



CDL INVESTMENTS
NEW ZEALAND LIMITED



INTERIM REPORT 2023





DIRECTORS' REVIEW

FINANCIAL PERFORMANCE

CDL Investments New Zealand Limited ("CDI") made an unaudited operating profit after tax of \$5.02 million (2022: \$22.90 million) for the six month period ending 30 June 2023. We achieved an operating profit before tax of \$6.98 million (2022: \$31.81 million). Total revenue and other income for the period was \$11.97 million (2022: \$47.81 million). Net Asset Backing (at cost) for the period under review was 104.99 cents per share (2022: 104.08 cents per share).

The results reflect the dramatic change in market sentiment which started in Q3 2022 and has continued into 2023. It is also important to note that our results for the same period in 2022 were boosted by a one-off contribution from the sale of commercial land at Wiri.

We do expect market and consumer sentiment to moderate and improve over the remainder of 2023 and into 2024 but we also recognise that current economic pressures are unlikely to result in any dramatic market upswing in the immediate term.

PORTFOLIO UPDATE

During the last six months, we have sought to make acquisitions to support and grow our existing land portfolio. We have entered into contracts for a total of 48.32 hectares of land in Hamilton (adjacent to our existing land holding) with two new acquisitions in Nelson/ Tasman and one in Christchurch. One purchase in Hamilton settled in early August. These acquisitions complement our existing holding with the Nelson/Tasman and Christchurch properties providing us with short term development opportunities and the Hamilton property allowing design improvements to our future master planning.

Work is being done to prepare the groundwork for additional stages at Prestons Park (Canterbury) as well as completing infrastructure works around the local area including the Snellings Drain and Mairehau Road upgrades. The maturity of the development allows us to pace our future development appropriately to match demand.

Development planning work also continues for the Iona Block land in Havelock North. The Stage 1 subdivision consent has now been granted and we planning to commence construction later in the year as soon as the subdivision infrastructure plans and infrastructure provision agreements are approved. In addition, the development team has lodged the Iona Stage 2 resource consent applications with the Hastings District and Hawkes Bay Regional Councils.

Our diversification into commercial property over recent years now comes into its own and provides us with additional revenue which will also assist our year-end results.

COMMENTARY AND OUTLOOK

There is much to be positive about even in a tough trading environment. Shareholders can take comfort from the fact that the Board and Management are both equally determined to ensure that the company remains secure over the long term both financially and from an asset point of view. The company's strong cash reserves means that CDI not only remains in a strong position to withstand this difficult trading period, but is in a financial position to maintain its long term approach and grow the company's portfolio for the current and future generations. This is an environment we have encountered before and the cyclical nature of the property markets mean that we will always encounter, and need to deal with, market peaks and troughs.

While we are optimistic that we can increase the number of sales in the second half of this year, we recognise that the total number of section sales that we will achieve in 2023 will be below the number we have seen in previous years. This will have a corresponding impact on our overall results for the year but we fully expect that 2023 will be another profitable year.

With new development managers coming on board this year, we continue to add to our highly capable and experienced team, all of whom are well equipped to deal with our current and future challenges. We also remain on track to grow our future development portfolio which will secure our position for the next few years. Management is actively looking at other opportunities to add to our land portfolio including projects which are already consented and can be completed and made ready for sale relatively quickly. We look forward to sharing more with shareholders and the wider market at the appropriate time.



COLIN SIM CHAIRMAN
8 August 2023



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2023 (UNAUDITED)

IN THOUSANDS OF DOLLARS	NOTE	GROUP	
		UNAUDITED 6 MONTHS TO 30/06/23	UNAUDITED 6 MONTHS TO 30/06/22
Property sales		10,626	47,603
Rental income from investment properties		1,219	84
Revenue		11,845	47,687
Cost of sales		(4,372)	(14,050)
Gross profit		7,473	33,637
Other income		123	127
Administrative expenses		(742)	(275)
Property expenses		(222)	(257)
Selling expenses		(294)	(1,089)
Other expenses		(1,067)	(849)
Results from operating activities		5,271	31,294
Finance income		1,713	513
Finance costs		(6)	(2)
Net finance income		1,707	511
Profit before income tax		6,978	31,805
Income tax expense		(1,954)	(8,906)
Profit for the period		5,024	22,899
Total comprehensive income for the period		5,024	22,899
Profit attributable to:			
Equity holders of the parent		5,024	22,899
Total comprehensive income for the period		5,024	22,899
Basic and Diluted Earnings per share (cents per share)	3	1.73	7.94

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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2023 (UNAUDITED)

IN THOUSANDS OF DOLLARS	NOTE	GROUP		
		UNAUDITED SHARE CAPITAL	UNAUDITED RETAINED EARNINGS	UNAUDITED TOTAL EQUITY
Balance at 1 January 2022		64,454	221,926	286,380
Total comprehensive income for the period				
Profit for the period		-	22,899	22,899
Total comprehensive income for the period		-	22,899	22,899
Transactions with owners of the Company				
Shares issued under dividend reinvestment plan	2	1,375	-	1,375
Dividend to shareholders	2	-	(10,063)	(10,063)
Supplementary dividend		-	(204)	(204)
Foreign investment tax credits		-	204	204
Balance at 30 June 2022		65,829	234,762	300,591
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

