022	659	2,982	19,691	23,332
BALANCE AT 31 DECEMBER 2022	**659**	**35,722**	**-**	**36,381**
Balance at 1 January 2023	659	35,722	-	36,381
BALANCE AT 31 DECEMBER 2023	**659**	**35,175**	**-**	**35,834**

Investment properties consist of commercial warehousing at Wiri in Auckland, retail shops at Prestons Park in Christchurch, and retail shops at Stonebrook in Rolleston which are fully operational. The fair value of investment properties held at 31 December 2023 was determined by an independent registered valuer, DM Koomen SPINZ of Extensor Advisory Limited as $62.7 million (2022: $62.6 million). The fair value measurement was categorised as Level 3 (highest of the fair value hierarchy) based on the inputs to the valuation methodology used i.e. income capitalisation approach.

Investment properties are properties held either to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods and services, or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation on the investment properties is computed by asset classes using the policy disclosed in Note (d). Cost includes expenditure that is directly attributable to the acquisition of the investment properties. Costs of self-constructed investment properties include costs of materials and direct labour, any other costs directly attributable to bringing the investment properties to a working condition for their intended use and capitalised borrowing costs. Gains and losses on disposal of investment properties (calculated as the difference between the net proceeds from disposal and the carrying amounts of the investment properties) are recognised in the profit and loss.

IMPAIRMENT

Annual reviews of the carrying amounts of investment properties are undertaken for indicators of impairment. Where indicators of impairment were identified, the recoverable amounts were estimated based on internal or external valuations undertaken. The cash generating units (CGU) are individual properties. The recoverable amounts of the investment properties, being the higher of the fair value less costs to sell and value-in-use, were predominantly determined using the fair value less costs to sell basis and were estimated using the income capitalisation approach.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2023

9. INVESTMENT PROPERTY – IMPAIRMENT – CONTINUED

During the year, management identified two (2022: two) properties with a carrying value of $13.7 million that had indicators of impairment. Average market capitalisation rates appropriate to the properties range from 6.50% to 7.00% (2022: 6.25% to 6.75%). Average market rent per square metre rates appropriate to the properties range from $341 to $358 (2022: $330 to $368).

OPERATING LEASES

The Group leases out its investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the Group during 2023 was $2.5 million (2022: $1.2 million).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	GROUP	
IN THOUSANDS OF DOLLARS	**2023**	**2022**
Within 1 year	2,665	2,478
More than 1 year but within 2 years	2,675	2,660
More than 2 years but within 3 years	2,722	2,670
More than 3 years but within 4 years	2,760	2,715
More than 4 years but within 5 years	2,668	2,718
After 5 years	2,553	6,347
	16,043	**19,588**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

For the year ended 31 December 2023

10. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	GROUP					
	ASSETS		LIABILITIES		NET	
IN THOUSANDS OF DOLLARS	2023	2022	2023	2022	2023	2022
Investment property	-	-	(345)	(156)	(345)	(156)
Development property	-	-	(81)	(81)	(81)	(81)
Employee benefits	142	84	-	-	142	84
Trade and other payables	-	-	-	-	-	-
NET TAX ASSETS/(LIABILITIES)	**142**	**84**	**(426)**	**(237)**	**(284)**	**(153)**

MOVEMENT IN DEFERRED TAX BALANCES DURING THE YEAR

	GROUP		
IN THOUSANDS OF DOLLARS	BALANCE 1 JAN 2022	RECOGNISED IN PROFIT OR LOSS	BALANCE 31 DEC 2022
Investment property	(30)	(126)	(156)
Development property	(108)	27	(81)
Employee benefits	55	29	84
Trade and other payables	9	(9)	-
	(74)	**(79)**	**(153)**

MOVEMENT IN DEFERRED TAX BALANCES DURING THE YEAR

	GROUP		
IN THOUSANDS OF DOLLARS	BALANCE 1 JAN 2023	RECOGNISED IN PROFIT OR LOSS	BALANCE 31 DEC 2023
Investment property	(156)	(189)	(345)
Development property	(81)	-	(81)
Employee benefits	84	58	142
	(153)	**(131)**	**(284)**

11. TRADE AND OTHER RECEIVABLES

	GROUP	
IN THOUSANDS OF DOLLARS	2023	2022
Trade receivables	325	222
Other receivables and prepayments	6,253	2,105
TRADE AND OTHER RECEIVABLES	**6,578**	**2,327**

None of the trade and other receivables are impaired.

Trade and other receivables are stated at their cost less impairment losses. The Group applies the simplified approach to providing for expected credit losses prescribed by NZ IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. The allowance for doubtful debts on trade receivables are either individually or collective assessed based on number of days overdue. The Group takes into account the historical loss experience and incorporate forward looking information and relevant macroeconomic factors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2023

12. CASH AND CASH EQUIVALENTS

	GROUP	
IN THOUSANDS OF DOLLARS	**2023**	**2022**
Bank balances	2,084	1,667
Call deposits	75	30,000
CASH AND CASH EQUIVALENTS	**2,159**	**31,667**

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

13. CAPITAL AND RESERVES

	COMPANY			
Share capital	**2023 SHARES '000S**	**2023 $000'S**	**2022 SHARES '000S**	**2022 $000'S**
Shares issued 1 January	288,808	65,829	287,513	64,454
Issued under dividend reinvestment plan	1,977	1,489	1,295	1,375
TOTAL SHARES ISSUED AND OUTSTANDING	**290,785**	**67,318**	**288,808**	**65,829**

All shares carry equal rights and rank pari passu with regard to residual assets of the Company and do not have a par value. At 31 December 2023, the authorised share capital consisted of 290,784,833 fully paid ordinary shares (2022: 288,807,697).

DIVIDEND REINVESTMENT PLAN

In 1998, the Company adopted a Dividend Reinvestment Plan pursuant to which shareholders may elect to receive ordinary dividends in the form of either cash or additional shares in the Company. The additional shares are issued at the weighted average market price for the shares traded over the first five business days immediately following the Record Date.

Accordingly, the Company issued 1,977,136 additional shares under the Dividend Reinvestment Plan on 12 May 2023 (2022: 1,294,674) at a strike price of $0.7530 per share issued (2022: $1.0624).

