

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

Issuer & Securities

Issuer/ Manager

CITY DEVELOPMENTS LIMITED

Securities

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No

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 23 May 2023 relating to (i) Remarks by CDI Chairman, Mr Colin Sim, to 2023 Annual Meeting of Shareholders; and (ii) Presentation slides at the Annual Meeting of Shareholders.

Attachments

[05.23.2023 CDLINZ AGM Chairman Remarks and Presentation slides.pdf](#)

Total size =2288K MB



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STOCK EXCHANGE ANNOUNCEMENT

Date 23 May 2023

Subject **REMARKS BY CDI CHAIRMAN TO 2023 ANNUAL MEETING OF SHAREHOLDERS**

On behalf of the Directors, I present the Annual Report and the Statement of Financial Accounts to 31 December 2022. I would like to make a few brief comments about the past year.

The Board was pleased with the results that we were able to achieve in 2022, especially given the rapidly changing market circumstances in the latter part of the year. Jason will speak to some of those challenges in his presentation.

As we said in our 2022 interim report, we set Management a target of matching their 2021 profit results and they achieved this which reflects both the significant effort put in by the Management teams and the sales agents particularly in the last quarter of the year.

I would like to extend our thanks to the Management team for their work once again. It was not easy.

We are particularly pleased with the success of our commercial warehouses in Auckland which were completed on time and on budget and are now fully tenanted.

We now want to build on the success of that development where we can and the Board has asked the Management plan to look at where such opportunities are best suited for us. The market for commercial land remains competitive and demand for commercial projects remains solid so this is an area we are looking at closely.

Looking to the future, we will continue to look for acquisition opportunities over the course of this year and in to the future.

We will also look at how we can optimise the use of our land holdings

None of this should come as something new or surprising. As we develop our land holdings and sell down completed sections, we need to be on the lookout for opportunities to replenish our land portfolio and the Management team has spent considerable time looking at various opportunities in recent months.

As long-term shareholders know, we are highly selective in the opportunities we seek and a lot of assessment work is done before we lock in suitable purchases.

We will continue to maintain our high standards as we always have to ensure that we have a portfolio that is not only geographical diverse but which will provide the right level of future returns when developed.

That said, we want to signal to you that 2023 will be particularly challenging for us as higher interest rates and the cost of living crisis affects us all. Put simply, based on the current market circumstances, maintaining a level of profit in 2023 that is consistent with the last two years will be difficult.

The effects of the rapid downward change in the market since late last year is reflected in the low number of sales we have been able to achieve over the last few months. Jason will outline the year to date sales revenue in his presentation.

The current volatility in the property markets makes forecasting at this time very tricky and the reality is that most factors which affect the property markets are outside our control. We will have a clearer picture at half year as to what levels of profit we should be able to generate in 2023 and we will look to provide some more concrete guidance when we release our half year results.

We can, however, look closely at those factors we can influence and we will be maintaining a very sharp focus on generating sales and developing our future pipeline so that we are ready when markets begin to pick up as they surely will. We will prioritise sales which we can settle this year in particular and we will look to ensure that we have a sufficient number of sales which we can carry over into 2024 to give us a head start on our sales revenue. .

While we need to be realistic in light of the current trading environment there are still reasons for shareholders to be optimistic. The underlying potential that we have carefully built up over the last few years with strategic acquisitions such as the Iona Block in Havelock North will yield profitable results as we gradually develop these areas. There is a lot we can and we will do and there are many profitable years ahead.

We look forward to sharing our journey with you and we trust that you, our shareholders, will continue to support us along the way.



TRUSTED **INNOVATIVE**

RELIABLE **DELIVERY**

39th Annual Meeting of Shareholders
Tuesday 23rd May 2023

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WELCOME
to this Hybrid Meeting

This meeting is being held in person and is being webcast

The Meeting Chair is **Colin Sim** | **Independent Director**

Directors attending in person are;

Jason Adams	Managing Director
Eik Sheng Kwek	Non-Executive Director
Vincent Yeo	Non-Executive Director
John Henderson	Independent Director
Desleigh Jameson	Independent Director



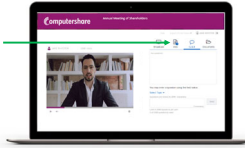
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How to Participate in Virtual/Hybrid Meetings (Q&A)

Shareholder & Proxyholder Q&A Participation

Written Questions: Questions may be submitted ahead of the meeting. If you have a question to submit during the live meeting, please select the Q&A tab on the right half of your screen at anytime. Type your question into the field and press submit. Your question will be immediately submitted.



