GENERAL ANNOUNCEMENT::ANNOUNCEMENT BY SUBSIDIARY COMPANY, CDL INVESTMENTS NEW ZEALAND LIMITED

Issuer & Securities

Issuer/ Manager

CITY DEVELOPMENTS LIMITED

Securities

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Submitted By (Co./ Ind. Name)

Enid Ling Peek Fong

Designation

Company Secretary

Description (Please provide a detailed description of the event in the box below)

Please refer to the Announcement released by CDL Investments New Zealand Limited on 16 February 2023 relating to (i) Full Year Results for the Year Ended 31 December 2022; and (ii) Distribution Notice.

Attachments

02.16.2023_CDLINZ_FY2022_AFS_and_DN.pdf

Total size =447K MB

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

In thousands of dollars	Note	Group 2022	Group 2021
Property sales		65,858	91,893
Rental income from investment properties		1,240	48
Revenue		**67,098**	**91,941**
Cost of sales		(20,527)	(44,902)
Gross profit		**46,571**	**47,039**
Other income		248	201
Administrative expenses	3, 4	(882)	(345)
Property expenses		(589)	(367)
Selling expenses		(1,476)	(2,264)
Other expenses	3, 4	(2,211)	(1,453)
Results from operating activities		**41,661**	**42,811**
Finance income	5	1,664	616
Finance costs	5	(7)	(4)
Net finance income		**1,657**	**612**
Profit before income tax		**43,318**	**43,423**
Income tax expense	6	(12,129)	(12,159)
Profit for the period		**31,189**	**31,264**
Total comprehensive income for the period		**31,189**	**31,264**
Profit attributable to:			
Equity holders of the parent		31,189	31,264
Total comprehensive income for the period		**31,189**	**31,264**
Basic and Diluted Earnings per share (cents per share)	13	10.82	10.96

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

CDL Investments New Zealand Limited

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

			Group	
In thousands of dollars	Note	Share Capital	Retained Earnings	Total Equity
Balance at 1 January 2021		56,654	200,477	257,131
Total comprehensive income for the period				
Profit for the period		-	31,264	31,264
Total comprehensive income for the period		**-**	**31,264**	**31,264**
Transactions with owners of the Company				
Shares issued under dividend reinvestment plan	13	7,800	-	7,800
Dividend to shareholders	13	-	(9,815)	(9,815)
Supplementary dividend		-	(194)	(194)
Foreign investment tax credits		-	194	194
Balance at 31 December 2021		**64,454**	**221,926**	**286,380**
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		-	(204)	(204)
Foreign investment tax credits		-	204	204
Balance at 31 December 2022		**65,829**	**243,052**	**308,881**

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

CDL Investments New Zealand Limited

Consolidated Statement of Financial Position

As at 31 December 2022

In thousands of dollars	Note	Group 2022	Group 2021
SHAREHOLDERS' EQUITY			
Issued capital	13	65,829	64,454
Retained earnings		243,052	221,926
Total Equity		**308,881**	**286,380**
Represented by:			
NON CURRENT ASSETS			
Property, plant and equipment		98	43
Development property	8	186,728	164,589
Investment property	9	36,381	23,332
Investment in associate		2	2
Total Non Current Assets		**223,209**	**187,966**
CURRENT ASSETS			
Cash and cash equivalents	12	31,667	53,025
Short term deposits	14	40,075	30,000
Trade and other receivables	11	2,327	5,479
Development property	8	16,420	21,152
Total Current Assets		**90,489**	**109,656**
Total Assets		**313,698**	**297,622**
NON CURRENT LIABILITIES			
Deferred tax liabilities	10	153	74
Lease liability		58	18
Total Non Current liabilities		**211**	**92**
CURRENT LIABILITIES			
Trade and other payables		1,340	7,297
Employee entitlements		118	71
Income tax payable		3,122	3,771
Lease liability		26	11
Total Current Liabilities		**4,606**	**11,150**
Total Liabilities		**4,817**	**11,242**
Net Assets		**308,881**	**286,380**

For and on behalf of the Board

D JAMESON, DIRECTOR, 16 February 2023

J ADAMS, MANAGING DIRECTOR, 16 February 2023

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

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CDL Investments New Zealand Limited