DIVIDENDS

The following dividends were declared and paid during the year 31 December 2023:

	COMPANY	
IN THOUSANDS OF DOLLAR	**2023**	**2022**
3.5 cents per qualifying ordinary share (2022: 3.5 cents)	10,108	10,063
	10,108	**10,063**

The following dividends were declared by the directors on 23 February 2024. The dividends have not been provided for and there are no income tax consequences. It is anticipated that a portion of the dividends declared will be paid by way of shares through the Dividend Reinvestment Plan.

IN THOUSANDS OF DOLLAR	**COMPANY**
3.5 cents ordinary dividend per qualifying ordinary share	10,177
3.5 CENTS TOTAL DIVIDEND PER QUALIFYING ORDINARY SHARE	**10,177**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2023

13. CAPITAL AND RESERVES – CONTINUED

BASIC AND DILUTED EARNINGS PER SHARE

The basic earnings per share and the diluted earnings per share are the same. The calculation of basic and diluted earnings per share at 31 December 2023 was based on the profit attributable to ordinary shareholders of $13,463,000 (2022: $31,189,000); and weighted average number of ordinary shares outstanding during the year ended 31 December 2023 of 290,126,000 (2022: 288,376,000), calculated as follows:

PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS (BASIC & DILUTED)

	GROUP	
IN THOUSANDS OF DOLLARS	**2023**	**2022**
Profit for the period	13,463	31,189
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	**13,463**	**31,189**

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

	COMPANY	
	2023	**2022**
	SHARES '000S	**SHARES '000S**
Issued ordinary shares at 1 January	288,808	287,513
Weighted average effect on 1,977,136 shares issued in May 2023	1,318	-
Weighted average effect on 1,294,674 shares issued in May 2022	-	863
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES AT 31 DECEMBER	**290,126**	**288,376**

EARNINGS PER SHARE (BASIC & DILUTED)

	GROUP	
	2023	**2022**
BASIC AND DILUTED EARNINGS PER SHARE (CENTS PER SHARE)	**4.64**	**10.82**

SUPPLEMENTARY DIVIDEND AND FOREIGN INVESTMENT TAX CREDIT

The Company pays a supplementary dividend to portfolio non-resident investors to offset non-resident withholding tax payable on imputed dividends from the Company. Under the foreign investor tax credit (FITC) rules, the Company receives a tax credit equal to the supplementary dividend paid. The supplementary dividend is based on the amount of imputation credit attached to the dividend.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2023

14. FINANCIAL INSTRUMENTS

The Group only holds non-derivative financial instruments which comprise trade and other receivables, cash and cash equivalents, short term deposits, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition nonderivative financial instruments are measured as described below.

On initial recognition, a financial asset is classified as subsequently measured at: Amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. Financial liabilities are classified as measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and not designated at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows: and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfer the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

		GROUP	
IN THOUSANDS OF DOLLARS	**NOTE**	**2023**	**2022**
Financial Assets			
Cash and cash equivalents	12	2,159	31,667
Short term deposits		50,000	40,075
Trade and other receivables	11	6,578	2,327
Financial Liabilities			
Trade and other payables		3,820	1,340

Exposure to credit and interest rate risks arises in the normal course of the Group's business.

CREDIT RISK

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

The key factor in managing risk is that the Certificate of Title is only transferred to the purchaser when all cash is received in full upon settlement.

The Group's exposure to credit risk is mainly influenced by its customer base. As such it is concentrated to the default risk of its industry.
However, geographically there is no credit risk concentration as the Company spreads the risk by operating in three regions in the North Island and one region in the South Island.

Cash, cash equivalents, and term deposits are allowed only in liquid securities and only with counterparties (minimum rating of Moody's Aa3) that have a credit rating equal to or better than the Group. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

At the balance date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

INTEREST RATE RISK

The Group has no debt (2022: nil) and is only exposed to movements in interest rates on short-term investments which is explained in the sensitivity analysis. Interest income is earned on the cash and cash equivalent balance and the short-term deposits balance.

SENSITIVITY ANALYSIS

The Group manages interest rate risk by maximising its interest income through forecasting its cash requirements and cash inflows. Over the longer-term, however, permanent changes in interest rates will have an impact on profit.

An increase of one percentage point in interest rates would have increased the Group's profit before income tax by $641,000 (2022: $623,000) in the current period. Conversely, a decrease of one percentage point in interest rates would have decreased the Group's profit before income tax by $641,000 (2022: $623,000) in the current period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2023

14. FINANCIAL INSTRUMENTS – CONTINUED

EFFECTIVE INTEREST AND REPRICING ANALYSIS

In respect of income earning financial assets, the following tables indicate the effective interest rates at the balance sheet date and the periods in which they reprice.

		GROUP							
		2023				2022			
IN THOUSANDS OF DOLLARS	NOTE	EFFECTIVE INTEREST RATE	TOTAL	6 MONTHS OR LESS	6-12 MONTHS	EFFECTIVE INTEREST RATE	TOTAL	6 MONTHS OR LESS	6-12 MONTHS
Cash and cash equivalents	12	0.00% to 5.77%	2,159	2,159	-	0.00% to 4.78%	31,667	31,667	-
Short term deposits		5.79% to 6.05%	50,000	45,000	5,000	3.30% to 5.26%	40,075	35,075	5,000
			52,159	**47,159**	**5,000**		**71,742**	**66,742**	**5,000**

LIQUIDITY RISK

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities. It is the Group's policy to provide credit and liquidity enhancement only to wholly owned subsidiaries.

The following table sets out the contractual cash flows for all financial liabilities that are settled on a gross cash flow basis:

	GROUP					
	2023			2022		
IN THOUSANDS OF DOLLARS	BALANCE SHEET	6 MONTHS OR LESS	6-12 MONTHS	BALANCE SHEET	6 MONTHS OR LESS	6-12 MONTHS
Trade and other payables	3,820	1,625	2,195	1,340	1,258	82
	3,820	**1,625**	**2,195**	**1,340**	**1,258**	**82**

ESTIMATION OF FAIR VALUES

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the above tables.

(a) Cash, accounts receivable, accounts payable and related party receivables. The carrying amount for these balances approximate their fair value because of the short maturities of these items.

CAPITAL MANAGEMENT

The Group's capital includes share capital and retained earnings.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group is not subject to any external imposed capital requirements. The allocation of capital is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors. There have been no material changes in the Group's management of capital during the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2023

15. CAPITAL AND LAND DEVELOPMENT COMMITMENTS

As at 31 December 2023, the Group had entered into contractual commitments for development expenditure and unconditional purchases of land. Development expenditure represents amounts contracted and forecast to be incurred in 2024 in accordance with the Group's development programme.

