

DIRECTORS' REVIEW

FINANCIAL PERFORMANCE:

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

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

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

PORTFOLIO UPDATE:

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

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

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

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

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

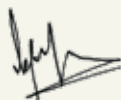
The change in Alert Levels in Auckland and Wellington during the first half of 2021 did not impact on CDI's activities.

COMMENTARY AND OUTLOOK:

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

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

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



Colin Sim
Chairman
2 August 2021

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2021

In thousands of dollars	Note	Unaudited 6 months to 30/06/21	Unaudited 6 months to 30/06/20
Revenue		61,181	40,883
Cost of sales		(30,162)	(20,004)
Gross profit		31,019	20,879
Other income		90	72
Administrative expenses		(187)	(146)
Property expenses		(133)	(177)
Selling expenses		(1,517)	(1,180)
Other expenses		(770)	(866)
Results from operating activities		28,502	18,582
Finance income		324	504
Finance costs		(2)	(1)
Net finance income		322	503
Profit before income tax		28,824	19,085
Income tax expense		(8,071)	(5,344)
Profit for the period		20,753	13,741
Total comprehensive income for the period		20,753	13,741
Profit Attributable to:			
Equity holders of the Parent		20,753	13,741
Total comprehensive income for the period		20,753	13,741
Earnings per share	3	7.28c	4.91c

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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2021

In thousands of dollars	Note	Unaudited Share Capital	GROUP Unaudited Retained Earnings	Unaudited Total Equity
Balance at 1 January 2020		55,374	180,136	235,510
Total comprehensive income for the period				
Profit for the period		-	13,741	13,741
Total comprehensive income for the period		-	13,741	13,741
Shares issued under dividend reinvestment plan	2	1,280	-	1,280
Dividend to shareholders	2	-	(9,758)	(9,758)
Supplementary dividend		-	(286)	(286)
Foreign investment tax credits		-	286	286
Balance at 30 June 2020		56,654	184,119	240,773
Balance at 1 January 2021		56,654	200,477	257,131
Total comprehensive income for the period				
Profit for the period		-	20,753	20,753
Total comprehensive income for the period		-	20,753	20,753
Shares issued under dividend reinvestment plan	2	7,800	-	7,800
Dividend to shareholders	2	-	(9,815)	(9,815)
Supplementary dividend		-	(194)	(194)
Foreign investment tax credits		-	194	194
Balance at 30 June 2021		64,454	211,415	275,869

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

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

In thousands of dollars	Note	Unaudited as at 30/06/21	Audited as at 31/12/20	Unaudited as at 30/06/20
SHAREHOLDERS' EQUITY				
Issued capital		64,454	56,654	56,654
Retained earnings		211,415	200,477	184,119
Total Equity		275,869	257,131	240,773

*Represented by:***NON CURRENT ASSETS**

Plant, furniture and equipment		51	23	32
Development property		115,865	119,096	137,251
Investment property		8,401	3,325	-
Investment in associate	17	2	2	2
Total Non Current Assets		124,319	122,446	137,285

CURRENT ASSETS

Cash and cash equivalents		90,950	10,111	18,850
Short term deposits		41,500	86,620	48,500
Trade and other receivables		3,384	3,486	2,139
Development property		24,550	42,342	37,265
Total Current Assets		160,384	142,559	106,754
Total Assets		284,703	265,005	244,039

NON CURRENT LIABILITIES

Deferred tax liabilities		59	59	63
Lease liabilities		22	3	6
Total Non Current Liabilities		81	62	69

CURRENT LIABILITIES

Trade and other payables		4,933	3,932	1,692
Employee entitlements		59	52	46
Income tax payable		3,748	3,821	1,448
Lease liabilities		13	7	11
Total Current Liabilities		8,753	7,812	3,197
Total Liabilities		8,834	7,874	3,266
Net Assets		275,869	257,131	240,773

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

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2021

In thousands of dollars	Note	Unaudited 6 months to 30/06/21	Unaudited 6 months to 30/06/20
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		61,207	42,895
Interest received		490	357
Cash was applied to:			
Payments to suppliers		(10,399)	(13,206)
Payments to employees		(308)	(282)
Income tax paid		(7,950)	(7,691)
Net Cash Inflow from Operating Activities		43,040	22,073
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Short term deposit maturities		86,620	19,620
Cash was applied to:			
Purchase of plant and equipment		(3)	(6)
Purchase of investment property		(5,101)	-
Short term deposits		(41,500)	(48,500)
Net Cash Inflow/(Outflow) from Investing Activities		40,016	(28,886)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was applied to:			
Dividend paid		(2,015)	(8,478)
Principal repayment of lease liability		(8)	(8)
Supplementary dividend paid		(194)	(286)
Net Cash Outflow from Financing Activities		(2,217)	(8,772)
Net Increase/(Decrease) in Cash and Cash Equivalents		80,839	(15,585)
Add Opening Cash and Cash Equivalents		10,111	34,435
Closing Cash and Cash Equivalents		90,950	18,850
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit after taxation		20,753	13,741
Adjusted for non cash items:			
Depreciation of plant & equipment		1	1
Depreciation of right-of-use assets		7	6
Depreciation of investment property		25	-
Income tax expense		8,071	5,344
Adjustments for movements in working capital:			
Decrease in receivables		102	1,793
Decrease in development properties		21,023	8,163
Increase in payables		1,008	716
Cash generated from Operations		50,990	29,764
Income tax paid		(7,950)	(7,691)
Cash Inflows from Operating Activities		43,040	22,073

