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PRESS RELEASE

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CLS HOLDINGS PLC
("CLS", the "Company" or the "Group")
ANNOUNCES ITS HALF-YEARLY FINANCIAL REPORT
FOR THE 6 MONTHS TO 30 JUNE 2020

Robust balance sheet underpinning resilient business model and strategy

CLS is a leading FTSE 250 office space specialist and a supportive, progressive and sustainably focused commercial landlord, with a £2.1 billion portfolio in the UK, Germany and France, offering geographical diversification with local presence and knowledge. For the half year ended 30 June 2020, the Group has delivered the following results:

	30 June 2020	31 December 2019	Change (%)
EPRA NAV per share (pence) [1]	339.6	329.2	3.2
EPRA NTA per share (pence) [1]	336.4	326.3	3.1
EPRA NRV per share (pence) [1]	370.5	358.3	3.4
Statutory NAV per share (pence)	301.7	295.1	2.2
Contracted rents (£'million)	113.5	109.3	3.8

	30 June 2020	30 June 2019	Change (%)
Profit before tax (£'million)	31.5	84.6	(62.8)
EPRA Earnings per share ("EPS") (pence)	7.0	6.0	16.7
Statutory EPS from continuing operations (pence)	5.3	16.8	(68.5)
Dividend per share (pence)	2.35	2.35	0.0

Notes: [1] The old and new EPRA measures together with other Alternative Performance Measures ("APMs") are defined and reconciled in Note 4 to the financial statements

Fredrik Widlund, Chief Executive Officer of CLS, commented:
"CLS has delivered an encouraging performance in the first six months of 2020 despite a challenging economic and market backdrop. Our rent collection has remained strong with 99% of first half rent and 95% of contracted rent due for the third quarter collected to date. This rent collection performance and our diverse portfolio together with our robust balance sheet demonstrate the resilience of our business model and we have maintained our dividend. We also continue to look for suitable acquisitions to add to our portfolio.

"We have continued to prioritise the welfare of our staff, tenants and other stakeholders to ensure we support them in responding to Covid-19 and in beginning to return to normality. We believe that the office market will continue to evolve with greater use of home working balanced by less dense and lower-rise offices. Our strategy of concentrating on affordable, non-prime offices with good transport links and focusing on our tenants by providing flexible leases and customer-focused space should continue to perform well."

FINANCIAL HIGHLIGHTS

- EPRA NAV up 3.2% and EPRA NTA up 3.1% primarily through increased EPRA earnings and foreign exchange gains less payment of the final 2019 dividend
- Profit before tax down 62.8% to £31.5 million (30 June 2019: £84.6 million) from lower investment property valuation uplift of £2.7 million (30 June 2019: £36.9 million) and uplift on our equity investment in Catena (30 June 2019: £23.6 million), sold in September 2019
- EPRA EPS up 16.7% from higher net rental income and foreign exchange. Statutory EPS down 68.5% from the above lower comparative valuation increases
- Interim dividend maintained at 2.35 pence per share (30 June 2019: 2.35 pence per share) to be paid on 25 September 2020. Any full year dividend increase to be assessed with the final dividend
- Total accounting return of 4.6% (30 June 2019: 7.3%)

OPERATIONAL HIGHLIGHTS

- Net rental income increased by 5.0% to £56.5 million (30 June 2019: £53.8 million) driven by net additions to the portfolio and operational improvements as well as higher other income
- Rent collection remained high with 99% of first half rent collected and 95% of third quarter contracted rent due collected. An appropriate increase in bad debts has been taken
- Portfolio valuation flat with increases in Germany of 2.6% and France 0.4%, offset by UK decline of 2.0%
- Acquired three properties for £49.3 million at Harrow and Staines in the UK, both of which had exchanged at the end of 2019, and Nuremberg in Germany (6.2% Net Initial Yield) with an Estimated Reversionary Yield of 6.6%, and exchanged on the acquisition of one floor in Lyon in France for £0.6 million
- Disposed of four properties in the UK and France for £9.2 million. All properties had been exchanged at the end of 2019
- Completed 52 lease events (30 June 2019: 78) securing £7.8 million (30 June 2019: £6.9 million) of annual rent at 4.0 % above 31 December 2019 Estimated Rental Value
- Vacancy rate increased to 5.2% (31 December 2019: 4.0%). This increase is due to completed refurbishments, now available to let, and acquired vacancy in the UK, and recent lease expiries across the portfolio
- Since period end, we exchanged on the disposal of Albert-Einstein-Ring in Germany for £33.0 million (3.6% Net Initial Yield), 38% ahead of December 2019 book value, which is due to complete on 30 September 2020
- In accordance with our sustainability strategy, all managed buildings will be independently certified by BREEAM by the end of 2020