	GROUP	
IN THOUSANDS OF DOLLARS	**2023**	**2022**
Development expenditure	19,743	21,991
Land purchases	6,620	4,010
	23,363	**26,001**

16. RELATED PARTIES

IDENTITY OF RELATED PARTIES

The Company has a related party relationship with its wholly owned subsidiary, CDL Land New Zealand Limited, as well as a fellow subsidiary of its parent (see Note 17), and with its Directors and executive officers.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

None of the Directors of the Company and their immediate relatives have control of the voting shares of the Company. Key management personnel include the Board comprising non-executive directors and executive directors.

The total remuneration and value of other benefits earned by each of the Directors of the Company for the year ending 31 December 2023 was:

	GROUP	
IN THOUSANDS OF DOLLARS	**2023**	**2022**
Non-executive directors	130	130
Executive directors	413	233
	543	**363**

Non-executive directors receive director's fees only. The executive directors receive short-term employee benefits which include a base salary and an incentive plan. They do not receive remuneration or any other benefits as a director of the Company or its subsidiary.

Total remuneration of non-executive directors is included in "administrative and other expenses" (see Note 3) and total remuneration of executive directors is included in "personnel expenses" (see Note 4).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

For the year ended 31 December 2023

17. GROUP ENTITIES

CONTROL OF THE GROUP

CDL Investments New Zealand Limited is a subsidiary of Millennium & Copthorne Hotels New Zealand Limited by virtue of Millennium & Copthorne Hotels New Zealand Limited owning 65.54% (2022: 65.88%) of the Company and having two out of six of the Directors on the Board. Millennium & Copthorne Hotels New Zealand Limited is 70.79% (2022: 70.79%) owned by CDL Hotels Holdings New Zealand Limited (computed on voting shares), which is a wholly owned subsidiary of Millennium & Copthorne Hotels Limited in the United Kingdom. The ultimate holding company is Hong Leong Investment Holdings Pte Ltd in Singapore.

During the year, CDL Investments New Zealand Limited has reimbursed its parent, Millennium & Copthorne Hotels New Zealand Limited, $427,000 (2022: $351,000) for shared office expenses incurred by the parent on behalf of the Group and reimbursed its parent for its portion of insurance premiums of $199,000 (2022:$153,000).

During 2023, CDL Investments New Zealand Limited issued no additional shares (2022: Nil) to its parent, Millennium & Copthorne Hotels New Zealand Limited, under the Dividend Reinvestment Plan (see Note 13). The total shares on issue to Millennium & Copthorne Hotels New Zealand Limited is 190,591,297 (2022: 190,591,297).

18. CONTINGENT LIABILITIES

CDL Investments New Zealand Limited has a bank guarantee in place as a requirement of being listed on the New Zealand Stock Exchange. The maximum value of this guarantee is $75,000 (2022: $75,000).

19. SUBSEQUENT EVENTS

Post balance date, the purchase of 10.8 hectares of land for $6.6 million in Nelson was settled during January 2024. The settlement will be recognised as an increase in land classified as development property in 2024.

On 23 February 2024, an ordinary dividend of 3.5 cents per qualifying share was declared by the Directors (see Note 13).

Independent Auditor's Report

To the shareholders of CDI Investments New Zealand Limited

Report on the audit of the consolidated financial statements

Opinion

In our opinion, the consolidated financial statements of CDI Investments New Zealand Limited (the 'company') and its subsidiaries (the 'group') on pages 33 to 53 present fairly, in all material respects:

i. the Group's financial position as at 31 December 2023 and its financial performance and cash flows for the year ended on that date;

in accordance with New Zealand Equivalents to International Financial Reporting Standards issued by the New Zealand Accounting Standards Board and International Financial Reporting Standards issued by the International Accounting Standards Board.

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

Our firm has also provided other services to the group in relation taxation compliance, taxation advisory and strategy support services. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at $2m determined with reference to a benchmark of group total assets. We chose the benchmark because, in our view, this is a key measure of the group's performance.

KPMG

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Capitalisation and allocation of development costs	

Refer to Note 8 to the Financial Report.
 	
The group's development property comprises land and costs incurred to develop land into subdivisions and individual properties for sale. The development properties represent 70% of total assets on the consolidated statement of financial position.
 	
The capitalisation and allocation of development costs is a key audit matter as determining whether to capitalise or expense costs relating to development of the land is subjective as it depends whether the costs enhance the land or maintain the current value. In addition, there is significant judgement in determining whether obligations exist for future costs and how to allocate capitalised development costs to individual properties or stages.
 	
The key judgements used in this determination are:
 	
• Whether costs are eligible for capitalisation under the relevant accounting standards
 	
• the allocation of capitalised costs to the individual projects, stages and land lots and the associated recognition of cost of sales
 	
• Whether a capitalised cost and the associated liability for future obligations should be recorded under the relevant accounting standard.
	Our audit procedures included:
	
	- Evaluating the group's accounting policy for capitalisation of development costs using the criteria in the accounting standard.
	- Developing an understanding of the key controls over the cost capitalisation and allocation process.
	- Agreeing a sample of capitalised development costs to supporting documentation. For each selected transaction we:
	  • Considered the nature of the costs capitalised and evaluated whether they are eligible for capitalisation under the relevant accounting standard.
	  • Assessed the appropriateness of allocation to the individual project stages and land lots.
	- Agreeing a sample of land acquisitions to sales and purchase agreements, settlement document and cash payment.
	- Performing analytical procedures in relation development property costs of sales to assess that margins recognised between periods were appropriate, including considering alternative methods of allocation.
	- Evaluating the reasonableness of the group's judgement to record liabilities for future obligations and that these have been appropriately measured and recorded in accordance with the applicable accounting standard.
	- Assessing disclosures included in the consolidated financial statements in respect of the development properties using our understanding obtained from our testing and against the requirements of the accounting standards.
	
	Our testing did not identify any material exceptions related to capitalised development costs, the allocation of those costs to individual project stages and the recognition of future development cost obligations.

Other information

The Directors, on behalf of the group, are responsible for the other information included in the entity's Annual Report and Annual Climate Statement (prepared in accordance with the Aotearoa New Zealand Climate Standards). Other information in the Annual report may include the Directors Review, Managing Directors review, disclosures relating to Corporate Governance, the Trend Statement, Financial Summary, and the other information included in the Annual report. The Annual Climate Statement discloses information about the effects of climate change on the entity's business. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements our responsibility is to read the Annual Report and Annual Climate Statement when they become available and consider whether the other information it contains is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appear misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have received the Directors' review and have nothing to report in regard to it. The Annual Report and Annual Climate Statement are expected to be made available to us after the date of this Independent Auditor's Report and we will report the matters identified, if any, to those charged with governance.