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

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION FOR THE HALF YEAR ENDED 30 JUNE 2023 (UNAUDITED)

IN THOUSANDS OF DOLLARS	NOTE	GROUP		
		UNAUDITED AS AT 30/06/23	AUDITED AS AT 31/12/22	UNAUDITED AS AT 30/06/22
SHAREHOLDERS' EQUITY				
Issued capital		67,318	65,829	65,829
Retained earnings		237,968	243,052	234,762
Total Equity		305,286	308,881	300,591
REPRESENTED BY:				
NON CURRENT ASSETS				
Property, plant and equipment		87	98	36
Development property		182,336	186,728	188,361
Investment property		36,156	36,381	33,084
Investment in associate	7	2	2	2
Total Non Current Assets		218,581	223,209	221,483
CURRENT ASSETS				
Cash and cash equivalents		45,022	31,667	15,076
Short term deposits		20,075	40,075	60,000
Trade and other receivables		3,638	2,327	1,483
Income tax receivable		372	-	-
Development property		18,860	16,420	8,706
Total Current Assets		87,967	90,489	85,265
Total Assets		306,548	313,698	306,748
NON CURRENT LIABILITIES				
Deferred tax liabilities		339	153	74
Lease liability		45	58	15
Total Non Current liabilities		384	211	89
CURRENT LIABILITIES				
Trade and other payables		723	1,340	1,698
Employee entitlements		127	118	83
Income tax payable		-	3,122	4,278
Lease liability		28	26	9
Total Current Liabilities		878	4,606	6,068
Total Liabilities		1,262	4,817	6,157
Net Assets		305,286	308,881	300,591

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

CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 JUNE 2023 (UNAUDITED)

IN THOUSANDS OF DOLLARS	NOTE	GROUP	
		UNAUDITED 6 MONTHS TO 30/06/23	UNAUDITED 6 MONTHS TO 30/06/22
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		10,408	51,949
Interest received		1,962	374
Cash was applied to:			
Payment to suppliers		(4,250)	(13,587)
Payment to employees		(575)	(359)
Purchase of development land		-	(19,380)
Income tax paid		(5,050)	(8,195)
Net Cash Inflow from Operating Activities		2,495	10,802
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Short term deposits		40,075	30,000
Cash was applied to:			
Development of investment property		(286)	(9,851)
Purchase of plant and equipment		(6)	-
Short term deposits		(20,075)	(60,000)
Net Cash Inflow/(Outflow) from Investing Activities		19,708	(39,851)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was applied to:			
Dividend paid		(8,619)	(8,688)
Principal repayment of lease liability		(18)	(8)
Supplementary dividend paid		(211)	(204)
Net Cash Outflow from Financing Activities		(8,848)	(8,900)
Net Increase/(Decrease) in Cash and Cash Equivalents		13,355	(37,949)
Add Opening Cash and Cash Equivalents		31,667	53,025
Closing Cash and Cash Equivalents		45,022	15,076

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

CONDENSED INTERIM STATEMENT OF CASH FLOWS - CONTINUED
 FOR THE HALF YEAR ENDED 30 JUNE 2023 (UNAUDITED)

IN THOUSANDS OF DOLLARS	NOTE	GROUP	
		UNAUDITED 6 MONTHS TO 30/06/23	UNAUDITED 6 MONTHS TO 30/06/22
RECONCILIATION OF PROFIT FOR THE PERIOD TO CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit after Taxation		5,024	22,899
Adjusted for non cash items:			
Depreciation of investment property		511	99
Depreciation of plant & equipment		3	1
Depreciation of right-of-use assets		14	7
Income tax expense		1,954	8,906
Adjustments for movements in working capital:			
(Increase)/Decrease in receivables		(1,311)	3,996
(Increase)/Decrease in development property		1,952	(11,326)
Decrease in payables		(602)	(5,585)
Cash generated from operating activities		7,545	18,997
Income tax paid		(5,050)	(8,195)
Cash Inflow from Operating Activities		2,495	10,802

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023 (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 2023 comprises the Company and its subsidiary (together referred to as the "Group").

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 condensed interim 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 2022.

The condensed interim financial statements were authorised for issuance on 8 August 2023.

2. CAPITAL & RESERVES

SHARE CAPITAL

Under the Company's Dividend Reinvestment Plan, an additional 1,977,136 shares were issued on 12 May 2023 (2022: 1,294,674) at a strike price of \$0.7530 (2022: \$1.0624).

At 30 June 2023, the authorised share capital consisted of 290,784,833 fully paid ordinary shares (2022: 288,807,697).

