

# DIRECTORS' REVIEW

## Financial Performance:

On behalf of the Board, I am pleased to advise that CDL Investments New Zealand Limited ("CDI") made an unaudited operating profit after tax of \$2.74 million (2023: \$5.02 million) for the six month period ending 30 June 2024. Our operating profit before tax improved to \$ 9.21 million (2023: \$6.98 million) which came from an increase in our property sales and other income for the period of \$16.61 million (2023: \$11.97 million). These positive results translated into an increase in our Net Asset Backing (at cost) for the period of 105.20 cents per share (2023: 104.99 cents per share).

As we announced last week, our 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. This taxation adjustment has no impact on our trading performance or cash flow.

Operationally, we are satisfied with our performance over the last six months. Our key metrics reflect the start of recovery in the residential property markets. Our target remains improving our 2023 results despite the impact of the non-cash taxation adjustment and based on what we are seeing across our developments, we are currently on track to do so through additional sales which we expect to settle before the end of the year.

## Portfolio update:

We believe that the markets in the residential sectors have passed peak trough and are likely to start recovering from 2025 onwards. With that in mind, we have been looking to accelerate both our development work and acquisitions during the past few months in line with our updated strategy.

As we advised at our annual meeting, scheme plans have been developed for our recent land acquisitions in Christchurch and Nelson. We anticipate development work beginning on these sites in Q4 2024 and Q1 2025 respectively. We are targeting sales from both developments in the course of 2025 and will provide further updates as these developments take shape.

In addition, the Board was pleased to announce in July that we had entered into an agreement for the acquisition of the 10.07 hectares of industrial zone land in Wairakei Road, Harewood. When settled in Q3 of this year, this land will provide us with additional diversification opportunities within our land development portfolio and will also expand our investment property portfolio.

We have also made two applications in anticipation of the new proposed fast track consenting process for land in Hamilton and Havelock North. We want to clearly state that neither of these applications involve or are proximate to conservation or other sensitive land. We have been careful to ensure that the applications are for projects which are aligned to existing policies and goals of the areas where the land is situated. We fully understand the concerns that many people have about the process. We maintain that the projects we have applied for are beneficial to the respective regions and in line with our core business of creating residential subdivisions and commercial development opportunities.

## Board composition:

Regarding the composition of the Board, we are still in the process of assessing suitable candidates to be appointed as our new independent director. While the process has taken a bit longer than anticipated, the Board need to ensure that the successful candidate is able to bring additional skills and knowledge to the company. We will make an announcement once the process has been completed which we anticipate will be towards the end of Q3 2024.

## Commentary and Outlook:

Putting aside the impact of the taxation adjustment, we remain absolutely focused on our development work, particularly on our Iona (Havelock North) site which is still in the initial stages and on our Prestons Park development which is in its final stages. Sales from both developments will determine our final results for the year.

Adding to our development portfolio is also a priority for this year. Management is exploring a number of interesting opportunities across the country and we are optimistic that some of these can be brought to completion within this year. These will provide a diversity of projects and increase our geographical spread which we strongly believe will secure the company's medium to long term future.

The Board and I are excited about CDI's future. I believe that we will have some good stories to tell not only for this year but for coming years as we expand our land and development portfolios and create new opportunities to benefit all shareholders.



**Desleigh Jameson**  
**Board Chair**  
**7 August 2024**