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the company, are responsible for:

— the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards issued by the New Zealand Accounting Standards Board;

— implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is free from material misstatement, whether due to fraud or error; and

— assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.

KPMG

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/

This description forms part of our independent auditor’s report.

The engagement partner on the audit resulting in this independent auditor's report is Geoff Lewis.

For and on behalf of

KPMG

KPMG
Auckland

26 February 2024

REGULATORY DISCLOSURES

20 LARGEST SHAREHOLDERS (As at 1 March 2024) (Listing Rule 3.7.1C)

RANK	SHAREHOLDER	NUMBER OF SECURITIES	% OF ISSUED CAPITAL
1.	Millennium & Copthorne Hotels New Zealand Limited	190,591,297	65.99
2.	Adrian Ho	23,832,598	8.20
3.	Accident Compensation Corporation - NZCSD	13,244,925	4.55
4.	Citibank Nominees (New Zealand) Limited - NZCSD	4,445,954	1.53
5.	Christina Seet	2,715,227	0.93
6.	Custodial Services Limited	2,219,212	0.76
7.	Faro Equities Limited	2,156,591	0.74
8.	MFL Mutual Fund Limited - NZCSD	1,962,577	0.67
9.	Hugh Green Limited	1,344,460	0.46
10.	Geok Loo Goh	1,079,834	0.37
11.	HSBC Nominees (New Zealand) Limited - NZCSD	1,023,660	0.35
12.	Roger Parker	697,116	0.24
13.	New Zealand Depository Nominee Limited	687,498	0.24
14.	Steven Cheong Kwok Wing	669,179	0.23
15.	Caliber Trustee Company Limited	662,573	0.23
16.	Tea Custodians Limited Client Property Trust Account - NZCSD	623,359	0.21
17.	Michael Robert Mayger & Eleanor Margaret Mayger	559,477	0.19
18.	Graeme Stuart Lord & Lisa Anne Lord	487,306	0.17
19.	Robert Wong & Christein Joe Wong	483,855	0.17
20.	Simon Hugh Berry	465,994	0.16

NZCSD provides a custodial depositary service to its clients and does not have a beneficial interest in the shares held in its name.

HOLDINGS SIZE (As at 1 March 2024)

SIZE OF SHAREHOLDING	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	% OF ISSUED CAPITAL
1-499	59	10,296	0.00
500-999	46	31,951	0.01
1,000-1,999	339	462,097	0.16
2,000-4,999	899	2,761,215	0.95
5,000-9,999	499	3,498,827	1.20
10,000-49,999	661	13,656,032	4.70
50,000-99,999	93	6,272,123	2.16
100,000-499,999	81	15,576,755	5.36
500,000-999,999	6	3,899,202	1.34
1,000,000+	11	244,616,335	84.12
ROUNDING			**0.00**
TOTAL	**2,694**	**290,784,833**	**100.00**

REGULATORY DISCLOSURES – CONTINUED

DOMICILE OF SHAREHOLDERS (As at 1 March 2024)

	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	% OF ISSUED CAPITAL
New Zealand	2583	255,488,093	87.86
Australia and overseas	111	35,296,740	12.14
TOTAL	**2,694**	**290,784,833**	**100.00**

PUBLIC EXERCISE OF NZX POWERS

On 5 October 2023, NZ RegCo referred to the NZ Markets Disciplinary Tribunal (the Tribunal) alleged breaches of Rules 2.13.2(b), 3.8.1(b) and (d) by CDI.

The Company accepted that it had breached:

- Rule 2.13.2(b) by having only two members on its Audit Committee from February 2018 until 27 July 2020;
- Rule 3.8.1(b) by not adequately disclosing or explaining its non-compliance with NZX Corporate Governance Code recommendations 2.8, 3.1, 4.2, 5.3 and 8.1 in its annual reports for some or all of the 2017 to 2022 financial years; and
- Rule 3.8.1(d) by not including an evaluation by its Board on its performance with respect to its Diversity Policy in its annual reports for the 2018 to 2022 financial years.

The Tribunal noted that CDI admitted the breaches at the earliest opportunity and co-operated fully with NZ RegCo's investigation.

The Tribunal ordered CDI to pay a financial penalty of $50,000 ($35,000 for its Audit Committee breach and $15,000 for its annual report breaches), pay the costs of NZX and the Tribunal, and be publicly censured. The determination and public censure were released to the market on 3 November 2023.

SUBSTANTIAL PRODUCT HOLDERS

According to notices given to the Company under the Financial Markets Conducts Act 2013, as at 1 March 2024, the substantial product holders in the Company are noted below:

	SECURITIES	CLASS	%
Millennium & Copthorne Hotels New Zealand Limited	190,591,297	Ordinary Shares	65.99
Adrian Ho	23,832,598	Ordinary Shares	8.20

As at 1 March 2024, the total number of issued voting securities of CDL Investments New Zealand Limited (all of which are ordinary shares) was 290,784,833.

STATUTORY INFORMATION

DIRECTORS (Section 211(1)(I), Companies Act 1993)

As at 31 December 2023, the Company's Directors were Messrs. C Sim, JC Adams, JH Henderson, DJ Jameson, ES Kwek and VWE Yeo.

The gender breakdown of the Board is 5 male directors, 1 female director and 0 gender diverse directors (2022: 5 male directors, 1 female director, 0 gender diverse directors). CDI currently has 1 female and 3 male officers and 0 gender diverse officers (2022: 1 female officer, 3 male officers and 0 gender diverse officers).

INTERESTS REGISTER (Sections 189(1)(C) and 211(1)(E), Companies Act 1993)

The Company maintains an Interests Register as required under the Companies Act 1993. For the period under review, the following entries were recorded:

USE OF COMPANY INFORMATION (Section 145, Companies Act 1993)

During the year, the Board did not receive any notices from any Directors of the Company requesting the use of company information which they would have received in their capacity as Directors which would not otherwise have been available to them.

SHARE DEALING (Section 148, Companies Act 1993)

No share dealings by Directors occurred during the year.

