DIRECTORS’ REVIEW

Financial performance

For the six-month period ended 30 June 2026, CDL Investments New Zealand Limited (**NZX: CDI**) recorded an unaudited profit for the period of $3.39 million (2025: $3.57 million). CDI reported profit before income tax of $4.71 million (2025: $5.05 million) and recorded property sales, rental and other income for the period of $12.55 million (2025: $13.81 million). The Company’s net asset backing at cost was 110 cents per share (2025: 107 cents per share).

The result reflects the challenging residential property market conditions signalled at the Annual Shareholder Meeting in May 2026, when the Board noted that 2026 earnings were expected to be considerably lower than 2025. With the first half result is tracking broadly in line with that expectation.

While lower interest rates have provided some support, purchaser confidence remains cautious. Cost-of-living pressures, employment uncertainty, interest rate volatility, elevated building costs and broader economic and geopolitical conditions continue to influence purchaser decisions and development costs.

Portfolio and development activity

During the first half of 2026, CDI continued to advance its active and future development programme while maintaining disciplined capital allocation and careful management of development expenditure. Management’s focus remained on securing the last remaining sales at Prestons Park, Christchurch and sales at Iona, Havelock North, preserving cash flow and progressing the development pipeline to support future product availability and diversification.

Key development activity included infrastructure and civil works at the residential development at Iona, Havelock North; earthworks at the light industrial development at Wairakei Road, Christchurch; preparations to commence earthworks at the residential development at Arataki Road, Havelock North; and preparation of the submission of the substantive Fast-track application for the mixed residential, retail and light industrial development at Ruakura, Hamilton. We were also pleased to receive fast-track referral approval for the Middle Road residential development in Havelock North and have made substantial progress on the preparation of the substantive fast-track application for the site.

Diversified portfolio and balance sheet strength

CDI’s diversified portfolio continues to support resilience through the property cycle. While residential development remains the cornerstone of the business, the Company’s industrial and retail assets continue to provide additional income and flexibility during periods of subdued residential activity.

Outlook

The Board remains cautious but measured about the near-term outlook. Construction cost pressures, interest rate volatility and the gradual pace of recovery mean the final outcome for 2026 remains subject to market conditions over the balance of the year. CDI remains focused on disciplined execution, adding value to its property portfolio and leveraging its balance sheet prudently so that it is ready to capitalise on an upturn in the property market.

While conditions remain challenging, the Board remains confident in CDI's long-term fundamentals, experienced Board and management team, and development pipeline that supports sustainable long-term value creation for shareholders.

Desleigh Jameson
Board Chair
10 August 2026