DIVIDENDS

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

IN THOUSANDS OF DOLLARS	2023	2022
3.5 cents per qualifying ordinary share(2022: 3.5 cents)	10,108	10,063
	10,108	10,063

3. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share at 30 June 2023 of 1.73 cents (2022: 7.94 cents) was based on the profit attributable to ordinary shareholders of \$5,024,000 (2022: \$22,899,000); and weighted average number of shares of 290,125,788 (2022: 288,376,139) on issue in the period.

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023 (UNAUDITED)

4. SEGMENT REPORTING - CONTINUED

OPERATING SEGMENTS - CONTINUED

OPERATING SEGMENTS IN THOUSANDS OF DOLLARS	RESIDENTIAL LAND DEVELOPMENT		INVESTMENT PROPERTY		GROUP	
	6 MONTHS TO 30/06/23	6 MONTHS TO 30/06/22	6 MONTHS TO 30/06/23	6 MONTHS TO 30/06/22	6 MONTHS TO 30/06/23	6 MONTHS TO 30/06/22
External revenue	10,749	47,730	1,219	84	11,968	47,814
Earnings before interest, depreciation & amortisation	4,600	31,414	1,199	(13)	5,799	31,401
Finance income	1,713	513	-	-	1,713	513
Finance expense	(6)	(2)	-	-	(6)	(2)
Depreciation and amortisation	(3)	(1)	(511)	(99)	(514)	(100)
Depreciation of Right-of-use assets	(14)	(7)	-	-	(14)	(7)
Profit before income tax	6,290	31,917	688	(112)	6,978	31,805
Income tax expense	(1,761)	(8,937)	(193)	31	(1,954)	(8,906)
Profit after income tax	4,529	22,980	495	(81)	5,024	22,899
Cash & cash equivalents and short term bank deposits	65,097	75,076	-	-	65,097	75,076
Tax receivable	372	-	-	-	372	-
Other segment assets	204,921	198,586	36,156	33,084	241,077	231,670
Investment in associates	2	2	-	-	2	2
Total assets	270,392	273,664	36,156	33,084	306,548	306,748
Segment liabilities	(923)	(1,805)	-	-	(923)	(1,805)
Tax liabilities	(339)	(4,352)	-	-	(339)	(4,352)
Total liabilities	(1,262)	(6,157)	-	-	(1,262)	(6,157)
Plant and equipment expenditure	6	-	-	-	6	-
Investment property expenditure	-	-	286	9,851	286	9,851
Residential land development expenditure	2,420	5,996	-	-	2,420	5,996
Purchase of land for residential land development	-	19,380	-	-	-	19,380

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2023 (UNAUDITED)

5. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

Subsequent to the six month period ended 30 June 2023, the Group settled the purchase of a parcel of land in Hamilton for approximately \$4.0 million. The capital committed is included in Note 8.

6. CHANGES IN CONTINGENT LIABILITIES SINCE LAST ANNUAL BALANCE SHEET DATE

The Group was named as respondents in a High Court judicial review proceeding which was brought by the Applicant, Winton Property Investments Limited, in relation to a recent decision relating to the Group's acquisition of land in Havelock North which was advised to the market on 21 July 2021 and which has settled. The Applicant sought, inter alia, an order setting aside the decision of the Overseas Investment Office in respect of the approval and/or a declaration that Ministers erred at law in making their decision to grant consent. The matter was heard in the High Court in February 2022 and a decision against the Applicant was handed down in March 2022. Winton has appealed to the Court of Appeal and the appeal hearing was held in May 2023. A decision has yet to be handed down by the Court of Appeal. The Group still considers the likelihood of the Applicant being successful as low. It is not possible to determine what the financial effect would be, if any, should the appeal be successful.

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 65.54% (2022: 65.99%) of the Company and having two out of six of the Directors on the Board. Millennium & Copthorne Hotels New Zealand Limited is 70.79% (2022: 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 2023 CDL Investments New Zealand Limited has reimbursed its parent, Millennium & Copthorne Hotels New Zealand Limited, \$205,000 (2022: \$180,000) for shared office expenses incurred by the parent on behalf of the Group and reimbursed its parent for its portion of insurance premiums of \$28,000 (2022: \$28,000).

SUBSIDIARY	PRINCIPAL ACTIVITY	% HOLDING BY CDL LAND 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

8. COMMITMENTS

As at 30 June 2023, the Group had entered into contractual commitments for development expenditure, construction of investment properties, and purchases of land. Contractual agreements for the purchase of land are subject to a satisfactory outcome of the Group's due diligence process, board approval, and OIO approval. Development expenditure represents amounts contracted and forecast to be incurred in the remainder of 2023 in accordance with the Group's development programme.

IN THOUSANDS OF DOLLARS	2023	2022
Development expenditure	21,471	15,451
Land purchases	20,407	-
Capital expenditure on investment properties	60	3,100
	41,938	18,551









CDL INVESTMENTS
NEW ZEALAND LIMITED