DIRECTORS' AND ASSOCIATED PERSONS SHAREHOLDINGS (AS AT 31 DECEMBER 2023)

DIRECTOR	2022	2023
C Sim	Nil	Nil
JC Adams	Nil	Nil
J Henderson	Nil	Nil
DJ Jameson	Nil	Nil
ES Kwek	Nil	Nil
VWE Yeo	Nil	Nil

REMUNERATION (Sections 161 and 211(1)(F), Companies Act 1993)

The total remuneration and value of other benefits earned received by each of the Directors of the Company for the year ending 31 December 2023 was:

DIRECTOR	REMUNERATION
C Sim	$35,000
JC Adams	$416,444
J Henderson	$30,000
DJ Jameson	$35,000
ES Kwek	Nil^
VWE Yeo	$30,000

^Mr ES Kwek, being the Executive Director of Millennium & Copthorne Hotels Limited, did not receive any fees as Chairman or as a Director of the Company. Mr. Jason Adams, in his capacity as Managing Director of the Company did not receive any fees as a Director of the Company or its subsidiary.

INDEMNITY AND INSURANCE (Section 162, Companies Act 1993)

In accordance with the Company's constitution, the Company has insured all its Directors and the Directors of its subsidiary against liabilities to other parties (except the Company or a related party of the Company) that may arise from their positions as Directors. The insurance does not cover liabilities arising from criminal actions.

STATUTORY INFORMATION – CONTINUED

GENERAL DISCLOSURES OF INTEREST (Section 140(2), Companies Act 1993)

As at 31 December 2023, the Directors of the Company have made general disclosures of interest in the following companies:

COLIN SIM

Chairman/Director of:

Millennium & Copthorne Hotels New Zealand Limited

Director of:

Autocaps (Aust) Pty Ltd
Autocaps Pastoral Division Pty Limited
Autocaps Vogue Pty Limited
Bathurst Range Investments Pty Limited
Builders Recycling Properties Pty Ltd
Builders Recycling Operations Pty Ltd
Desert Rose Group Pty Limited
Desert Rose Holdings Pty Limited
DMM Investments (NSW) Pty Ltd
East Quarter Group Pty Ltd
East Quarter Hurstville Pty Limited
EQ Equity Pty Ltd
EQ Gosford Pty Ltd
EQ Projects Pty Ltd
EQ Projects Holdings Pty Ltd
EQ Revesby Pty Ltd
EQ Riverside Pty Ltd
EQ Zetland Pty Ltd
Hurstville NSW Pty Limited
Naxta Pty Ltd
New Dale Sim Pty Ltd
PBD Phoenix Pty Limited
PCC Devco 1 Pty Limited
Phoenix Palm Developments Pty Limited
Preslite Drive Technologies Pty Limited
SSK Investments Pty Ltd
SSK Investments No 2 Pty Ltd
SSK Investments O/S Pty Ltd
TECH5 Australia Pty Ltd
Waterbrook Bayview Pty Ltd
Waterbrook Bayview Investment Pty Ltd
Waterbrook Bayview Village Management Pty Ltd
West Quarter Hurstville Pty Limited

J C ADAMS

Director of:

Adams 2008 Limited
CDL Land New Zealand Limited
Jaymen Limited
Prestons Road Limited

J H HENDERSON

Director of:

Ding Bay Limited
John Henderson Resources Limited

D J JAMESON

Director of:

Ampio Limited
GH Securities Trustee Limited
Gubb & Hardy Limited
Milford Haven Limited

STATUTORY INFORMATION – CONTINUED

GENERAL DISCLOSURES OF INTEREST (Section 140(2), Companies Act 1993) – CONTINUED

As at 31 December 2023, the Directors of the Company have made general disclosures of interest in the following companies:

ES KWEK

Chairman/Director/President of:

Grand Plaza Hotel Corporation;

Chairman and Director of:

Millennium Hotels Italy Holdings srl
Millennium Hotels Palace Management srl
Millennium Hotels Property srl

Director/President of:

Five Star Assurance Inc.
The Philippine Fund Limited

Managing Director of:

ATOS Holdings GmbH

Director of:

125 OBS (Nominees 1) Limited
125 OBS (Nominees 2) Limited
125 OBS GP Limited
58 High Street Pty Ltd
Actas Holdings Pte. Ltd
Adelanto Investments Pte. Limited
Allinvest Holding Pte. Ltd
Allsgate Properties Limited
Alphagate Holdings Limited
Androgate Properties Limited
Aquarius Properties Pte. Ltd
Archyfield Limited
Ascent View Holdings Pte. Ltd
Aster Land Development Pte Ltd
Aston Properties Pte. Ltd
Atlasgate SG Holdings Pte. Ltd
Atlasgate UK Holdings Pte. Ltd
Atlasgate UK Holdings Limited
Baynes Investments Pte Ltd
Beaumont Properties Limited
Beijing Fortune Hotel Co. Ltd
Bellevue Properties Pte. Ltd
Bestro Holdings Limited
Bloomshine Holdings Limited
BOP Luxembourg (125 Obs) 2 SARL
Branbury Investments Ltd
Bravogate Holdings SARL
Bridge North Limited
Camborne Developments Pte. Ltd
Canterbury Riverside Opco Limited
Canterbury Riverside Propco Limited
Canvey Developments Pte. Ltd
CDL Ace Pte Ltd
CDL Acquisitions Pte. Ltd
CDL Aquila Pte. Ltd
CDL Australia Holdings Pty. Ltd
CDL Centroid Pte Ltd
CDL CityInd Pte Ltd
CDL Cityscape Pte Ltd
CDL Commercial REIT Management Pte. Ltd
CDL Conservo Pte Ltd
CDL Constellation Pte. Ltd
CDL Crestview Holdings Pte. Ltd
CDL Crown REIT Management Pte. Ltd
CDL Entertainment & Leisure Pte. Ltd
CDL Evergreen Pte. Ltd
CDL Hotels (Chelsea) Ltd
CDL Hotels (Korea) Ltd
CDL Hotels (Labuan) Ltd
CDL Hotels (Malaysia) Sdn. Bhd
CDL Hotels (U.K.) Ltd
CDL Hotels Australia Holdings (SG) Pte Ltd
CDL Hotels Australia Holdings Pty Ltd
CDL Hotels Japan Pte. Ltd
CDL Infinity Pte. Ltd
CDL Investments New Zealand Limited
CDL Kingtse Pte Ltd
CDL Land Pte. Ltd
CDL Libra Commercial Pte. Ltd
CDL Libra Pte. Ltd
CDL Management Services Pte. Ltd
CDL Netherlands Investments BV
CDL Orion Investment Holdings Pte. Ltd
CDL Pavona Pte Ltd
CDL Pegasus Pte. Ltd
CDL Perseus Pte. Ltd
CDL Pisces Commercial Pte. Ltd
CDL Pisces Services Residences Pte. Ltd
CDL Pro Star Development Pty Ltd
CDL Properties BV
CDL Queensray Pte Ltd
CDL Real Estate Asset Managers Pte Ltd
CDL Real Estate Investment Managers Pte Ltd
CDL Regulus Pte. Ltd
CDL Sakura Pte Ltd
CDL Shanghai Holdings Pte. Ltd
CDL Suzhou Investment Pte. Ltd
Central Mall Pte. Ltd
Centro Investment Holding Pte Ltd
Centro Property Holding Pte Ltd
Chania Holdings Limited
Chestnut Avenue Developments Pte Ltd
Cideco Pte Ltd
City Bonsai Pte Ltd
City Boost Pte. Ltd
City Century Pte. Ltd
City Condominiums Pte. Ltd
City Connected Communities Pte. Ltd
City Delta Pte. Ltd
City Developments Investments Pte. Ltd
City Developments Realty Limited
City Elite Pte. Ltd
City Gemini Pte Ltd
City Grand Investments Limited
City Hotels Pte Limited
City Ikonik Pte. Ltd
City Leo Pte Ltd
City Lux Pte. Ltd
City Montage Pte. Ltd
City Platinum Holdings Pte. Ltd
City REIT Management Pte. Ltd
City Resyde Pte. Ltd
City Sceptre Investments Pte. Ltd
City Serviced Offices Pte. Ltd
City Strategic Equity Pte. Ltd