Help: The Q&A tab can also be used for immediate help. If you need assistance, please submit your query in the same manner as typing a question and a Computershare representative will respond to you directly.



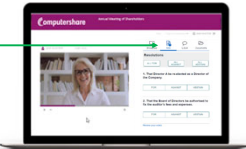
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How to Participate in Virtual/Hybrid Meetings (Voting)


Shareholder & Proxyholder Voting

Once the voting has been opened, the resolutions and voting options will allow voting.

To vote, simply click on the Vote tab, and select your voting direction from the options shown on the screen. You can vote for all resolutions at once or by each resolution.




Your vote has been cast when the tick appears. To change your vote, select 'Change Your Vote'.



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- **Quorum**
- **Apologies**
- **Proxies**
- **Minutes of the 38th Annual Meeting of Shareholders**
- **Notice of Meeting taken as read**




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Annual Report & Financial Statements

- 2022 another **positive year** of sales despite the rapidly declining residential property market in second half of year
- A consistent result with last years net profit, despite section sales revenue down 28.3% on 2021
- Full year result underpinned by one-off high value, high margin commercial land sale
- We grew our land portfolio by 15.8 hectares in 2022, with acquisitions in Hamilton and Havelock North
- Development of commercial property completed in 2022, with majority leased - balance of leasing is challenging in present environment



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Annual Report & Financial Statements (cont.)

- High housing costs, mortgage rates and high cost of living is challenging for families and businesses alike
- The residential housing market has come back 15% from the Nov-2021 Peak
- Maintaining a level of profit consistent with the past two years will be difficult – more guidance at half year
- We will look at the factors we can influence and prioritise sales for settlement in 2023
- Good reasons to be optimistic – CDI has significant underlying future potential
- We're seeing signs of "green shoots", to be optimistic for 2024



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Jason Adams

Managing Directors Presentation

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2022 Financial Re-cap

	2022		2021	
	(\$m)	#Sections	(\$m)	#Sections
Sales Revenue				
Residential Sales	36.9	80	88.5	225
Commercial Sales	29.0	1	3.4	1
Total Sales Revenue	65.9		91.9	
Leasing Revenue				
Lease Revenue	1.2	4	0.05	2
Profit Before Tax	43.3		43.4	
Profit After Tax	31.2		31.3	



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2022 Financial Re-cap (Cont...)

Residential/ Commercial Land Sales from:



Tram Valley Road, Auckland
11 Section Sales



Kewa Road, Auckland
6 Section Sales



Prestons Park, Christchurch
63 Section Sales



Wiri, Auckland
1 Sale

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2022 Financial Re-cap (Cont...)

Commercial Warehouses FY(2022):

- Lease Revenue: \$0.8m
- NLA: 16,402m²
- % Leased: 100%
- WALE (Years): 6.68
- Full Lease Rental (p.a.): \$2.2m



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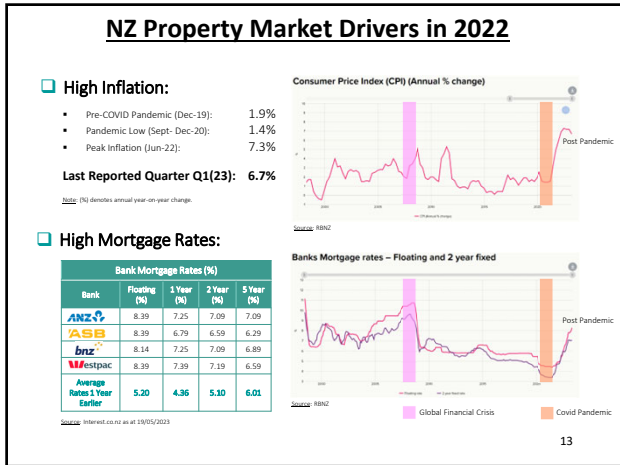
2022 Financial Re-cap (Cont...)

