

CDL Investments New Zealand Limited and its Subsidiary
Condensed Interim Statement of Comprehensive Income
For the half year ended 30 June 2024 (unaudited)

<i>In thousands of dollars</i>	Note	Group	
		Unaudited 6 months to 30/06/24	Unaudited 6 months to 30/06/23
Property sales		15,202	10,626
Rental income		1,412	1,342
Revenue		16,614	11,968
Cost of sales		(6,292)	(4,372)
Gross profit		10,322	7,596
Administrative expenses		(536)	(742)
Property expenses		(341)	(222)
Selling expenses		(392)	(294)
Other expenses		(1,191)	(1,067)
Results from operating activities		7,862	5,271
Finance income		1,350	1,713
Finance costs		(5)	(6)
Net finance income		1,345	1,707
Profit before income tax		9,207	6,978
Income tax expense	5	(6,465)	(1,954)
Profit for the period		2,742	5,024
Total comprehensive income for the period		2,742	5,024
Profit attributable to:			
Equity holders of the parent		2,742	5,024
Total comprehensive income for the period		2,742	5,024
Basic and Diluted Earnings per share (cents per share)	3	0.94	1.73

The accompanying notes form part of, and should be read in conjunction with these financial statements.

CDL Investments New Zealand Limited and its Subsidiary

Condensed Interim Statement of Changes in Equity

For the half year ended 30 June 2024 (unaudited)

<i>In thousands of dollars</i>		<u>Group</u>		
	Note	Unaudited Share Capital	Unaudited Retained Earnings	Unaudited Total Equity
Balance at 1 January 2023		65,829	243,052	308,881
Total comprehensive income for the period				
Profit for the period		-	5,024	5,024
Total comprehensive income for the period		-	5,024	5,024
Transactions with owners of the Company				
Shares issued under dividend reinvestment plan	2	1,489	-	1,489
Dividend to shareholders	2	-	(10,108)	(10,108)
Supplementary dividend		-	(211)	(211)
Foreign investment tax credits		-	211	211
Balance at 30 June 2023		67,318	237,968	305,286
Balance at 1 January 2024		67,318	246,407	313,725
Total comprehensive income for the period				
Profit for the period		-	2,742	2,742
Total comprehensive income for the period		-	2,742	2,742
Transactions with owners of the Company				
Shares issued under dividend reinvestment plan	2	723	-	723
Dividend to shareholders	2	-	(10,177)	(10,177)
Supplementary dividend		-	(221)	(221)
Foreign investment tax credits		-	221	221
Balance at 30 June 2024		68,041	238,972	307,013

The accompanying notes form part of, and should be read in conjunction with these financial statements.

CDL Investments New Zealand Limited and its Subsidiary

Condensed Interim Statement of Financial Position

For the half year ended 30 June 2024 (unaudited)

<i>In thousands of dollars</i>	Note	Group	
		Unaudited as at 30/06/24	Audited as at 31/12/23
SHAREHOLDERS' EQUITY			
Issued capital		68,041	67,318
Retained earnings		238,972	246,407
Total equity		307,013	313,725
<i>Represented by:</i>			
NON CURRENT ASSETS			
Property, plant and equipment		90	114
Development property		223,458	203,034
Investment property		35,646	35,834
Investment in associate	7	2	2
Total non current assets		259,196	238,984
CURRENT ASSETS			
Cash and cash equivalents		10,703	2,159
Short term deposits		25,150	50,000
Trade and other receivables		6,945	6,578
Income tax receivable		206	-
Development property		11,261	21,507
Total current assets		54,265	80,244
Total assets		313,461	319,228
NON CURRENT LIABILITIES			
Deferred tax liabilities		4,299	284
Lease liability		41	57
Total non current liabilities		4,340	341
CURRENT LIABILITIES			
Trade and other payables		1,920	3,820
Employee entitlements		153	138
Income tax payable		-	1,165
Lease liability		35	39
Total current liabilities		2,108	5,162
Total liabilities		6,448	5,503
Net assets		307,013	313,725

The accompanying notes form part of, and should be read in conjunction with these financial statements.