STATUTORY INFORMATION – CONTINUED

City Sunshine Holdings Pte. Ltd
City Thrive Pte. Ltd
Citydev Real Estate (Singapore) Pte. Ltd
Citydev Venture Holdings Pte. Ltd
Cityview Place Holdings Pte. Ltd
Cityzens Developments Pte Ltd
Copthorne (Nominees) Limited
Copthorne Aberdeen Limited
Copthorne Hotel (Birmingham) Limited
Copthorne Hotel (Cardiff) Limited
Copthorne Hotel (Effingham Park) Limited
Copthorne Hotel (Gatwick) Limited
Copthorne Hotel (Manchester) Limited
Copthorne Hotel (Merry Hill) Construction Limited
Copthorne Hotel (Merry Hill) Limited
Copthorne Hotel (Newcastle) Limited
Copthorne Hotel (Plymouth) Limited
Copthorne Hotel (Slough) Limited
Copthorne Hotel Holdings Limited
Copthorne Hotels Limited
Copthorne Orchid Hotel Singapore Pte Ltd
Copthorne Orchid Hotel Penang Sd. Bhd.
Crescent View Developments Pte Ltd
Delfi One Investments Pte Ltd
Delfi Three Investments Pte Ltd
Delfi Two Investments Pte Ltd
Diplomat Hotel Holding Company Limited
Eastwest Portfolio Pte Ltd
Easy Thrive Ventures Limited
Educado Company Limited
Elite Hotel Management Services Pte Ltd
Ellinois Management Services Pte Ltd
Euroform (S) Pte Ltd
Ferguson Hotels Holdings Limited
Ferguson Investment Corp.
Finite Properties Investment Limited
First Platinum Holdings Pte. Ltd
Freshview Developments Pte Ltd
Friars Road Manco Limited
Glades Properties Pte. Ltd
Grande Strategic Pte. Ltd
Grange 100 Pte Ltd
Granmill Holdings Pte Ltd
Greystand Holdings Limited
Guan Realty (Private) Limited
Harbour Land Corporation
Harbour View Hotel Pte Ltd
Harrow Entertainment Pte Ltd
Heritage Pro International Limited
Highline Holdings Limited
Highline Investments GP Limited
Highline Properties GP Limited
Hoko Fitzroy Pty Ltd
Hoko Kenmore Pty Ltd
Hoko Macaulay Pty Ltd
Hoko Mina Pty Ltd
Hoko Spencer Pty Ltd
Hoko Toowong Pty Ltd
Hong Bee Hardware Company Sdn Berhad
Hong Leong Enterprises Pte Ltd
Hong Leong Foundation
Hong Leong Hotel Development Limited
Hong Leong International Hotel (Singapore) Pte Ltd
Hong Leong Properties Pte Limited
Hospitality Holdings Pte Ltd
Hospitality Ventures Pte Ltd
Hotel Liverpool Limited
Hotel Liverpool Management Limited
HSRE Crosslane (Coventry) Limited
HSRE Crosslane (Leeds) Limited
HSU JV Holdco Limited
HThree City Jade Pte Ltd
Iconique Tokutei Mokuteki Kaisha
Infinity Properties Limited
Iselin Limited
Island Glades Developments Pte Ltd
Jayland Properties Limited
Keygate Holdings Limited
King's Tanglin Shopping Pte Ltd
Kwek Holdings Pte Ltd
Kwek Hong Png Investment Pte Ltd
Landco Properties Limited
Le Grove Management Pte Ltd
Legend Commercial Pte Ltd
Legend Commercial Trustee Pte Ltd
Legend Investment Holdings Pte Ltd
Legend Quay Pte Ltd
Lightspark Holdings Limited
Lingo Enterprises Limited
Lingo Enterprises Limited (Singapore Branch)
London Britannia Hotel Limited
London Tara Hotel Limited
Lukestone Properties Limited
M&C (CB) Limited
M&C (CD) Limited
M&C Finance (1) Limited
M&C Management Holdings Limited
M&C NZ Limited
M&C Reservations Services Limited
M&C Asia Finance (UK) Limited
M&C Asia Holdings (UK) Limited
M&C Business Trust Management Limited (as trustee-manager of CDL Hospitality Business Trust)
M&C Capital Pte Ltd
M&C Holdings (Thailand) Limited
M&C Hotel Investments Pte Limited
M&C Hotels Holdings Japan Pte Limited
M&C Hotels Holdings Limited
M&C Hotels Holdings USA Limited
M&C Hotels Japan Pte Limited
M&C New York Finance (UK) Limited
M&C REIT Management Limited
M&C Restaurants (London) Limited
M&C Sakura Hotel Pte Ltd
M&C Sakura Hotel Pte Ltd
M&C Singapore Finance (UK) Limited
M&C Singapore Holdings (UK) Limited
M&C Sponsorship Limited
Marquee Brisbane Hotel 2 Pty Limited
Marquee Brisbane Hotel Pty Limited
Marquee Hotel Holdings Pty Limited
Max Office (SKD) General Partner Limited
Melvale Holdings Limited
Millennium & Copthorne (Australian Holdings) Limited
Millennium & Copthorne (Jersey Holdings) Limited
Millennium & Copthorne Hotels Limited
Millennium & Copthorne Hotels Management (Shanghai) Limited
Millennium & Copthorne International Limited
Millennium & Copthorne Share Trustees Limited
Millennium Hotel Holdings EMEA Limited
Millennium Hotels & Resorts Services Limited
Millennium Hotels (West London) Limited
Millennium Hotels (West London) Management Limited
Millennium Hotels Europe Holdings Limited
Millennium Hotels Limited
Millennium Hotels London Limited
MPG St Katharine Finance Limited
MPG St Katharine GP Limited
MPG St Katharine Limited
MPG St Katharine LP Limited
MPG St Katharine Nominee Limited
MPG St Katharine Nominee Two Limited
New Bath Court (Opco) Limited
New Bath Court Limited
New Empire Investments Pte Ltd
New Unity Holdings Ltd
New Vista Realty Pte Ltd
Newbury Investments Pte Ltd
Newmarket Property Holdings Limited
Northgate Investments Limited
Novel Developments Pte Ltd
Palmerston Holdings Sdn. Bhd.
Paradise Investments Limited
Pavo Properties Pte Ltd
Pinenorth Properties Limited
Qaiser Holdings Limited
Queensway Hotel Holdings Limited

