

DIRECTORS' REVIEW

Financial Performance:

For the six month period ending 30 June 2025 CDI Investments New Zealand Limited ("CDI") made an unaudited operating profit after tax of \$3.57 million (2024: \$2.74 million*). The result reflects current market conditions which have been more subdued than anticipated. The effects of recent reductions in bank lending rates have not yet translated to increased activity in housing and other property markets.

CDI recorded an operating profit before tax to \$5.05 million (2024: \$9.21 million) and recorded property sales and other income for the period of \$13.81 million (2024: \$16.61 million). The Company's Net Asset Backing (at cost) for the period was 107.50 cents per share (2024: 105.20 cents per share).

Portfolio update:

The first six months of 2025 have seen a lot of activity across all of the Company's key development sites.

We recorded the first sales from our Iona development in Havelock North in the last few months and the remainder of Stage 1 will be complete by the end of this year. The Stage 2 consents have been granted and earthworks are underway with civil works expected to commence early next year.

As we announced recently, the decision by the Hastings District Council to exclude our Iona land at Middle Road from their Future Development Strategy (FDS) despite the weight of professional, independent advice is disappointing. We collaborated extensively with Council and independent experts to prepare a proposal that aligns with the objectives of the FDS. While CDI respects the Council's role in setting strategic direction, the decision undermines a robust recommendation made by a panel of independent experts that was evidence-led and future-focused. We are considering our options and seeking legal and planning advice on the appropriate next steps.

On a more positive note, our fast track application for Arataki Road in Havelock North, Hawkes Bay is well advanced and was recently filed with the Environmental Protection Authority. We expect to hear what the composition of the panel who will consider the application will be and their timing to determine the application in the coming month. We remain optimistic that our application can be determined by the end of Q1 2026 which would then allow works to commence.

Sales of the remaining stages at Prestons Park (Canterbury) are proceeding well and we expect that we will complete the remaining development works and sales by the end of the year.

We also are on track to commence development works at our Richmond site in the coming months which will open another market for residential section sales for us. We anticipate commencing sales in the second half of 2026 for the first settlements occurring before the end of next year.

In relation to our Wairakei Road industrial site in Christchurch, the subdivision consent application has been lodged and earthworks consent granted which will allow us to commence development works from September. We anticipate that we will be able to commence pre-title commercial land sales in the second half of next year.

Board composition:

With the retirement of John Henderson immediately after the annual meeting in May, the Board has begun the process of recruiting an additional independent director. The Board is conscious that a new director should bring different skills and knowledge to the company to strengthen the capability of the Board and we anticipate making an announcement some time in Q4 2025.

Commentary and Outlook:

At the annual meeting in May, we said that our FY25 targets are likely to be difficult to achieve and this is still the case. Given the softer than expected market conditions, the priority for both the Board and Management is to focus on optimising the sale of residential sections where demand is highest and to ensure that development works are producing sections for future sales and settlement. Particular attention is being given to sales at Prestons Park (Canterbury) where we are seeing the highest interest and activity along with pre-titled sales at our Iona development in the Hawkes Bay. We do expect a pick up in the residential property markets in 2026 as a result of reduced interest rates and also due to economic growth in areas which are currently doing well.

We remain committed to building for our future and ensuring that CDI can grow and develop strategically. The outcome will be a sustainable and long-term future and the work being undertaken now is absolutely critical to delivering that goal.



Desleigh Jameson
Board Chair
12 August 2025

(*) The FY24 interim profit after tax was affected by a one-off non-cash adjustment of \$3.91 million due to the change of government policy on the depreciation of commercial buildings.