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

In thousands of dollars

	Note	Group 2022	Group 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		70,853	90,011
Interest received		1,309	754
Cash was applied to:			
Payment to suppliers		(22,956)	(17,800)
Payment to employees		(880)	(590)
Purchase of development land		(24,607)	(56,258)
Income tax paid		(12,495)	(12,000)
Net Cash Inflow from Operating Activities		11,224	4,117
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Short term deposits		30,000	86,620
Cash was applied to:			
Development of investment property		(13,587)	(15,594)
Purchase of plant and equipment		(4)	(3)
Short term deposits		(40,075)	(30,000)
Net Cash Inflow/(Outflow) from Investing Activities		(23,666)	41,023
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was applied to:			
Dividend paid		(8,668)	(2,015)
Principal repayment of lease liability		(24)	(17)
Supplementary dividend paid		(204)	(194)
Net Cash Outflow from Financing Activities		(8,916)	(2,226)
Net Increase/(Decrease) in Cash and Cash Equivalents		(21,358)	42,914
Add Opening Cash and Cash Equivalents		53,025	10,111
Closing Cash and Cash Equivalents	12	31,667	53,025

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

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CDL Investments New Zealand Limited

Consolidated Statement of Cash Flows - continued

For the year ended 31 December 2022

In thousands of dollars	Note	Group 2022	Group 2021
RECONCILIATION OF PROFIT FOR THE PERIOD TO CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit after Taxation		31,189	31,264
Adjusted for non cash items:			
Depreciation of investment property		538	71
Depreciation of plant & equipment		2	2
Depreciation of right-of-use assets		19	13
Income tax expense	6	12,129	12,159
Transfer of development properties to investment properties	9	-	(4,484)
Adjustments for movements in working capital:			
(Increase)/Decrease in receivables		3,152	(1,993)
(Increase)/Decrease in development property		(17,407)	(24,303)
Increase/(Decrease) in payables		(5,903)	3,388
Cash generated from operating activities		**23,719**	**16,117**
Income tax paid		(12,495)	(12,000)
Cash Inflow from Operating Activities		**11,224**	**4,117**

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

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 2022 comprises the Company and its subsidiary (together referred to as the "Group").

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 16 February 2023.

(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.

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.

Significant accounting policies - continued

(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.

(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.

The Group grants deferred settlement terms of up to 12 months on certain sections. The total value of these deferred settlements amounted to $17 million (2021: $14 million). 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

The following new standards and amendments to standards are not yet effective for the year ended 31 December 2022, and have not been applied in preparing these consolidated financial statements:

- *NZ IFRS 17 Insurance Contracts*
- *Amendments to NZ IFRS 17*
- *Disclosure of Accounting Policies (Amendments to NZ IAS 1 and NZ IFRS Practice Statement 2)*
- *Definition of Accounting Estimate (Amendments to NZ IAS 8)*
- *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to NZ IAS 12 Income Taxes)*
- *Initial Application of NZ IFRS 17 and NZ IFRS 9 - Comparative Information (Amendments to NZ IFRS 17)*

The Group has assessed the new standards and the adoption of these standards is not expected to have a material impact on the Group’s financial statements.

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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 development properties and 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. There is no disclosure for the operating segments given that the Board of Directors do not review residential sales results separately from rental results from investment properties.

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.

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 except for a one off transaction for the sale of an industrial property of $29.0 million.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

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
In Note 15, detailed analysis is given of the interest rate and credit risk exposure of the Group and risks in relation thereto. The Group is also exposed to a risk of impairment to development properties should the carrying value exceed the market value due to market fluctuations in the value of development properties. However, there is no indication of impairment as the market value determined by an independent registered valuer significantly exceeds the carrying value of development properties.

The Group is also exposed to a risk of impairment to investment properties should the carrying value exceed the market value due to market fluctuations in the value of investment properties. However, there is no indication of impairment as the market value determined by an independent registered valuer significantly exceeds the carrying value of investment properties (see Note 9).