Financing:

- Significant headroom with cash of £195.4 million as at 30 June 2020 (31 December 2019: £259.4 million) and a further £50 million of undrawn facilities
- By 30 June 2020, refinanced or extended £26.7 million and repaid £5.1 million of debt. Since the half-year, extended £54.5 million and agreed a refinancing for £5.3 million of debt with discussions advanced for the remaining £24.0 million financing due in 2020
- Balance sheet Loan to Value at 33.7% (31 December 2019: 31.4%) reflecting net acquisitions in the period
- Weighted average cost of debt at 30 June 2020 of 2.35% (31 December 2019: 2.42%)
- The loan portfolio as at 30 June 2020 had 79% at fixed rates (31 December 2019: 77%)

Governance:

- In March, Bill Holland appointed as Audit Committee chair on Malcolm Cooper's retirement
- In April, Denise Jagger appointed as Remuneration Committee chair after Chris Jarvis stood down from the Committee

Interim Dividend Timetable

Further to this announcement, in which the Board declared an interim dividend of 2.35 pence per ordinary share, the Company confirmed its dividend timetable as follows:

Announcement date	12 August 2020
Ex-Dividend date	20 August 2020
Record date	21 August 2020
Payment date	25 September 2020

-ends-

Results presentation
A presentation for analysts and investors will be held by webcast and conference call on Wednesday 12 August 2020 at 10.00am followed by Q&A. Questions can be submitted either online via the webcast or to the operator on the conference call.

Webcast: The live webcast will be available here:
https://secure.emincote.com/client/cls/cls001

Conference call: In order to dial in to the presentation via phone, please register at the following link and you will be provided with dial-in details and a unique access code:
https://secure.emincote.com/client/cls/cls001/vip_connect

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Forward-looking statements
This document may contain certain 'forward-looking statements'. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual outcomes and results may differ materially from those expressed or implied by such forward-looking statements. Any forward-looking statements made by or on behalf of CLS speak only as of the date they are made and no representation or warranty is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared. Except as required by its legal or statutory obligations, the Company does not undertake to update forward-looking statements to reflect any changes in its expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. Information contained in this document relating to the Company or its share price, or the yield on its shares, should not be relied upon as an indicator of future performance.

Chief Executive's statement

Our business and strategy remain resilient

OVERVIEW

CLS performed well in the first six months of 2020 against the challenging backdrop caused by Covid-19. We prioritised the welfare of our staff and tenants, ensuring that the business continued to operate effectively with limited impacts on productivity. All of our offices across the UK, Germany and France remained open and we made the necessary modifications to make the buildings compliant with local Covid-19 safety measures.

Rent collection remained high with 99% of first half rent and 95% of third quarter contracted rent due collected as of the date of this report. The rent collection performance reflects the benefits of a diverse tenant base with strong credit ratings and a limited exposure to those sectors that have been most affected by Covid-19. Of the 767 tenants across our three countries, approximately 24.0% of rents are paid by governments and 24.9% by major corporations with 47.4% of rents subject to indexation. In the UK, 36.2% of the rent roll is derived from central government departments.

Over the six months, EPRA NTA increased by 3.1% to 336.4p per share (31 December 2019: 326.3p) mainly through EPRA earnings and foreign exchange movements as a result of weaker sterling. We delivered 443,467 sq. ft (41,199 sqm) of lettings, £49.3 million of acquisitions, £9.2 million of disposals and the financing or refinancing of £26.7 million of bank loans, as well as securing planning permission for two buildings that when completed will provide over 170,000 sq.ft of new office space. Total accounting return for the six months was 4.6% (2019: 7.3%).