Suburban Retail Centres FY(2022):

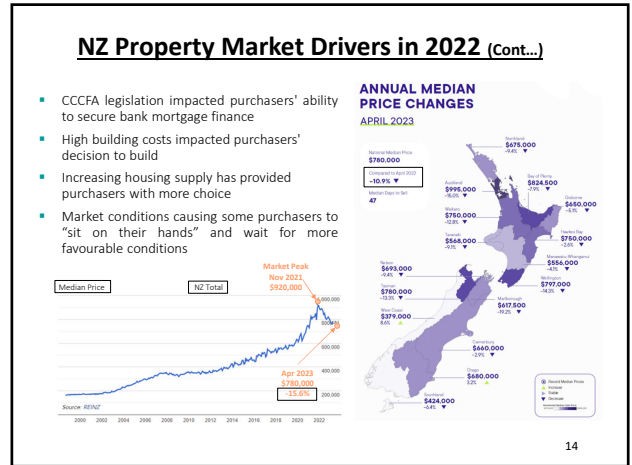
- Lease Revenue: \$0.4m
- NLA: 3,411m²
- % Leased: 66.6%
- WALE (Years): 5.52
- Full Occupied Leased Rental (p.a.): \$1.25m



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Completed Developments

Kewa Road Subdivision

- Titles issued
- All sections sold

Tram Valley Road Subdivision

- Titles issue Dec-22
- 1st Stage settlements Dec-22
- Balance stage settlements 2023/24

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Completed Developments (Cont...)

Prestons Park (Stage 5), Christchurch

- Sub-stages 5(E2-E3):
 - Titles issued Q3(22)
 - Section Sales 2022-24
- Sub-stages 5(G & H):
 - Construction completed
 - 224c Compliance/tying under way
- Sub-stage 5(F, I & J):
 - Earthworks/Civil works completed by July 23

Prestons Park (Stage 6), Christchurch

- Construction completed, titles issued
- Sales 2022-24

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Completed Developments (Cont...)

Warehouse #1 (Primepac), Wiri Auckland

- Construction completed 2022
- 100% Tenanted

Prestons Park Local Centre, Christchurch

- Construction completed 2022/23
- 9 Tenants Trading
- 4 Units - Pre-lease Agreements
- 3 Units - Available

Warehouse #2 (Boundaryline), Wiri Auckland

- Construction completed 2022
- 100% Tenanted

Stonebrook Local Centre, Rolleston

- Construction completed 2022
- 3 Tenants Trading
- 1 Unit - Pre-lease Agreement
- 1 Unit - Available

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Work in Progress

Iona, Stage 1, Havelock North Hawkes Bay

- Subdivision consent lodged 2022
- Limited Notification
- Consent due Jun/Jul 2023
- Construction to commence Sept-2023

Iona, Stage 3, Havelock North Hawkes Bay

- Master Planning Underway


Iona, Stage 2, Havelock North Hawkes Bay

- Subdivision consent to be lodged Jun-2023
- Limited Notification anticipated
- Consent expected Mar-24
- Earthworks to commence Sept-2024

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Work in Progress (Cont...)




**Arataki Road, Havelock North
Hawkes Bay**

- Subdivision consent lodged Q3(22)
- Addressing Council RfY's
- Consent expected 2024
- Earthworks to commence 2024/25




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Work in Progress (Cont...)



**R2 Growth Cell, Puketaha
Hamilton East**

- Waikato Expressway completed
- Master Planning Underway

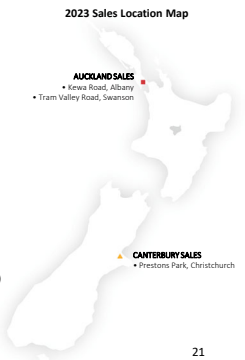



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April 2023 YTD Sales

- 2023 Sales with Settlements 2023 = **\$24.2m**
(\$41.4m in 2022)
- 2023 Sales from:
 - Kewa Road, Albany, Auckland
 - Tram Valley Road, Swanson, Auckland
 - Prestons Park, Christchurch
- 2023 Sales with Settlements 1st half 2024 = **\$9.1m**
- The residential housing market continues to ease
- Market Drivers: (contributing to a continued slowdown)
 - High House prices (relative to incomes)
 - High Inflation and building costs
 - High mortgage rates and bank lending constraints (CCCFA)
 - High cost of living