CDL Investments New Zealand Limited and its Subsidiary

Condensed Interim Statement of Cash Flows

For the half year ended 30 June 2024 (unaudited)

<i>In thousands of dollars</i>	Note	Group	
		Unaudited 6 months to 30/06/24	Unaudited 6 months to 30/06/23
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		16,095	10,408
Interest received		1,502	1,962
Cash was applied to:			
Payment to suppliers		(13,194)	(4,250)
Payment to employees		(703)	(575)
Purchase of development land		(6,620)	-
Income tax paid		(3,600)	(5,050)
Net cash (outflow)/inflow from operating activities		(6,520)	2,495
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Short term deposits		50,000	40,075
Cash was applied to:			
Development of investment property		(87)	(286)
Purchase of plant and equipment		-	(6)
Short term deposits		(25,150)	(20,075)
Net cash outflow from investing activities		24,763	19,708
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was applied to:			
Dividend paid	2	(9,454)	(8,619)
Principal repayment of lease liability		(24)	(18)
Supplementary dividend paid		(221)	(211)
Net cash outflow from financing activities		(9,699)	(8,848)
Net increase in cash and cash equivalents		8,544	13,355
Add opening cash and cash equivalents		2,159	31,667
Closing cash and cash equivalents		10,703	45,022

The accompanying notes form part of, and should be read in conjunction with these financial statements.

CDL Investments New Zealand Limited and its Subsidiary
Condensed Interim Statement of Cash Flows - continued
For the half year ended 30 June 2024 (unaudited)

<i>In thousands of dollars</i>	Note	<u>Group</u> Unaudited 6 months to 30/06/24	Unaudited 6 months to 30/06/23
RECONCILIATION OF PROFIT FOR THE PERIOD TO CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit after Taxation		2,742	5,024
Adjusted for non cash items:			
Depreciation of investment property		275	511
Depreciation of plant & equipment		4	3
Depreciation of right-of-use assets		20	14
Income tax expense		6,465	1,954
Adjustments for movements in working capital:			
Increase in receivables		(367)	(1,311)
(Increase)/Decrease in development property		(10,178)	1,952
Decrease in payables		(1,881)	(602)
Cash (consumed)/generated from operating activities		<u>(2,920)</u>	<u>7,545</u>
Income tax paid		(3,600)	(5,050)
Cash (outflow)/inflow from operating activities		<u>(6,520)</u>	<u>2,495</u>

The accompanying notes form part of, and should be read in conjunction with these financial statements.

CDL Investments New Zealand Limited and its Subsidiary

Notes to the Condensed Interim Financial Statements

For the half year ended 30 June 2024 (unaudited)

1. Significant Accounting Policies

Reporting Entity

CDL Investments New Zealand Limited (the "Company") is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange. The Company is a FMC Reporting Entity in terms of the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

The condensed interim financial statements of the Company as at and for the half year ended 30 June 2024 comprises the Company and its subsidiary (together referred to as the "Group"). The registered office is located at Level 7, 23 Customs Street East, Auckland, New Zealand.

The principal activities of the Group are the development and sale of residential land properties and rental income from the ownership of development properties and investment properties comprising commercial warehousing and retail shops.

(a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with NZ IAS 34 *Interim Financial Reporting*. The condensed interim financial statements do not include all of the information required for full annual financial statements.

The accounting policies applied by the Group in these condensed financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2023.

The condensed interim financial statements were authorised for issuance on 7 August 2024.

2. Capital & Reserves

Share Capital

Under the Company's Dividend Reinvestment Plan, an additional 1,038,719 shares were issued on 17 May 2024 (2023: 1,977,136) at a strike price of \$0.6961 (2023: \$0.7530).

At 30 June 2024, the authorised share capital consisted of 291,823,552 fully paid ordinary shares (2023: 290,784,833).

Dividends

The following dividends were declared and paid during the period ending 30 June:

In thousands of dollars

Cash - 3.5 cents per qualifying ordinary share (2023: 3.5 cents)

Dividend reinvestment plan - 3.5 cents per qualifying ordinary share (2023: 3.5 cents)

2024	2023
9,454	8,619
723	1,489
10,177	10,108

3. Earnings Per Share

The calculation of basic and diluted earnings per share at 30 June 2024 of 0.94 cents (2023: 1.73 cents) was based on the profit attributable to ordinary shareholders of \$2,742,000 (2023: \$5,024,000); and weighted average number of shares of 291,477,312 (2023: 290,125,788) on issue in the period.

CDL Investments New Zealand Limited and its Subsidiary

Notes to the Condensed Interim Financial Statements

For the half year ended 30 June 2024 (unaudited)

4. Segment Reporting

Operating segments

The operating segments of the Group consists of property operations, comprising the development and sale of residential land sections and rental income from development properties and investment properties.

The Group has determined that its chief operating decision maker is the Board of Directors on the basis that it is this group which determines the allocation of resources to segments and assesses their performance.

An operating segment is a distinguishable component of the Group:

- that is engaged in business activities from which it earns revenues and incurs expenses,
- whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions on resource allocation to the segment and assess its performance, and
- for which discrete financial information is available.

