

DIRECTORS' REVIEW

Financial Performance:

CDL Investments New Zealand Limited ("CDI") can report that the Company has made an unaudited operating profit after tax of \$13.74 million for the six month period ending 30 June 2020 (2019: \$15.10 million). Operating profit before tax was \$19.09 million (2019: \$20.98 million).

The result is particularly creditable given the fact that New Zealand as a whole was in a lockdown for six weeks from 26 March through to 14 May. Despite the restrictions on physical movement, online sales and promotional activity was able to continue which demonstrated that in the first six months of this year, interest in CDI's subdivisions and sections has not waned.

Property sales and other income for the period was \$40.96 million which exceeded last year's figure of \$40.29 million. Net Asset Backing (at cost) for the period under review was 85.9 cents per share (2019: 77.6 cents per share).

Portfolio update:

All 91 sections in the Dominion Road, Papakura subdivision have been sold after the initial launch in December 2019.

While COVID-19 has meant delays with its commercial developments at Stonebrook (Rolleston) and Prestons Park (Christchurch), we are still targeting completion and occupancy by the end of this year for the Stonebrook Local Centre development and Q2 2021 for the Prestons Park Urban Village development..

Commentary and Outlook:

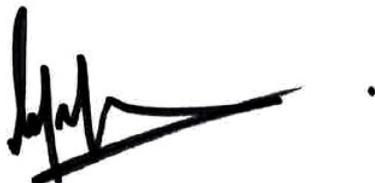
While we are happy with our sales performance to date, the second half of this year may be weaker than the first.

The fact that the sales we have settled to date have mainly come from our Kewa Road and Prestons Park developments in Auckland and Christchurch, respectively, is encouraging and vindicates our strategy to progress developments which are more likely to sell quickly. New stages are therefore being developed to meet demand and we believe that these will also sell well during this year. The same approach is being adopted across our other developments where we will only develop and complete as many sections as we believe to meet the demand.

CDI did not seek government assistance such as the Wage Subsidy and we are in the fortunate position in that we have not had to make any redundancies or reduce our employees' hours. We are very aware that several of the businesses we are dealing with have had to take steps to deal with the crisis and we are looking to support them where practicable.

Our target is to deliver another positive result and a dividend to shareholders once again but the economic effects of COVID-19 are expected to be significant and long-lasting. While the New Zealand property market has passed its peak, we remain quietly confident about our prospective sales for the rest of the year.

The Board and Management are monitoring the sales and development programmes very carefully and will not hesitate to make decisions where necessary to ensure that CDI is able to perform to its maximum potential during extremely challenging times while remaining mindful of CDI's long term investment strategy.



Colin Sim
Chairman
29 July 2020