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2021 (UNAUDITED)

1. 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 condensed interim financial statements of the Company as at and for the half year ended 30 June 2021 comprises the Company and its subsidiary (together referred to as the "Group").

The principal activity of the Group is the development and sale of residential land properties.

(a) Statement of compliance

The condensed interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with NZ IAS 34 Interim Financial Reporting. The condensed interim financial statements do not include all of the information required for full annual financial statements.

The accounting policies applied by the Group in these condensed financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2020.

The condensed interim financial statements were authorised for issuance on 2 August 2021.

2. CAPITAL & RESERVES

Share Capital

Under the Company's Dividend Reinvestment Plan, an additional 7,077,888 shares were issued on 14 May 2021 (2020: 1,629,555) at a strike price of \$1.1020 (2020: \$0.7854).

At 30 June 2021, the authorised share capital consisted of 287,513,023 fully paid ordinary shares (2020: 280,435,135).

Dividends

The following dividends were declared and paid during the period ending 30 June:

In thousands of dollars	2021	2020
3.5 cents per qualifying ordinary share (2020: 3.5 cents)	9,815	9,758
	9,815	9,758

3. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share at 30 June 2021 of 7.28 cents (2020: 4.91 cents) was based on the profit attributable to ordinary shareholders of \$20,753,000 (2020: \$13,741,000); and weighted average number of shares of 285,153,727 (2020: 279,891,950) on issue in the period.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2021 (UNAUDITED)

4. SEGMENT REPORTING

Operating segments

The major operating segment of the Group consists of property operations, comprising the development and sale of residential land sections. The revenue from investment property for the current period is only \$16,000 and therefore is not significant enough to justify a separate segmental disclosure.

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.

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.

5. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There were no material events subsequent to the end of the six month period ended 30 June 2021 (2020: Nil) that would require disclosure.

6. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS SINCE LAST ANNUAL BALANCE SHEET DATE

There were no changes in contingent liabilities and contingent assets that would require disclosure for the six month period ended 30 June 2021 (2020: Nil). There were no contingent liabilities or contingent assets as at 30 June 2021 (2020: Nil).

7. RELATED PARTY TRANSACTIONS

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 66.29% (2020: 65.87%) of the Company and having three out of six of the Directors on the Board. Millennium & Copthorne Hotels New Zealand Limited is 70.79% (2020: 70.79%) owned by CDL Hotels Holdings New Zealand Limited (computed on voting shares), which is a wholly owned subsidiary of Millennium & Copthorne Hotels Ltd in the United Kingdom. The ultimate holding company is Hong Leong Investment Holdings Pte Ltd in Singapore.

During the six month period ending 30 June 2021 CDL Investments New Zealand Limited has reimbursed its parent, Millennium & Copthorne Hotels New Zealand Limited, \$161,000 (2020: \$161,000) for expenses incurred by the parent on behalf of the Group.

Subsidiary	Principal Activity	% Holding by CDL Investments New Zealand		Balance Date
		Limited		
CDL Land New Zealand Limited	Property Investment and Development	100.00		31 December
Associate	Principal Activity	% Holding by CDL Land New Zealand		Balance Date
		Limited		
Prestons Road Limited	Service Provider	33.33		31 March

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2021 (UNAUDITED)

8. COMMITMENTS

As at 30 June 2021, the Group had entered into contractual commitments for development expenditure, construction of investment properties, and purchases of land. Contractual agreements for the purchase of land are subject to a satisfactory outcome of the Group's due diligence process, board approval, and OIO approval. Development expenditure represents amounts contracted and forecast to be incurred in the remainder of 2021 in accordance with the Group's development programme.

In thousands of dollars	2021	2020
Development expenditure	12,888	19,160
Land purchases	56,258	1,272
Capital expenditure on investment properties	24,675	-
	93,821	20,432

9. SUBSEQUENT EVENT

Subsequent to balance date, the Group settled the acquisition of 69.4 hectares of land at Havelock North.



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