

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

Issuer & Securities

Issuer/ Manager

CITY DEVELOPMENTS LIMITED

Securities

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Announcement Details

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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 10 August 2022 relating to Half Year Results Ended 30 June 2022.

Attachments

[08.10.2022 CDLINZ HY 2022 Financial Statements.pdf](#)

Total size =292K MB

CDL Investments New Zealand Limited and its Subsidiary
Condensed Interim Statement of Comprehensive Income

For the half year ended 30 June 2022

In thousands of dollars	Note	Unaudited 6 Months to 30/06/22	Unaudited 6 Months to 30/06/21
Revenue		47,603	61,181
Cost of sales		(14,050)	(30,162)
Gross profit		33,553	31,019
Other income		211	90
Administrative expenses		(275)	(187)
Property expenses		(257)	(133)
Selling expenses		(1,089)	(1,517)
Other expenses		(849)	(770)
Results from operating activities		31,294	28,502
Finance income		513	324
Finance costs		(2)	(2)
Net finance income		511	322
Profit before income tax		31,805	28,824
Income tax expense		(8,906)	(8,071)
Profit for the period		22,899	20,753
Total comprehensive income for the period		22,899	20,753
Profit Attributable to:			
Equity holders of the Parent		22,899	20,753
Total comprehensive income for the period		22,899	20,753
Earnings per share	3	7.94c	7.28c
The accompanying notes form part of, and should be read in conjunction with these financial statements.			

CDL Investments New Zealand Limited and its Subsidiary
Condensed Interim Statement of Changes in Equity

For the half year ended 30 June 2022

In thousands of dollars	Note	Unaudited Share Capital	GROUP Unaudited Retained Earnings	Unaudited Total Equity
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
Balance at 1 January 2022		64,454	221,926	286,380
Total comprehensive income for the period				
Profit for the period		-	22,899	22,899
Total comprehensive income for the period		-	22,899	22,899
Shares issued under dividend reinvestment plan	2	1,375	-	1,375
Dividend to shareholders	2	-	(10,063)	(10,063)
Supplementary dividend		-	(204)	(204)
Foreign investment tax credits		-	204	204
Balance at 30 June 2022		65,829	234,762	300,591

CDL Investments New Zealand Limited and its Subsidiary
Condensed Interim Statement of Financial Position

As at 30 June 2022

In thousands of dollars	Note	Unaudited as at 30/06/22	Audited as at 31/12/21	Unaudited as at 30/06/21
SHAREHOLDERS' EQUITY				
Issued capital		65,829	64,454	64,454
Retained earnings		234,762	221,926	211,415
Total Equity		300,591	286,380	275,869
<i>Represented by:</i>				
NON CURRENT ASSETS				
Plant, furniture and equipment		36	43	51
Development property		188,361	164,589	115,865
Investment property		33,084	23,332	8,401
Investment in associate	17	2	2	2
Total Non Current Assets		221,483	187,966	124,319
CURRENT ASSETS				
Cash and cash equivalents		15,076	53,025	90,950
Short term deposits		60,000	30,000	41,500
Trade and other receivables		1,483	5,479	3,384
Development property		8,706	21,152	24,550
Total Current Assets		85,265	109,656	160,384
Total Assets		306,748	297,622	284,703
NON CURRENT LIABILITIES				
Deferred tax liabilities		74	74	59
Lease liabilities		15	18	22
Total Non Current Liabilities		89	92	81
CURRENT LIABILITIES				
Trade and other payables		1,698	7,297	4,933
Employee entitlements		83	71	59
Income tax payable		4,278	3,771	3,748
Lease liabilities		9	11	13
Total Current Liabilities		6,068	11,150	8,753
Total Liabilities		6,157	11,242	8,834
Net Assets		300,591	286,380	275,869

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

CDL Investments New Zealand Limited and its Subsidiary
Condensed Interim Statement of Cash Flows