STATUTORY INFORMATION – CONTINUED

GENERAL DISCLOSURES OF INTEREST (Section 140(2), Companies Act 1993) – CONTINUED

As at 31 December 2023, the Directors of the Company have made general disclosures of interest in the following companies:

ES KWEK

Director of:

Queensway Hotel Limited
Rainbow North Limited
Redvale Developments Pte Ltd
Redvale Investments Pte Ltd
Redvale Properties Pte Ltd
Rehi Normanby Pty Limited
Republic Hotels and Resorts Limited
Republic Iconic Hotel Pte Ltd
Republic Plaza City Club (Singapore) Pte Ltd
Reselton Properties Limited
Richmond Hotel Pte Ltd
Richview Holdings Pte Ltd
Rogo Investments Pte Ltd
Rogo Realty Corporation
Scentview Holding Limited
Scottsdale Properties Pte Ltd
Serangoon Green Pte Ltd
Siena Commercial Development Pte Ltd
Siena Residential Development Pte Ltd
Siena Trustee Pte Ltd
Silkparc Holdings Limited
Singapura Developments (Private) Limited
SKD Marina Limited
SKIL Four Limited
SKIL Three Limited
Sonic Investment Pte. Limited
South Beach International Hotel Management Pte Ltd
Southwaters Investment Pte Ltd
Sparkland Holdings Pte Ltd
Summervale Properties Pte Ltd
Summit Vistas Pte Ltd
Sunmaster Holdings Pte Ltd
Sunny Vista Developments Pte Ltd
Sunshine Plaza Pte Ltd
Sycamore House Manco Limited
TC Development Pte Ltd
Tempus Platinum Investments Tokutei Mokuteki Kaisha
TOSCAP Limited
Treasure Realm Limited
Trentwell Management Pte Ltd
Trentworth Properties Limited
Ventagrand Holdings Limited
Verwood Holdings Pte Ltd
Vinemont Investments Pte Ltd
Welland Investments Limited
White Haven Properties Pte Ltd
Whitehall Holdings Limited
Zatrio Pte Ltd

General Manager of:

M & C Hotels France SAS

Manager of:

M &C Hotels France Management SARL

Alternate Director of:

Mount V Development Pte Ltd
South Beach Consortium Pte Ltd

VWE YEO

Executive Director/Chief Executive Officer of:

M&C Business Trust Management Limited
M&C REIT Management Limited

Director/Managing Director of:

CDLHT Oceanic Maldives Private Ltd
CDL HBT Oceanic Maldives Pvt Ltd
Sanctuary Sands Maldives Private Limited

Director of:

CDL HBT Cambridge City Pte. Ltd
CDL HBT Hanei Pte. Ltd
CDL HBT Investments (I) Pte. Ltd
CDL HBT Oceanic Holdings Pte Ltd
CDL HBT Sun Pte Ltd
CDL HBT Sun Four Ltd
CDL HBT Sun Three Ltd
CDLHT CFM One Pte Ltd
CDLHT CFM Two Pte Ltd
CDLHT CFM III BV
CDDLHT CFM III SRL
CDLHT Hanei One Pte.Ltd
CDLHT Hanei Two Pte.Ltd
CDLHT Munich One Pte Ltd
CDLHT Munich Two Pte Ltd
CDLHT MTN Pte. Ltd
CDLHT Oceanic Holdings Pte Ltd
CDLHT Two Pte Ltd
Gemini Two Pte Ltd
Hospitality Holdings Pte Ltd
Munich Furniture BV
NKS Hospitality I BV
NKS Hospitality III SRL
Sunshine Hotels Australia Pty Ltd
TK Yeo (Private) Limited

STATUTORY INFORMATION – CONTINUED

EMPLOYEE REMUNERATION (Section 211(1)(G), Companies Act 1993)

The number of employees or former employees of the Company and its subsidiary who received remuneration and any other benefits in their capacity as employees, the value of which was or exceeded $100,000 per annum are as follows:

REMUNERATION AND VALUE OF OTHER BENEFITS	NUMBER OF EMPLOYEES
150001-160000	1
180001-190000	1
250001-260000	1
410001-420000	1

DONATIONS (Sections 211(1)(H) and 211(2), Companies Act 1993)

The Company made no donations during the year.

AUDIT FEES (Sections 211(1)(J) and 211(2), Companies Act 1993)

During the period under review, the following amounts were payable to the external auditors KPMG:

IN THOUSANDS OF DOLLARS	2022	2023
Annual audit	88	90
Tax compliance and tax advisory fees	4	6
Strategy advisory service	-	74

SUBSIDIARY COMPANY AND DIRECTORS (Section 211(2), Companies Act 1993)

The Company's subsidiary and its directors as at 31 December 2023 are listed below:

NAME	DIRECTORS	OWNERSHIP	ACTIVITY
CDL Land New Zealand Limited	JC Adams, T Ito, JB Pua	100.00%	Development & Sale of Residential Land Sections

The directors of CDL Land New Zealand Limited did not receive any remuneration or other benefits as directors.