	Residential land development		Investment property		Group	
	6 months to 30/06/24	6 months to 30/06/23	6 months to 30/06/24	6 months to 30/06/23	6 months to 30/06/24	6 months to 30/06/23
<i>In thousands of dollars</i>						
External revenue	15,310	10,749	1,304	1,219	16,614	11,968
Earnings before interest, depreciation, amortisation & tax	6,866	4,600	1,295	1,199	8,161	5,799
Finance income	1,350	1,713	-	-	1,350	1,713
Finance expense	(5)	(6)	-	-	(5)	(6)
Depreciation and amortisation	(4)	(3)	(275)	(511)	(279)	(514)
Depreciation of Right-of-use assets	(20)	(14)	-	-	(20)	(14)
Profit before income tax	8,187	6,290	1,020	688	9,207	6,978
Income tax expense	(2,265)	(1,761)	(4,200)	(193)	(6,465)	(1,954)
Profit after income tax	5,922	4,529	(3,180)	495	2,742	5,024
Plant and equipment expenditure	-	6	-	-	-	6
Investment property expenditure	-	-	87	286	87	286
Residential land development expenditure	11,626	2,420	-	-	11,626	2,420
Purchase of land for residential land development	6,620	-	-	-	6,620	-
<i>In thousands of dollars</i>						
Cash & cash equivalents and short term bank deposits	35,853	52,159	-	-	35,853	52,159
Investment in associates	2	2	-	-	2	2
Tax receivable	206	-	-	-	206	-
Other segment assets	241,754	231,233	35,646	35,834	277,400	267,067
Total assets	277,815	283,394	35,646	35,834	313,461	319,228
Segment liabilities	(2,149)	(4,054)	-	-	(2,149)	(4,054)
Tax liabilities	(4,299)	(1,449)	-	-	(4,299)	(1,449)
Total liabilities	(6,448)	(5,503)	-	-	(6,448)	(5,503)

Geographical segments

Segment revenue is based on the geographical location of the segment assets. All segment revenues are derived in New Zealand.

Segment assets are based on the geographical location of the development property. All segment assets are located in New Zealand. The Group has no major customer representing greater than 10% of the Group's total revenues.

CDL Investments New Zealand Limited and its Subsidiary

Notes to the Condensed Interim Financial Statements

For the half year ended 30 June 2024 (unaudited)

5. Income Tax Expense

Recognised in the statement of comprehensive income

In thousands of dollars

Current tax expense

Current year
Under/(over) provided for prior years

Deferred tax expense

Origination and reversal of temporary differences
Changes in treatment of building depreciation

Total income tax expense in the statement of comprehensive income

Group	
6 months to 30/06/24	6 months to 30/06/23
2,476	1,768
(26)	-
2,450	1,768
102	186
3,913	-
4,015	186
6,465	1,954

Reconciliation of effective tax rate

In thousands of dollars

Profit before income tax
Income tax using the company tax rate of 28% (2023: 28%)
Changes in treatment of building depreciation
Under/(over) provided for prior years

Effective tax rate

Group	
6 months to 30/06/24	6 months to 30/06/23
9,207	6,978
2,578	1,954
3,913	-
(26)	-
6,465	1,954
70%	28%

Impact of change in tax depreciation

Before 2010, all components of commercial buildings were depreciable for tax purposes. On 28 March 2024, the Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) legislation was enacted, encompassing a range of changes to tax legislation including the removal of the tax deduction for depreciation on building core of commercial buildings.

As a result of the change in legislation, income tax expense and deferred tax liability has increased by \$3.9m for the six months ended 30 June 2024.

6. Commitments

As at 30 June 2024, the Group had entered into contractual commitments for development expenditure and unconditional purchases of land. Development expenditure represents amounts contracted and forecast to be incurred in the remainder of 2024 in accordance with the Group's development programme.

In thousands of dollars

Capital expenditure on investment properties
Development expenditure
Land purchases

As at 30/06/24	As at 30/06/23
11	60
10,542	21,471
17,100	20,407
27,653	41,938

CDL Investments New Zealand Limited and its Subsidiary

Notes to the Condensed Interim Financial Statements

For the half year ended 30 June 2024 (unaudited)

7. Related Party Transactions

CDL Investments New Zealand Limited is a subsidiary of Millennium & Copthorne Hotels New Zealand Limited by virtue of Millennium & Copthorne Hotels New Zealand Limited owning 65.31% (2023: 65.54%) of the Company and having one out of four of the Directors on the Board. Millennium & Copthorne Hotels New Zealand Limited is 70.79% (2023: 70.79%) owned by CDL Hotels Holdings New Zealand Limited (computed on voting shares), which is a wholly owned subsidiary of Millennium & Copthorne Hotels Ltd in the United Kingdom. The ultimate holding company is Hong Leong Investment Holdings Pte Ltd in Singapore.