For the half year ended 30 June 2022

In thousands of dollars	Note	Unaudited 6 Months to	
		30/06/22	30/06/21
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		51,949	61,207
Interest received		374	490
Cash was applied to:			
Payments to suppliers		(13,587)	(10,399)
Payments to employees		(359)	(308)
Purchase of development land		(19,380)	-
Income tax paid		(8,195)	(7,950)
Net Cash Inflow from Operating Activities		10,802	43,040
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Short term deposit maturities		30,000	86,620
Cash was applied to:			
Purchase of plant and equipment		-	(3)
Purchase of investment property		(9,851)	(5,101)
Short term deposits		(60,000)	(41,500)
Net Cash Inflow/(Outflow) From Investing Activities		(39,851)	40,016
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was applied to:			
Dividend paid		(8,688)	(2,015)
Principal repayment of lease liability		(8)	(8)
Supplementary dividend paid		(204)	(194)
Net Cash Outflow from Financing Activities		(8,900)	(2,217)
Net Increase/(Decrease) in Cash and Cash Equivalents		(37,949)	80,839
Add Opening Cash and Cash Equivalents		53,025	10,111
Closing Cash and Cash Equivalents		15,076	90,950

CDL Investments New Zealand Limited and its Subsidiary
Condensed Interim Statement of Cash Flows - continued

For the half year ended 30 June 2022

In thousands of dollars	Note	Unaudited 6 Months to	
		30/06/22	30/06/21
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit after taxation		22,899	20,753
Adjusted for non cash items:			
Depreciation of plant & equipment		1	1
Depreciation of right-of-use assets		7	7
Depreciation of investment property		99	25
Income tax expense		8,906	8,071
Adjustments for movements in working capital:			
Decrease in receivables		3,996	102
Decrease in development properties		(11,326)	21,023
Increase in payables		(5,585)	1,008
Cash generated from Operations		18,997	50,990
Income tax paid		(8,195)	(7,950)
Cash Inflows from Operating Activities		10,802	43,040

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

CDL Investments New Zealand Limited and its Subsidiary

Notes to the Condensed Interim Financial Statements

For the half year ended 30 June 2022 (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 2022 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 2021.

The condensed interim financial statements were authorised for issuance on 10 August 2022.

2. Capital & Reserves

Share Capital

Under the Company's Dividend Reinvestment Plan, an additional 1,294,674 shares were issued on 13 May 2022 (2021: 7,077,888) at a strike price of \$1.0624 (2021: \$1.1020).

At 30 June 2022, the authorised share capital consisted of 288,807,697 fully paid ordinary shares (2021: 287,513,023).

Dividends

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

In thousands of dollars

3.5 cents per qualifying ordinary share (2021: 3.5 cents)

2022	2021
10,063	9,815
10,063	9,815

3. Earnings Per Share

The calculation of basic and diluted earnings per share at 30 June 2022 of 7.94 cents (2021: 7.28 cents) was based on the profit attributable to ordinary shareholders of \$22,899,000 (2021: \$20,753,000); and weighted average number of shares of 288,376,139 (2021: 285,153,727) on issue in the period.

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 \$84,000 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.

CDL Investments New Zealand Limited and its Subsidiary
Notes to the Condensed Interim Financial Statements
For the half year ended 30 June 2022 (unaudited)

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 2022 (2021: Nil) that would require disclosure.

6. Changes in Contingent Liabilities since last Annual Balance Sheet Date

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.

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 65.99% (2022: 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 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 2022 CDL Investments New Zealand Limited has reimbursed its parent, Millennium & Copthorne Hotels New Zealand Limited, \$168,000 (2021: \$161,000) for expenses incurred by the parent on behalf of the Group.

Subsidiary	Principal Activity	% Holding by CDL Investments New Zealand Limited	Balance Date
CDL Land New Zealand Limited	Property Investment and Development	100.00	31 December

Associate	Principal Activity	% Holding by CDL Land New Zealand Limited	Balance Date
Prestons Road Limited	Service Provider	33.33	31 March

8. Commitments

As at 30 June 2022, 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 2022 in accordance with the Group's development programme.

In thousands of dollars

Development expenditure
 Land purchases
 Capital expenditure on investment properties

2022	2021
15,451	12,288
-	56,258
3,100	24,675
18,551	93,821

DIRECTORS' REVIEW

Financial Performance:

For the six month period ending 30 June 2022 CDL Investments New Zealand Limited ("CDI") can report that it made an unaudited operating profit after tax of \$22.90 million (2021: \$20.75 million). Our operating profit before tax was \$31.81 million (2021: \$28.82 million).

Property sales and other income for the period was \$47.81 million (2021: \$61.27 million). Net Asset Backing (at cost) for the period under review was 104.08 cents per share (2021: 95.95 cents per share).

These results come despite significant downward changes to market conditions seen over the period. The Board is pleased that CDI has been able to withstand some of the negative sentiment to date but we are also conscious that the current trading environment will likely continue for some time and this will impact on our full year results to some extent.