3. ADMINISTRATIVE AND OTHER EXPENSES

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

In thousands of dollars	Note	Group	
		2022	2021
Auditors' remuneration			
- Audit fees		88	61
- Tax compliance & tax advisory fees		4	4
Depreciation		560	86
Directors' fees	17	130	130
Rental payments		66	66

4. PERSONNEL EXPENSES

In thousands of dollars	Group	
	2022	**2021**
Wages and salaries	751	517
Employee related expenses and benefits	121	70
Increase in liability for long-service leave	8	3
	880	**590**

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

In thousands of dollars	Group	
	2022	**2021**
Interest income	1,664	616
Finance income	1,664	616
Interest expense	(7)	(4)
Finance costs	(7)	(4)
Net finance income	**1,657**	**612**

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.

6. INCOME TAX EXPENSE

Recognised in the statement of comprehensive income

In thousands of dollars	Group	
Current tax expense	**2022**	**2021**
Current year	12,050	12,144
	12,050	12,144
Deferred tax expense		
Origination and reversal of temporary differences	79	15
	79	15
Total income tax expense in the statement of comprehensive income	**12,129**	**12,159**

Reconciliation of effective tax rate

In thousands of dollars	Group	
	2022	**2021**
Profit before income tax	43,318	43,423
Income tax using the company tax rate of 28% (2021: 28%)	12,129	12,159
	12,129	**12,159**
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.

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6. INCOME TAX EXPENSE - continued

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

In thousands of dollars	Group	
	2022	**2021**
Imputation credits available for use in subsequent reporting periods	93,113	84,322

8. DEVELOPMENT PROPERTY

In thousands of dollars	Group	
	2022	**2021**
Expected to settle greater than one year	186,728	164,589
Expected to settle within one year	16,420	21,152
Development property	**203,148**	**185,741**

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 (2021: nil) has been capitalised during the year. Development property includes deposits paid on unconditional contracts for development land.

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.

9. INVESTMENT PROPERTY

In thousands of dollars	Group			
	Freehold Land	Buildings	Work in Progress	Total
Cost				
Balance at 1 January 2021	265	2,873	187	3,325
Additions	-	180	15,414	15,494
Transfers from development properties	394	-	4,090	4,484
Balance at 31 December 2021	659	3,053	19,691	23,403
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
Depreciation and impairment losses				
Balance at 1 January 2021	-	-	-	-
Depreciation charge for the year	-	(71)	-	(71)
Balance at 31 December 2021	-	(71)	-	(71)
Balance at 1 January 2022	-	(71)	-	(71)
Depreciation charge for the year	-	(538)	-	(538)
Balance at 31 December 2022	-	(609)	-	(609)
Carrying amounts				
Balance at 1 January 2021	265	2,873	187	3,325
Balance at 31 December 2021	**659**	**2,982**	**19,691**	**23,332**
Balance at 1 January 2022	659	2,982	19,691	23,332
Balance at 31 December 2022	**659**	**35,722**	**-**	**36,381**

Investment properties consist of commercial warehousing at Roscommon Road in Auckland, retail shops at Prestons Park in Christchurch, and retail shops at Stonebrook in Rolleston which are fully operational.

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.

The fair value of investment properties held at 31 December 2022 was determined, on an open market existing use basis, by an independent registered valuer, DM Koomen SPINZ of Extensor Advisory Limited as $62.6 million.

10. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

In thousands of dollars	Group					
	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
Plant and equipment	-	-	(156)	(30)	(156)	(30)
Development property	-	-	(81)	(108)	(81)	(108)
Employee benefits	84	55	-	-	84	55
Trade and other payables	-	9	-	-	-	9
Net tax assets/(liabilities)	**84**	**64**	**(237)**	**(138)**	**(153)**	**(74)**

Movement in deferred tax balances during the year

In thousands of dollars	Group		
	Balance 1 Jan 2021	Recognised in profit or loss	Balance 31 Dec 2021
Plant and equipment	-	(30)	(30)
Development property	(116)	8	(108)
Employee benefits	50	5	55
Trade and other payables	7	2	9
	(59)	**(15)**	**(74)**

Movement in deferred tax balances during the year

In thousands of dollars	Group		
	Balance 1 Jan 2022	Recognised in profit or loss	Balance 31 Dec 2022
Plant and equipment	(30)	(126)	(156)
Development property	(108)	27	(81)
Employee benefits	55	29	84
Trade and other payables	9	(9)	-
	(74)	**(79)**	**(153)**

11. TRADE AND OTHER RECEIVABLES

In thousands of dollars	Group	
	2022	2021
Trade receivables	222	94
Other receivables and prepayments	2,105	5,385
Trade and other receivables	**2,327**	**5,479**

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.