Our business strategy to invest in well-located office properties remains unchanged and we believe the office market has a strong and vibrant future. We recognise that recent events will result in changes to how tenants will use our buildings in terms of locations and building configuration but we believe our portfolio is well placed to meet their needs.

The first quarter of 2020 saw the completion of the transactions that had exchanged at the end of 2019 to refocus the portfolio. In the second quarter we acquired Georg-Elser-Strasse 7 in Nuremberg at a net initial yield of 5.8% and after the half-year we exchanged on the sale of Albert-Einstein-Ring in Hamburg at a net initial yield of 3.6%. The balance sheet is strong with a diversity of funders giving significant flexibility.

RESULTS AND FINANCING

Profit after tax from continuing operations for the six months to 30 June 2020 was £21.6 million (2019: £68.5 million), equivalent to earnings per share of 5.3p (2019: 16.6p). Earnings in 2019 included an uplift of £23.6 million (2020: nil) on the shareholding in Catena which was disposed of in September 2019 and an uplift on the investment property portfolio of £36.9 million (2020: £2.7 million). EPRA earnings per share were 7.0p (2019: 6.0p), 16.7% up on last year.

Shareholders' funds rose in the six months by 2.2% to £1,229.3 million, net of dividends of £20.6 million paid to shareholders in April.

Our cash resources of £195.4 million of cash and £50 million of undrawn facilities demonstrate the strength of the balance sheet and our capacity to invest in the future. We have now financed, refinanced, or extended £81.2 million of loans and our weighted average cost of debt fell to 2.35% (31 December 2019: 2.42%), reflecting a reduced proportion of more expensive UK financing as a result of weaker sterling and the lower UK base rate. Net debt rose to £718.5 million (31 December 2019: £632.3 million), reflecting net acquisitions in the period. At 30 June 2020, net debt as a proportion of property assets was 33.7% (31 December 2019: 31.4%). Interest cover remained high at 3.5 times (2019: 3.6 times), demonstrating the Group's ongoing ability to generate cash.

PROPERTY PORTFOLIO

At 30 June 2020, the value of the property portfolio, including properties held for sale, was £2,130.0 million, £117.9 million higher than six months earlier, driven by acquisitions of £51.7 million, capex of £9.3 million and foreign exchange gains of £69.2 million offset by £10.2 million of disposals and a small net revaluation decline of £2.1 million.

Understandably transactional activity was lower in the first half of 2020. In the first quarter, we completed the transactions which had exchanged but not completed at the end of 2019, being two acquisitions in the UK at 166 College Road, Harrow and 'TWENTY' Kingston Road, Staines which were bought for a total consideration of £32.8 million (before costs). The acquisitions have a blended net initial yield of 6.4% and reversionary yield of 6.9%. We also closed on the disposal of four properties (Sidcup and the remaining two regional assets from our 30 December 2019 portfolio disposal in the UK, and Foch in Paris) for total consideration of £9.2 million. The disposals being at their 31 December 2019 valuations less costs.

In the second quarter we acquired Georg-Elser-Strasse 7, Nuremberg for £16.5 million (before costs) reflecting a net initial yield of 5.8%. The associated financing was at 0.96% including costs at an LTV of 70% for 7 years. We also exchanged on the acquisition of one additional floor at Rhône Alpes in Lyon for £0.6 million, a building we already part own.

Since the half-year, we have exchanged on the disposal of Albert-Einstein-Ring 17-21 for £33.0 million which is 38% above the 31 December 2019 valuation and equates to a 3.6% net initial yield. The building was classified in the balance sheet at 30 June 2020 as held for sale at its disposal value.

In the six months to June, the value of the property portfolio, excluding net additions, rose by 3.3% primarily as a result of a weaker sterling. In local currency, the value of the property portfolio was almost unchanged with uplifts in Germany and France offset by small declines in the UK. At 30 June 2020, the net initial yield of the portfolio was 4.6% (31 December 2019: 4.9%), some 228 basis points above the Group’s cost of debt, underpinning the Group’s ability to generate cash.

Overall, the vacancy rate at 30 June 2020 was 5.2%, as a result of completed refurbishments, now available to let, and acquired vacancy in the UK, and recent lease expiries across the portfolio (31 December 2019: 4.0%). It has, for obvious reasons, been more challenging to conduct viewings in the second quarter but with demand and viewings increasing we expect more lettings by year-end.