2023 Sales Location Map

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CDI Cash Position

- Cash & term deposits: **\$71.0m** (as at 30 April 2023)
(87.5m in 2022)
- Bank borrowings **Nil**
- We're not adverse to borrow or raise capital for the right opportunities

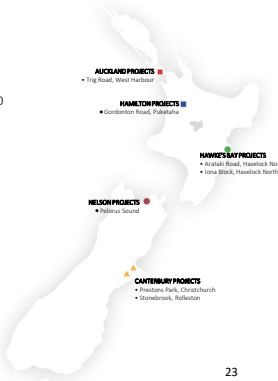
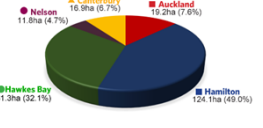


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Our Pipeline

We have a solid Pipeline

- Total land holding **254ha**
- Section yield, *circa **3,300 sections**
- circa **16.5 years supply**, (assuming sell down rate 200 sections per year)
- Maintained a nationwide geographical spread
- Diverse portfolio, offers flexibility
- Looking to grow our Portfolio
- Now is an opportune time**

* Estimated section yield, subject to residential zoning and resource consents



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Acquisition Opportunities

- The current NZ economic environment is producing a number of promising acquisition opportunities
- Vendors are becoming more realistic with price expectations, coming off peak market Nov-2021 highs
- Highly leveraged vendors looking to divest in holdings
- Distressed sales on the rise




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Strategic Planning

- Management is laying the groundwork for our medium/long term future
- We are looking at evolving our strategic planning which will focus on:
 - Growing our business from our existing core assets/developments;
 - How we can diversify our revenue streams;
 - Expanding on our recent project successes;
 - Growing our asset base (organic and strategic);
 - Forming strategic partnerships with similar minded stakeholders, and;
 - Growing shareholder returns



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NZ Natural Events 2023 - Update



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2023 Outlook

- The residential housing market has come back 15% from the Nov-2021 Peak
- High inflation, mortgage rates and cost of living will continue to negatively impact the NZ Property Market
- Maintaining a level of profit consistent with the past two years will be difficult – more guidance at half year
- CDI positive first 4 months YTD, sales & margins, but residential section demand and sales will be influenced by property market and wider economic pressures
- We will look at the factors we can influence and prioritise sales for settlement in 2023
- CDI expects to deliver another profitable 2023
- Good reasons to be optimistic – CDI has significant underlying future potential
- CDI in a strong financial position for project development and acquisitions
- We're seeing signs of "green shoots", to be optimistic for 2024. We're planning for the future



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Closing Summary

- High inflation, mortgage rates and cost of living will continue to negatively impact the NZ Property Market for the remainder of 2023
- Positive first 4 months YTD, sales & margins, but residential section demand and sales will be influenced by property market and wider economic pressures.
- Maintaining a level of profit consistent with the past two years will be difficult – more guidance at half year
- We will look at the factors we can influence and prioritise sales for settlement in 2023
- CDI expects to deliver another profitable 2023
- Commercial warehouses in Wiri and Retail Centres at Preston Park and Stonebrook completed, and mostly leased. Lease out 2023/24
- Sufficient developed section inventory & pipeline ensures supply to meet selective demand and - be ready for the up-turn
- CDI in a strong financial position for project development and acquisition
- CDI expects to deliver another profitable 2023
- We're seeing signs of "green shoots", to be optimistic for 2024. We're planning for the future



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ELECTION OF DIRECTORS

- Re-election of Eik Sheng Kwek as a Director



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ELECTION OF DIRECTORS

- Election of Jason Adams as a Director



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AUDITORS APPOINTMENT & REMUNERATION

- No other nomination received - KPMG are reappointed as the Company's auditors
- Resolution that the Directors be empowered to fix the remuneration of the Auditors for the year ending 31 December 2023



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GENERAL BUSINESS



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