12. CASH AND CASH EQUIVALENTS

In thousands of dollars	Group	
	2022	2021
Bank balances	1,667	3,025
Call deposits	30,000	50,000
Cash and cash equivalents	**31,667**	**53,025**

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

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13. CAPITAL AND RESERVES

Share capital

	Company			
	2022	2022	2021	2021
	Shares '000s	$000's	Shares '000s	$000's
Shares issued 1 January	287,513	64,454	280,435	56,654
Issued under dividend reinvestment plan	1,295	1,375	7,078	7,800
Total shares issued and outstanding	**288,808**	**65,829**	**287,513**	**64,454**

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 2022, the authorised share capital consisted of 288,807,697 fully paid ordinary shares (2021: 287,513,023).

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 1,294,674 additional shares under the Dividend Reinvestment Plan on 13 May 2022 (2021: 7,077,888) at a strike price of $1.0624 per share issued (2021: $1.1020).

Dividends

The following dividends were declared and paid during the year 31 December 2022:

In thousands of dollars	Company	
	2022	2021
3.5 cents per qualifying ordinary share (2021: 3.5 cents)	10,063	9,815
	10,063	**9,815**

The following dividends were declared by the directors on 9 February 2023. 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 dollars	Company
3.5 cents ordinary dividend per qualifying ordinary share	10,108
3.5 cents total dividend per qualifying ordinary share	**10,108**

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 2022 was based on the profit attributable to ordinary shareholders of $31,189,000 (2021: $31,264,000); and weighted average number of ordinary shares outstanding during the year ended 31 December 2022 of 288,376,000 (2021: 285,154,000), calculated as follows:

Profit attributable to ordinary shareholders (basic & diluted)

In thousands of dollars	Group	
	2022	2021
Profit for the period	31,189	31,264
Profit attributable to ordinary shareholders	**31,189**	**31,264**

Weighted average number of ordinary shares

	Company	
	2022	2021
	Shares '000s	Shares '000s
Issued ordinary shares at 1 January	287,513	280,435
Effect of 1,294,674 shares issued in May 2022	863	-
Effect of 7,077,888 shares issued in May 2021	-	4,719
Weighted average number of ordinary shares at 31 December	**288,376**	**285,154**

13. CAPITAL AND RESERVES – continued

Earnings per share (basic & diluted)

	Group	
	2022	**2021**
Basic and Diluted Earnings per share (cents per share)	10.82	10.96

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 non-derivative financial instruments are measured as described below.

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.

In thousands of dollars		Group	
	Note	**2022**	**2021**
Financial Assets			
Cash and cash equivalents	12	31,667	53,025
Short term deposits		40,075	30,000
Trade and other receivables	11	2,327	5,479
Financial Liabilities			
Trade and other payables		1,340	7,297

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 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 exposure to interest rate risk as there are no funding facilities (2021: nil). However, the Group is 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.

A decrease of one percentage point in interest rates would have decreased the Group's profit before income tax by $623,000 (2021: $794,000) in the current period.

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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		2022				2021			
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 4.78%	31,667	31,667	-	0.00% to 0.79%	53,025	53,025	-
Short term deposits		3.30% to 5.26%	40,075	35,075	5,000	0.56% to 1.20%	30,000	20,000	10,000
			71,742	**66,742**	**5,000**		**83,025**	**73,025**	**10,000**

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	2022				2021	
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	1,340	1,258	82	7,297	7,297	-
	1,340	**1,258**	**82**	**7,297**	**7,297**	**-**

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.

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15. CAPITAL AND LAND DEVELOPMENT COMMITMENTS

As at 31 December 2022, the Group had entered into contractual commitments for development expenditure 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 2023 in accordance with the Group's development programme.

In thousands of dollars	Group	
	2022	**2021**
Development expenditure	21,991	20,858
Land purchases	4,010	20,300
	26,001	**41,158**

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 2022 was:

In thousands of dollars	Group	
	2022	**2021**
Non-executive directors	130	130
Executive directors	233	-
	363	**130**

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).