DIVIDENDS

In April, the Board made the decision to proceed with the recommended final dividend for 2019 of 5.05 pence per share, given the Group’s strong cash position and resilient tenant base. In September, the Group will pay an interim dividend for 2020 of 2.35 pence per share, which is at the same level as the 2019 interim dividend. Any full year dividend increase will be assessed with the final dividend.

ENVIRONMENT, SOCIAL AND GOVERNANCE

In May, we published our fifth annual sustainability report which is available on our website and highlights the positive steps we have taken in implementing our sustainability strategy. We are currently having our buildings’ environmental ratings independently assessed in order to produce more detailed property improvement plans that will assist in our overall investment strategy and to derive more stretching Group targets.

As part of being a responsible corporate citizen and long-term investor, we have increased our contributions to local and industry related charities during this crisis. We have also offered parking spaces for key healthcare workers, rent free periods to our charity tenants, provided subsidised rooms for NHS and other key workers at our Spring Mews hotel and focussed our contributions to help homelessness and food banks close to our properties.

Covid-19 has placed higher demands on our employees, particularly in focusing on our tenants whether through managing their welfare or by dealing with their requests. On behalf of the business, I want to pass on my heartfelt thanks to all of our employees for continuing to demonstrate CLS’ values.

As previously announced, in March, Bill Holland was appointed as Audit Committee chair on Malcolm Cooper’s retirement and in April, Denise Jagger was appointed as Remuneration Committee chair after Chris Jarvis stood down from the Committee.

THE FUTURE OF THE OFFICE

There has been, and will continue to be, much written about the impacts of the Covid-19 pandemic on current and established ways of living and working. As a provider of office space, we are constantly exploring how modern workplaces will evolve and below we outline our view as to how this might happen in the coming months and years in response to considerations from the pandemic.

The pandemic, and the associated mass experience of working from home, has accelerated many of the recent office trends. There will be changes to the office environment, new preferred locations, and some winners and some losers; as is the case in any structural disruption whether it is driven by technological, political, environmental or other global changes. Whilst it is too early to draw definitive conclusions, we believe that offices will retain their significant role in society and the real estate market.

We recognise the benefits of home working, such as avoiding a long commute or balancing the responsibilities of home life. It is also clear that there are certain types of roles that can be done successfully remotely. However, the impact of the current situation has shown us that working from home has, for many, reinforced the benefits of the office whereas others have potentially forgotten important aspects. Face to face interaction cannot be underestimated for driving collaboration, creativity and business innovation as well as providing motivation and support networks. Many aspects of employee development, networking and training are easier in an office environment as well as hiring and managing employee well-being. These factors come together to provide a clear division between work and home-life, which provides routine, structure, purpose and fulfilment.

There are clear benefits of a centrally managed office infrastructure, such as cyber security. Even greater benefits are derived from embedding and embodying an organisation’s culture and a sense of belonging. Companies who have well defined goals and values often deliver superior performance, and offices play a fundamental role in linking this to our human nature to be social and part of a successful team. It is important to remember that the office also provides many of us with a crucial part of our social life. This combination will continue to be hugely important to attract, motivate and retain the best talent and this is especially true for younger employees.

For many companies as well as individuals, we expect the new norm will be a hybrid of working part of the time from home and part of the time in the office to give the best of both worlds. There may be companies who embrace working from home as a cost cutting measure or others who decide they no longer need disaster recovery sites. However, we also expect lower workplace densities and less hot-desking which may increase requirements. Whatever the exact balance, we believe that with our tenant-focussed, in-house management teams, there will be opportunities for CLS to benefit from our non-prime office locations.

CLS offices tend to be relatively low rise, reducing the need for tightly-packed lifts, with more car parking and electric charging points, on-site secure bike storage and shower facilities, and good rail and road transport links, which we believe will be even more favoured in future. In larger cities or regions, we also expect to see a growth in demand for satellite or hub offices and believe CLS is well positioned by offering affordable, high quality office space outside of the prime city centre locations.