Portfolio update:

The first half of 2022 has seen a lot of activity across our portfolio.

CDI settled sales of residential sections in Auckland and Canterbury from its Kewa Road and Prestons Park subdivisions during the first half of 2022. The settlement of our sale of commercial development land at Jerry Green Street, Wiri (South Auckland) is also recognised in the results.

We also purchased 4.85 hectares of land in north-east Hamilton adjacent to some of our existing land holdings and this new holding gives us further economies of scale.

A particular highlight of the last six months has been the progress with our warehousing 'design and build' projects in Wiri. The first was completed in June and is now occupied by our tenant. The second is rapidly nearing completion and on track to be occupied and operational in the coming weeks. We have been very pleased with both of these projects, neither of which were badly affected by labour or supply chain delays. The majority of our units at our other commercial local centre developments at Stonebrook and Prestons Park are also occupied and operational, and our leasing agents are continuing working on tenanting the remaining units.

We continue to work on the master planning and consent applications for the Iona Block in Havelock North and we expect that the stage 1 consents will be issued shortly. This will ensure that we are able to commence earthworks in Q4 2022 as planned. In addition, the stage 2 resource consent application is on track to be lodged end September 2022.

Commentary and Outlook:

Market conditions for the immediate future will be challenging. Interest rate increases, tighter bank mortgage lending criteria coupled with abnormally high inflation caused by global pressures will doubtless continue to be felt well in to 2023. For this year, we are aiming to match our 2021 results overall and to ensure that we have prepared the groundwork for sales into 2023. That will not be an easy task given the current trading environment but we believe that it is a realistic one given our sales performance to date. We are targeting new sales in Auckland (Christian Road, West Auckland) and in Canterbury (Prestons Park) to deliver those results.

At the same time, those market factors will put additional pressure on highly-leveraged developers and owners who will be looking to offload land or other property holdings. CDI is not under that kind of financial pressure and will be actively positioning itself to use its resources to take advantage of suitable opportunities should they arise.



Colin Sim
Chairman
10 August 2022

10 August 2022



CDL INVESTMENTS LOOKING TO OVERCOME “DIFFICULT” TRADING ENVIRONMENT

NZX-listed property development and investment company CDL Investments New Zealand Limited (NZX:CDI) today released its (unaudited) results for the six months to 30 June 2022 and reported an operating profit after tax of \$22.90 million (2021: \$20.75 million) on revenue of \$47.81 million (2021: \$61.27 million).

“The last six months have seen a dramatic change in the trading environment”, said CDI’s Chair Colin Sim. “The irony is that those changes have been caused by external factors totally outside of our control and have nothing to do with our performance or financial position”, he said.

CDI continued to record sales of its residential sections in Auckland and Canterbury and had also acquired a 4.85 hectare parcel of land in north-east Hamilton in the first half of the year. It also reported completion of one of its warehousing projects in South Auckland with the second not far from being finished.

“The warehousing projects have been the highlight of the year so far”, said CDI’s new Managing Director Jason Adams. “They’ve been built on time and to budget and our tenants are thrilled with the end product, as are we”, he said.

Mr. Adams also said that CDI’s commercial local centre developments in Canterbury were also well occupied and making an impact in their locations.

“We’re pleased that our local centres in Stonebrook (Rolleston) and Prestons Park have made the impact that we thought they would in their respective locations and the knowledge we’ve gained here will be used for our future development projects”, he said.

At our AGM the company said that its target for the full year was to try and match its 2021 performance. This would not be easy given that the easing property market conditions being experienced now were likely to stay the same well in to 2023. Interest rate increases, tighter bank mortgage lending criteria, resource and material supply constraints and abnormally high inflation caused by global pressures will likely continue to be felt well in to 2023.

“It’s a realistic goal but to make that target we will need new sales. This year, those sales will come from Auckland at Christian Road and from new sales at Prestons Park”, said Mr. Adams.

CDI also noted that the current trading environment might provide opportunities for the company going forward.

“We are not under the same pressures as some other developers and owners and this difficult environment will present unique opportunities for us. Our investment and development timelines have always been focused on the medium to long term and the Board has therefore asked Management to position CDI in such a way that it can benefit from those opportunities should they arise”, said Mr. Sim.

ENDS

Issued by CDL Investments New Zealand Limited

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