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 65.99% (2021: 66.29%) of the Company and having two out of six of the Directors on the Board. Millennium & Copthorne Hotels New Zealand Limited is 70.79% (2021: 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, $351,000 (2021: $323,000) for shared office expenses incurred by the parent on behalf of the Group and reimbursed its parent for its portion of insurance premiums of $153,000 (2021:nil). In addition, the parent purchased $3,000 in tax pool credits from the Group.

During 2022, CDL Investments New Zealand Limited issued no additional shares (2021: 5,866,859) 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 (2021: 190,591,297).

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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 (2021: $75,000).

The Group has been named as respondents in a judicial review proceeding which was brought by the Applicant, Winton Property Investments Limited, in relation to a decision of the Overseas Investment Office relating to the Group's acquisition of land in Havelock North. The Applicant was seeking, inter alia, an order setting aside the decision of the Overseas Investment Office in respect of the approval and/or a declaration that Ministers erred at law in making their decision to grant consent. The proceedings, which were advised to the market on 21 July 2021, were heard in February 2022 and a decision in favour of the respondents was handed down at the end of March 2022. The Applicant has now filed a notice of appeal and a hearing has been set down for May 2023 at this stage. The Group will continue to vigorously defend its position and still considers the likelihood of the applicant being successful as low. It is not possible to determine what the financial effect would be, if any, should the application be successful.

Independent Auditor's Report

To the shareholders of CDL Investments New Zealand Limited

Report on the audit of the consolidated financial statements

Opinion

In our opinion, the accompanying consolidated financial statements of CDL Investments New Zealand Limited (the 'company') and its subsidiaries (the 'group') on pages 1 to 17:

i. present fairly in all material respects the Group's financial position as at 31 December 2022 and its financial performance and cash flows for the year ended on that date; and

ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

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 to taxation compliance and taxation advisory. 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 $2.1 million determined with reference to a benchmark of group profit before tax. We chose the benchmark because, in our view, this is a key measure of the group's performance.

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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. No Key Audit Matters were identified during the audit. 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

Other information

The Directors, on behalf of the group, are responsible for the other information included in the entity's Annual Report. Other information includes the Director's Review, disclosures relating to corporate governance, the trend statement and financial summary and the other information included in the Annual Report. 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 other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears materially 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 is 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;
- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and 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.

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

Our objective is:

- to obtain reasonable assurance about whether the consolidated 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 Aaron Woolsey.

For and on behalf of

KPMG

KPMG
Auckland

16 February 2023

CDL INVESTMENTS
NEW ZEALAND LIMITED

DIRECTORS' REVIEW

Financial Performance

CDL Investments New Zealand Limited ("CDI") is pleased to report that the company recorded a profit after tax of $31.2 million in 2022 (2021: $31.3 million). The result reflects both the positive demand and trading environment that was evident for the majority of 2022 but also shows the impact of the rapid changes seen in the last few months of 2022 with the rapid rise in interest rates and inflation and the consequential impact on the property markets. CDI achieved a profit before tax for the year of $43.3 million (2021: $43.4 million). Property sales, rental income & other income totalled $67.3 million (2021: $92.1 million).

At 31 December 2022, CDI's shareholders' funds increased to $308.9 million (2021: $286.4 million) and total assets also increased to $313.7 million (2021: $297.6 million). Net tangible assets per share (at book value) also increased to 107.0 cents (2021: 99.6 cents). The independent market value of CDI's property holdings as at 31 December 2022, was $405.4 million (2021: $359.7 million) which reflects both the acquisitions made and value added in 2022. At cost, the portfolio was valued at $239.5 million (2021: $209.1 million) in line with CDI's accounting policies.

Property Portfolio

CDI acquired a total of 15.8 hectares of land during 2022 in both the Hawkes Bay and Waikato regions. Those acquisitions were adjacent or close to nearby existing land holdings and will allow the company to add additional stages or units to future development plans.

CDI's 2022 result was underpinned by the sale of one of its commercial landholdings in Wiri, South Auckland. Residential sales were strongest at Prestons Park (Christchurch). Our Kewa Road subdivision (North Shore, Auckland) is nearly sold out and the first sales at our recently completed residential development in Swanson, West Auckland settled before the end of 2022. Additional stages are being readied for sale at Swanson and Prestons Park and we expect these to be sold during the course of the year.