We have set out below some facts to illustrate the ongoing attractions of our portfolio:

- the typical CLS office property has on average 5 floors of office occupation and over 80% of our office properties have between 2 and 7 floors;
- there are on average 119 car parking spaces per property giving a high parking ratio of 1 parking space per 54 sqm (1 per 578 sq. ft), which is in addition to offering cycle spaces at 78% of our properties. Through our on-going investment programme, we intend to increase this to 100%;
- 82% of all our properties have access to windows that can be opened for natural ventilation and air circulation and circa 70% of all buildings have access to private outdoor space or roof terraces; and
- the average occupancy density is 17 sqm (178 sq. ft) per person based on net lettable area compared to an average of 10-12 sqm per person in the countries in which we operate. On current occupation, this gives each tenant ample space per employee both for wellbeing initiatives as well as the required social distancing.

The office will continue to evolve. However, the pandemic has sped up this evolution, not just in terms of what we have seen regarding employee amenities like breakout/leisure areas or quiet spaces. They will also need to be cleaner, healthier and well managed. Ultimately these changes have reinforced the importance of our core value – our tenants, our focus.

OUTLOOK

While 2020 will be a challenging year for many businesses and economies, the last six months have both reinforced the merits of focusing upon, and the diversity benefits of being in, the three largest economies in Europe. At CLS, we will continue to offer our tenants flexibility in both leases and space configuration as part of providing sustainable, modern spaces that help businesses to grow.

The development and response to the pandemic and the underlying structure of the economies in each of our three countries have meant that we are not seeing a unified picture, with Germany showing an impressive resilience while France and the UK are displaying slightly more uncertain economic indicators, the latter also exacerbated by the uncertainty surrounding the Brexit negotiations. However, we are long-term investors and although the countries have different characteristics, we believe strongly in the long-term prospects of all three economies.

With the gradual easing of lockdown restrictions, the priority for the second half of the year is the conversion of our leasing enquiry pipeline to drive occupancy while continuing to maintain a high level of cash collection from the portfolio. Initial indications are that leasing enquiries are picking-up in lockstep with general economic activity and we are encouraged by recent increases in leasing activity.

We also expect to see attractive acquisition opportunities and will look for opportunities to drive the growth and earnings capacity of our portfolio. Our acquisition criteria remain unchanged as we continue to seek well-located properties with good asset management opportunities, yielding well in excess of our cost of debt to drive earnings, cash and dividends.

Our investor proposition

Strong and consistent long-term shareholder returns

Set out below are the key tenets of our investment proposition. A full description can be found on pages 8 and 9 of CLS' 2019 Annual Report and Accounts:

Clear strategy	Active management
• Diversified approach • Sole focus on non-prime offices • Selected development schemes	• Experienced in-house capabilities • Secure rents and high occupancy • Interest rate management
Leading track record	**Focus on sustainability**
• Disciplined approach to investment • Cash-backed progressive dividend • Financing headroom	• Responsible profit • Strong ESG performance • Climate risk mitigation

DIVIDEND POLICY

The Company expects to generate sufficient cash flow to be able to meet the growth requirements of the business, maintain an appropriate level of debt and provide cash returns to shareholders via a dividend.

It is our policy to pay a progressive dividend, fully covered by EPRA earnings. Approximately one-third of the annual dividend is paid as an interim in September, with the balance paid as a final dividend in April.

ANALYST COVERAGE

We are covered by four brokers which publish regular analyst research: Liberum Capital; Panmure Gordon; Peel Hunt; and Berenberg. Contact details can be found on our website www.clsholdings.com.

2020 INVESTOR ENGAGEMENT

Events which have taken place	Events which are due to take place
March 2020 Annual Results presentation Annual Results roadshows/investor calls **April 2020** Trading update Annual General Meeting **May and June 2020** Investor calls **July 2020** Trading update	**August 2020** Half-Year Results presentation **August/September 2020** Half-Year Results investor calls **October 2020** Trading Update

Business review

United Kingdom

Positioned to take advantage of opportunities

	30 June 2020	31 December 2019
Value of properties	£1,067.6m	£1,059.8m
Percentage of Group's property interests	50%	53%
Number of properties	44	45
Number of tenants	254	253
Vacancy rate	5.9%	4.1%
Lettable space	2.2m sq. ft	2.2m sq. ft
Government and major corporates	57.8%	57.0%
Weighted average lease length to end	4.8 years	4.8 years

The value of the UK portfolio increased by £7.8 million as a result of net additions of £29.2 million less a valuation decline of £21.4 million. The 2.0% valuation decline is a combination of factors with the slight hardening of net initial yields by c.10 basis points more than offset by the increase in vacancy while ERVs were largely flat. Excluding acquisitions, the like for like decline was 1.8%.

