

DIRECTORS' REVIEW

Financial Performance

For the period ended 31 December 2024 CDL Investments New Zealand Limited ("CDI") recorded a profit after tax of \$15.4 million for 2024 (2023: \$13.5 million). Our overall net profit before tax reflected significant improvements in our operational performance for the year, however, these gains were impacted by the a one-off non-cash deferred tax adjustment of \$3.9 million due to the change of government policy on the depreciation of commercial buildings.

Taking advantage of these more favourable market conditions, CDI saw its profit before tax increase to \$26.8 million (2023: \$18.7 million). The increase came as a result of higher property sales & other income which totalled \$49.1 million (2023: \$31.2 million). These results confirm that property markets in New Zealand are showing signs of improvement and there is now a positive momentum shift with lower interest rates, improved access to bank lending and easing inflation.

At 31 December 2024, CDI's shareholders' funds increased to \$319.6 million (2023: \$313.7 million) and total assets also increased to \$328.6 million (2023: \$319.2 million). Net tangible assets per share (at book value) also increased to 109.5 cents (2023: 107.9 cents).

The market value of CDI's property holdings at year end as independently valued was \$422.8 million (2023: \$412.6 million), comprising \$357.7 million (2023: \$349.9 million) for its development property and \$65.1 million (2023: \$62.7 million) for its investment property portfolios. At cost, the portfolio was valued at \$287.7 million (2023: \$260.4 million) in line with CDI's accounting policies.

Property Portfolio

We recorded a total of 92 residential section sales during 2024, notably from Prestons Park (Christchurch) which performed above expectations along with contributions from our Kewa and Tram Valley Road subdivisions in Auckland, which are now sold out. Pre-titled sales have begun at our Iona development in Havelock North and we expect both Prestons Park and Iona to continue to be strong sellers in 2025.

In addition to the 10.8 hectares of land in Nelson that was settled during January 2024, we acquired a further 10.08 hectares of industrial-zoned land located in Wairakei Road in Harewood, Christchurch. These acquisitions are in line with our long term strategic objectives to ensure that we have a sufficient pipeline of land to maintain residential sales over the medium to long term. Our commercially zoned land will also help ensure that we are able to continue growing an investment property portfolio with additional design, build and lease warehousing projects to add value to our portfolio.

As announced in October 2024, we were pleased to have our R2 Growth Cell (Hamilton) and Arataki Road (Havelock North) projects be included in the Fast-track Approvals legislation, which was enacted on 23 December 2024. The CDL Land team are presently progressing both projects and we look forward to providing further updates during the course of the year as we progress these exciting two developments.

Post balance date, the purchase of 6.5 hectares of land in Hamilton was settled during January 2025.

Dividend Announcement

The Board has resolved to maintain its fully imputed ordinary dividend at 3.5 cents per share payable on 16 May 2025. Once again, the Board has balanced the call from shareholders to be rewarded for improved performance against the company's need to retain cash to fund development works and acquisitions. The effect of the deferred tax adjustment, while a non-cash item, was also taken into consideration.

The record date will be 2 May 2025. The Dividend Reinvestment Plan will apply to this dividend.

Summary and Outlook

Economic indicators are expected to remain stable within the property markets both for residential and industrial development and we are looking to advance our development works across our key sites, particularly our two fast track projects in Hamilton and the Hawkes Bay.

From a residential perspective, with a number of pre-titled section sales from our Iona and Prestons Park developments in-hand and work already underway developing additional stages, these developments will be critical to our results and successes in 2025. Planning works at our two Nelson/Tasman sites and Worsley Road site in Cashmere, Christchurch, will also be advanced to ensure that initial earthworks can start as quickly as possible after consents are received. We will also be looking to progress our fast-track applications as soon as feasibly possible.

From a commercial point of view, we are keen to advance development of our industrial-zoned land at Wairakei Road, Christchurch which we acquired this year. Planning works for this land have commenced and we are looking to prioritise development of this land to meet current demand.

Having strengthened the Board once more with the appointment of Janie Elrick, a highly experienced and knowledgeable independent director, the Board is confident that good progress will continue across our developments, current sales and development pipeline, as we look to again improve on last year's performance during 2025.

On behalf of the Board, I would like to thank Jason and the Management team for their efforts in 2024 and our shareholders for their continued loyalty to CDI once again.



Desleigh Jameson
Board Chair
24 February 2025