Development consents were submitted for CDI's projects in the Hawkes Bay in 2022 and good progress is being made on getting approvals. Work on finalising subdivision infrastructure and house designs is being done now and we expect to commence works during 2023.

Both of CDI's warehouses in Wiri, South Auckland were completed during the year and are now occupied. The majority of the units at the commercial centres located at Prestons Park and Stonebrook have also been let.

Dividend Announcement

The Board has resolved to maintain its fully imputed ordinary dividend at 3.5 cents per share payable on 12 May 2023. The Board believes the amount is consistent with recent years' profits while allowing the company to retain enough cash on hand for additional development work and possible future acquisitions.

The record date will be 28 April 2023. The Dividend Reinvestment Plan will apply to this dividend.

Summary and Outlook

Given the rapid deterioration in the New Zealand property market and business confidence in the last few months of 2022, the Board considers the overall result to be positive and in line with the guidance provided earlier in the year.

2023 will be more challenging and the Board and Management are focused on ensuring that CDI is able to maximise its sales in the areas where there is still strong demand and to minimize our exposure to costs in regions which are slowing down.

CDI will continue to look for acquisition opportunities over the course of next year and will also look at new areas for additional diversification using CDI's existing land portfolio. With the success of its Wiri warehouses and the commercial areas at Prestons Park and Stonebrook now mature, CDI is using its experience to look at how and what it can add to existing and future projects to provide additional amenity value and increased development returns.

CDI will be monitoring the proposed changes to resource management legislation carefully. It is too early to say what impact the changes will mean for the company and its developments. CDI will continue its dialogue with local authorities on plan changes and infrastructure issues and to apply for consents under the current regime.

We thank our shareholders for their continued support during 2022 and also take this opportunity to thank our Management team for another profitable year. The Board was pleased to appoint Jason Adams to the Managing Director role after BK Chiu's retirement and was also pleased to promote Jackson Bull to the position of General Manager, CDL Land New Zealand Limited. We have also been joined by Melissa Crowe who is our Christchurch-based Development Manager. With a strong and experienced team, the Board believes that the company is in good shape to tackle the challenges ahead.

Colin Sim
Chairman
16 February 2023

16 February 2023

CDL INVESTMENTS
NEW ZEALAND LIMITED

SOLID SALES PROVIDE ANOTHER CONSISTENT PROFIT RESULT FOR CDL INVESTMENTS NEW ZEALAND

NZX-listed residential property developer CDL Investments New Zealand Limited (**NZX: CDI**) reported its results for the year ended 31 December 2022 earlier today.

"Despite market conditions changing radically in the last few months of the year, we've been able to record a consistent profit from a solid level of sales during the year", said CDI's Managing Director Jason Adams.

Mr. Adams said that CDI had achieved a lot in 2022 and was looking at additional options to develop and grow its business.

"We completed our two commercial warehouses in Wiri, South Auckland, which are fully tenanted. The majority of our commercial units at our Prestons Park and Stonebrook developments in Canterbury are also tenanted and we have continued to develop additional stages at our residential subdivisions where demand has been strongest", he said.

"With that knowledge and experience gained, we are now looking to see where else we can add value and diversity to our developments", said Mr. Adams.

CDI's Board resolved to maintain its dividend at 3.5 cents per share fully imputed which would be paid to shareholders on 12 May 2023. The Record Date would be 28 April 2023 and the Dividend Reinvestment Plan would apply.

Speaking to the outlook for 2023, Mr. Adams noted that the environment would be very different.

"It will be challenging but we are prepared for it. In 2023, we will look to make sales where we know that demand is high and at the same time we will look to develop our pipeline in areas that we expect will recover the quickest. CDI will also seek out opportunities for future growth and we will be on the lookout for stakeholders and partners who have the same ethos and values as we have to take things up a level", he said.

