

CDL INVESTMENTS NEW ZEALAND LIMITED

Chairman's Review

Financial Information

The Directors of CDL Investments New Zealand Limited announce an unaudited operating profit after tax for the six months ended 30 June 2002 of \$2,587,000, up 90% from the corresponding period in the previous year. Total revenue increased 7.6% to \$12,114,000. The previous years revenue included revenue from the now disposed of business unit, Knight Frank New Zealand Ltd. A total of 104 section sales were made during the period under review, as compared to 111 during the same period last year.

The increase in net profit after tax was due to section sales being in the mid value range from Highfields and Waimanu Bay, whereas last year section sales predominately came from the low value groups.

Shareholders' funds as at 30 June 2002 were \$41.8 million (31 December 2001: \$39.2 million) and total assets stood at \$53.8 million (31 December 2001: \$51.5 million). The net tangible asset value was 22.3 cents per ordinary share (31 December 2001: 20.9 cents).

Market Overview

The residential property market was buoyant for the first half of the year. Consumer and business confidence in the local economy was evident. This was supported by comparatively low interest rates, better wages, increasing employment and general economic growth.

However, towards the end of the period under review, sales activity in the market began to soften as interest rates started to trend up.

Regional Breakdown

For the first half of 2002, the **Auckland** market traded well in the mid to upper end price bracket. As an example, 36 sales were achieved at Waimanu Bay for a total sale value of \$6,171,556. This compares to 13 sales for the same period last year. Highfields also traded well with 38 sales. Flagstaff and Ashmore in **Hamilton** began the year slowly, but the general level of inquiry increased as the year progressed and we are now achieving a reasonable level of sales from both developments. Though **Tauranga** remains slow, the inquiry level has increased in May and June. We anticipate sales to lift in both Oteki and Village Park during the second half of the year.

Acquisitions

In April this year, CDL Land New Zealand Limited acquired a further 4 hectares of residential land adjoining its East Coast Bays land holding in Auckland. This acquisition brings the total land portfolio to 244 hectares. CDL Land New Zealand Limited will continue to actively and selectively seek land investment and development opportunities in key growth areas to enhance future earnings.

Outlook

The outlook for the residential property sector is dependent on the path taken by the Reserve Bank in setting its monetary policy. In addition, it will depend on the fiscal policy adopted by the new Government. However, given current conditions we expect residential sales growth to continue, albeit at a slower pace than the first half.

CDL Land New Zealand Limited has a good range of sections available in most price brackets. A further 60 sections are shortly to be released in Auckland and Hamilton. As such, the strong balance sheet of the Company will enable it to take advantage of any opportunities that may arise.

The Board remains confident of the ongoing profitability of CDL Investments New Zealand Limited.

John Wilson
Chairman
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Any inquiries please contact: Tsang Jat Meng, Managing Director
CDL Investments New Zealand Limited
Ph (021) 882 669
Fax (09) 309 3244
Email: tsang.jm@mcqhotels.co.nz