During the six month period ending 30 June 2024 CDL Investments New Zealand Limited has reimbursed its parent, Millennium & Copthorne Hotels New Zealand Limited, \$214,000 (2023: \$205,000) for shared office expenses incurred by the parent on behalf of the Group and reimbursed its parent for its portion of insurance premiums of \$20,000 (2023:\$28,000).

Subsidiary	Principal Activity	% Holding by CDL Investments New Zealand Limited	Balance Date
CDL Land New Zealand Limited	Property Investment and Development	100.00	31 December

Associate	Principal Activity	% Holding by CDL Land New Zealand Limited	Balance Date
Prestons Road Limited	Service Provider	33.33	31 March

Results for announcement to the market		
Name of issuer	CDL Investments New Zealand Limited	
Reporting Period	6 months to 30 June 2024	
Previous Reporting Period	6 months to 30 June 2023	
Currency	NZD	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$16,614	38.82%
Total Revenue	\$16,614	38.82%
Net profit/(loss) from continuing operations	\$2,742	(45.42%)
Total net profit/(loss)	\$2,742	(45.42%)
Interim Dividend		
Amount per Quoted Equity Security	No interim dividend declared	
Imputed amount per Quoted Equity Security	Not applicable	
Record Date	Not applicable	
Dividend Payment Date	Not applicable	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	\$1.05	\$1.05
A brief explanation of any of the figures above necessary to enable the figures to be understood	Refer to Shareholder Update	
Authority for this announcement		
Name of person authorised to make this announcement	Takeshi Ito	
Contact person for this announcement	Takeshi Ito	
Contact phone number	09 353 5077	
Contact email address	takeshi.ito@cdli.co.nz	
Date of release through MAP	7 August 2024	

Unaudited financial statements accompany this announcement.

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



TAXATION ADJUSTMENT MASKS REVENUE AND PROFIT GROWTH AT CDL INVESTMENTS

NZX-listed property development and investment company CDL Investments New Zealand Limited (NZX:CDI) today released its (unaudited) results for the six months to 30 June 2024 and reported an operating profit after tax of \$2.74 million (2023: \$5.02 million) on revenue of \$16.61 million (2023: \$11.97 million). The company improved its operating profit before tax to \$9.21 million (2023 \$6.98 million) on the back of increased property sales.

CDI Board Chair Desleigh Jameson said that the results masked a busy six-month period for the company.

“Operationally, the first half of this year has been good for CDI. That has been reflected in our increased revenue and profit before tax but at the same time we have managed to complete a lot of work across our development sites to ensure that we secure the medium to long term future of the company”, she said.

The company announced last week that its results would be affected by a one-off, non-cash taxation adjustment. The adjustment, amounting to \$3.91 million, resulted from a change in tax legislation that came into effect this year and relates to the depreciation of commercial buildings owned by CDI. It would not affect CDI’s trading profitability or cash flows.

Ms. Jameson also noted CDI’s continued investment and commitment to the Christchurch region.

“We have seen that certain regions are showing more interest and demand and our focus is prioritising those growth areas where we have land. Canterbury is one such region that is out performing the rest of the country and we have been able to capitalise on this at our Prestons Park subdivision in Christchurch. We settled a number of sales for half year and more will come before the end of the year. So, I think we can say that the property markets are past peak trough and showing signs of recovery.”, she said.

“We are therefore delighted that we have entered into an agreement for 10.07 hectares of industrial zone land in Wairakei Road, Harewood which we announced in July. This will give us some more diversification opportunities and will allow us to add to our land development and our investment property portfolios”, she said.

CDI’s CEO Jason Adams also advised that the company was looking to make two applications under the proposed fast track consenting process for land in Hamilton and in Havelock North.

“These are two particular projects for the development of residential and commercial land which align with the existing policies and goals of the respective local areas. It’s absolutely critical to emphasise that neither application has anything to do with conservation or other sensitive land. We fully understand the concern of various parties which are opposed to the process but we believe that the process was intended to look at projects such as ours. These projects are consistent with what we do which is create residential subdivisions and commercial development opportunities for New Zealanders. We strongly believe that both applications will be beneficial to the respective regions”, he said.

Regarding the composition of the Board, Ms. Jameson said that the company was still searching for a new independent director and that an announcement would be made when the process had been completed.

“It’s taken a bit longer than anticipated but the Board feel that we have to get the right person who can add additional skills, knowledge and experience to the company. I believe that we should be able to make an appointment towards the end of Q3 this year”.

ENDS

Issued by CDL Investments New Zealand Limited

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