<u>Summary of results:</u>

• Profit after tax	$31.2 million (2021: $31.3 million)
• Profit before tax	$43.3 million (2021: $43.4 million)
• Property sales, rental income & other income	$67.3 million (2021: $92.1 million)
• Shareholders' funds	$308.9 million (2021: $286.4 million)
• Total assets	$313.7 million (2021: $297.6 million)
• Net tangible asset value (at book value)	107.0 cents per share (2021: 99.6cps)
• Earnings per share	10.82 cents per share (2021: 10.96cps)

<u>About CDL Investments New Zealand Limited:</u>
CDL Investments New Zealand Limited (NZX:CDI) has a proud track record of acquiring and developing residential sections in New Zealand for over two decades. With a focus on creating and developing a range of high-quality residential sections to New Zealanders, CDI has successfully completed numerous subdivision projects in Auckland, Hamilton, Tauranga, Hastings, Havelock North, Taupo, Nelson, Christchurch, Rolleston (Canterbury) and Queenstown. CDI is a majority-owned subsidiary of NZX-listed Millennium & Copthorne Hotels New Zealand Limited.

ENDS

Issued by CDL Investments New Zealand Limited

Enquiries to:
Jason Adams, Managing Director
(09) 353 5058

NEW ZEALAND'S EXCHANGE
TE PAEHOKO O AOTEAROA

Distribution Notice

Please note: all cash amounts in this form should be provided to 8 decimal places

Section 1: Issuer information				
Name of issuer	**CDL Investments New Zealand Limited**			
Financial product name/description	**Ordinary Shares**			
NZX ticker code	**CDI**			
ISIN (If unknown, check on NZX website)	**NZKGLE0001S8**			
Type of distribution (Please mark with an X in the relevant box/es)	**Full Year**	**X**	Quarterly	
	Half Year		Special	
	DRP applies	**X**		
Record date	**28/04/2023**			
Ex-Date (one business day before the Record Date)	**27/04/2023**			
Payment date (and allotment date for DRP)	**12/05/2023**			
Total monies associated with the distribution[1]	**$10,108,269.40**			
Source of distribution (for example, retained earnings)	**Retained earnings**			
Currency	**NZD**			
Section 2: Distribution amounts per financial product				
Gross distribution[2]	**$0.04861111**			
Gross taxable amount [3]	**$0.04861111**			
Total cash distribution[4]	**$0.03500000**			
Excluded amount (applicable to listed PIEs)	**n/a**			
Supplementary distribution amount	**$0.00617647**			
Section 3: Imputation credits and Resident Withholding Tax[5]				
Is the distribution imputed	**Fully imputed**			
	~~Partial imputation~~			
	~~No imputation~~			

[1] Continuous issuers should indicate that this is based on the number of units on issue at the date of the form
[2] "Gross distribution" is the total cash distribution plus the amount of imputation credits, per financial product, before the deduction of Resident Withholding Tax (**RWT**).
[3] "Gross taxable amount" is the gross distribution minus any excluded income.
[4] "Total cash distribution" is the cash distribution excluding imputation credits, per financial product, before the deduction of RWT. This should *include* any excluded amounts, where applicable to listed PIEs.
[5] The imputation credits plus the RWT amount is 33% of the gross taxable amount for the purposes of this form. If the distribution is fully imputed the imputation credits will be 28% of the gross taxable amount with remaining 5% being RWT. This does not constitute advice as to whether or not RWT needs to be withheld.

If fully or partially imputed, please state imputation rate as % applied[6]	**28%**	
Imputation tax credits per financial product	**$0.01361111**	
Resident Withholding Tax per financial product	**$0.00243056**	
Section 4: Distribution re-investment plan (if applicable)		
DRP % discount (if any)	**Nil**	
Start date and end date for determining market price for DRP	**01/05/2023**	**05/05/2023**
Date strike price to be announced (if not available at this time)	**08/05/2023**	
Specify source of financial products to be issued under DRP programme (new issue or to be bought on market)	**Ordinary shares (new issue)**	
DRP strike price per financial product	**[to be advised]**	
Last date to submit a participation notice for this distribution in accordance with DRP participation terms	**01/05/2023**	
Section 5: Authority for this announcement		
Name of person authorised to make this announcement	**Takeshi Ito (Company Secretary)**	
Contact person for this announcement	**Takeshi Ito (Company Secretary)**	
Contact phone number	**09 353 5077**	
Contact email address	**takeshi.ito@cdli.co.nz**	
Date of release through MAP	**16/02/2023**	

[6] Calculated as (imputation credits/gross taxable amount) x 100. Fully imputed dividends will be 28% as a % rate applied.