CDL INVESTMENTS
NEW ZEALAND LIMITED

CDL INVESTMENTS
NEW ZEALAND LIMITED

SUBDIVISION LOCATION MAP

AUCKLAND PROJECTS

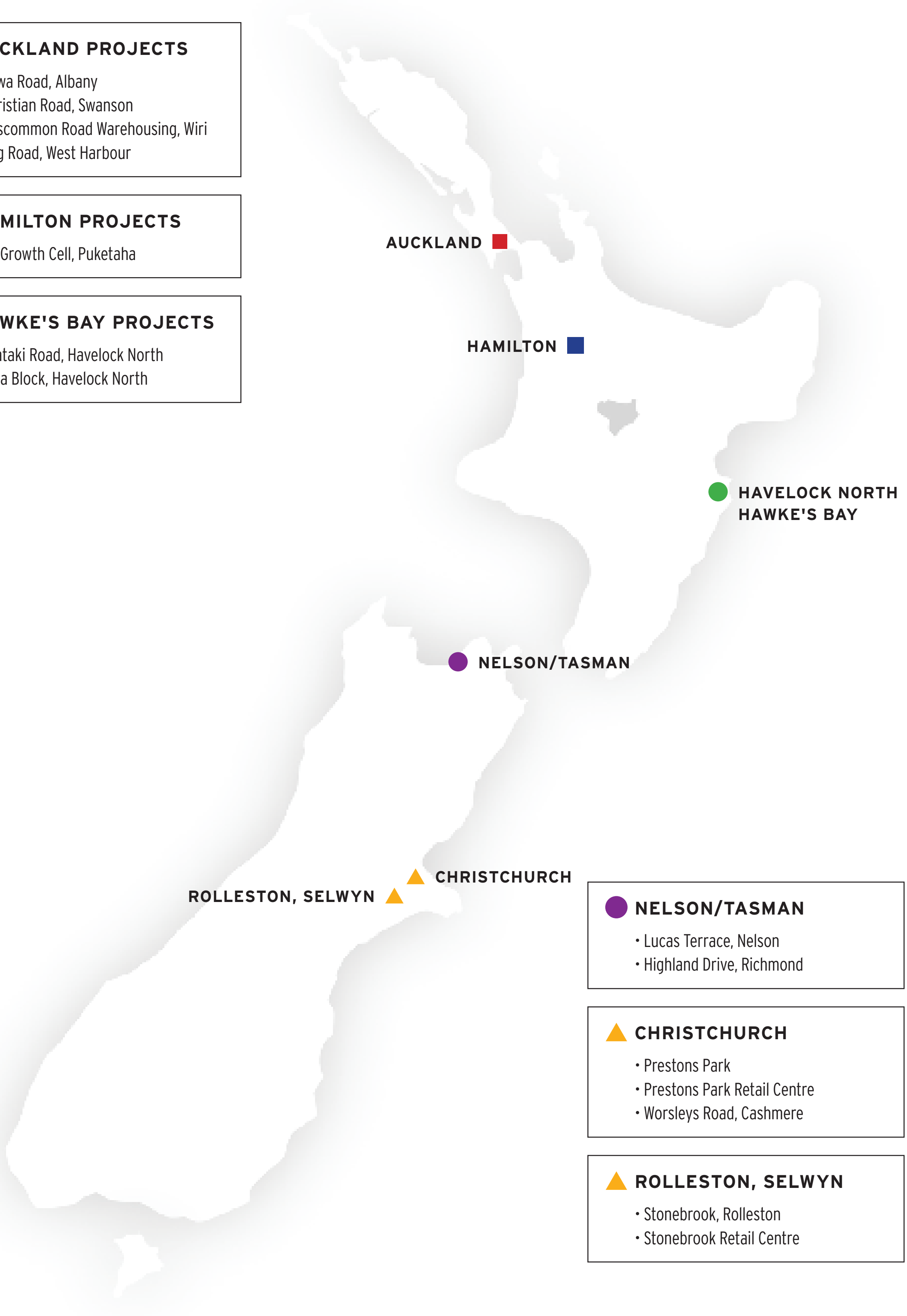
- Kewa Road, Albany
- Christian Road, Swanson
- Roscommon Road Warehousing, Wiri
- Trig Road, West Harbour

HAMILTON PROJECTS

- R2 Growth Cell, Puketaha

HAWKE'S BAY PROJECTS

- Arataki Road, Havelock North
- Iona Block, Havelock North



NELSON/TASMAN

- Lucas Terrace, Nelson
- Highland Drive, Richmond

CHRISTCHURCH

- Prestons Park
- Prestons Park Retail Centre
- Worsleys Road, Cashmere

ROLLESTON, SELWYN

- Stonebrook, Rolleston
- Stonebrook Retail Centre

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Colin Sim (Independent Director and Chair)
Jason Adams (Managing Director)
John Henderson (Independent Director and Member of the Audit Committee)
Desleigh Jameson (Independent Director and Chair of the Audit Committee)
Kwek Eik Sheng (Non-Executive Director)
Vincent Yeo (Non-Executive Director)

MANAGEMENT TEAM

Jason Adams (Managing Director and Executive Director, CDL Land New Zealand Limited)
Jackson Bull (General Manager, CDL Land New Zealand Limited)
Natasha Hood (Group Accounting Manager)
Takeshi Ito (Company Secretary/Legal Counsel)

REGISTERED OFFICE AND CONTACT DETAILS

Level 7, 23 Customs Street East, Auckland, New Zealand
P O Box 3248, Shortland Street, Auckland 1140, New Zealand
Telephone: +64 9 353 5077
www.cdlinvestments.co.nz

AUDITORS

KPMG, Auckland

BANKERS

ANZ Bank New Zealand Limited, Auckland

SOLICITORS

Bell Gully (Auckland)
Anthony Harper (Christchurch)

SHARE REGISTRAR

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road, Takapuna
Private Bag 92119, Auckland 1142, New Zealand
Telephone: +64 9 488 8700
Facsimile: +64 9 488 8787
Email: enquiry@computershare.co.nz

STOCK EXCHANGE LISTING

New Zealand Exchange (NZX)
Company Code: CDI

CDL INVESTMENTS
NEW ZEALAND LIMITED