The tail-end of last year's portfolio refocusing was reflected in the first-half disposals. All three disposals had exchanged by the end of 2019 and completed by the end of February for £8.4 million. Two of the disposals, at Norwich and Salford, were the remaining part of the UK regional portfolio disposal which largely completed in December 2019 with the other sale being of a building in Sidcup for £6.5 million.

By the start of February, we completed the two acquisitions which had exchanged as at the end of last year. 166 College Road, Harrow and 'TWENTY' Kingston Road, Staines were bought for a total consideration of £32.8 million (before costs) with a blended net initial yield of 6.4% and reversionary yield of 6.9%.

Resolution to grant planning permission for a new 29,500 sq. ft (2,741 sqm) 10-floor, office development at Vauxhall Walk next to our Spring Mews property was achieved in May. Initial site investigation and pre-construction works are ongoing before an anticipated construction start at the beginning of 2021. A planning application for a 44,000 sq. ft (4,088 sqm) Grade A office was submitted in the period to replace our existing office at St Cloud Gate, Maidenhead. A planning decision is expected in the second half of the year.

In the first half of 2020, 200,221 sq. ft (18,601 sqm) of space expired and 116,822 sq. ft (10,853 sqm) was let. The vacancy rate rose in the first six months to 5.9% based on rental values (31 December 2019: 4.1%) as a result of: completed refurbishments, now available to let; some acquired vacancy; and recent lease expiries. On average, new lettings and rent reviews (excluding indexation uplifts) were achieved at close to 31 December 2019 ERVs. The most notable letting was a 10-year lease for 24,500 sq. ft (2,277 sqm) agreed with the main tenant, RSM International, at Portland House, Crawley.

London and the South East non-prime offices offer attractive cash yields and the current sentiment is likely to create acquisition opportunities for long-term investors like CLS. In terms of the outlook for leasing and vacancy we expect the remainder of 2020 to be somewhat challenging and business confidence is only gradually recovering as economic activity improves.

Germany

Underlying office market remains attractive

	30 June 2020	31 December 2019
Value of properties	£754.7m	£667.0m
Percentage of Group's property interests	35%	33%
Number of properties	31	30
Number of tenants	341	349
Vacancy rate	4.6%	4.3%
Lettable space	3.2m sq. ft	3.2m sq. ft
Government and major corporates	33.8%	30.7%
Weighted average lease length to end	5.0 years	4.6 years

The value of the German portfolio increased by £87.7 million as a result of net additions of £20.7 million, foreign exchange gains of £49.0 million and a valuation gain of £18.0 million or 2.6% in local currency. The 2.6% increase was largely driven by active asset management, as detailed below, with net initial yields hardening by almost 30 basis points, ERVs unchanged and a slight rise in vacancy in the first six months.

Despite more uncertain market conditions, there still remain opportunities to acquire properties and capture the significant differential between net rental income and the cost of debt. At the start of June, we acquired Georg-Elser-Strasse 7 in Nuremberg for £16.5 million excluding costs. It is a modern, four-storey office building comprising 5,913 sqm (63,647 sq. ft) of space fully let to Deutsche Telekom (T-Mobile). The asset has a WAULT of 7 years to breaks with £1.0 million net rent per annum, reflecting a net initial yield of 5.8%. The associated financing was from Sparkasse Nüremberg, a new lender to the Group. The 7-year, 70% LTV financing is at an all-in fixed rate of 0.96% including costs

In July, we announced the disposal of Albert-Einstein-Ring 17-21 in Hamburg for £33.0 million. Compared to the December 2019 valuation, the sale captured a significant profit on sale of £8.7 million excluding costs which is included in the half-year valuation. By selling a property with higher than average vacancy, when the sale completes at the end of the third quarter, German average vacancy will reduce.

In May, we secured planning permission for our Vor dem Lauch building in Stuttgart which contributed to the valuation uplift at the half-year. The permission is for a new office development of c.141,000 sq. ft (14,099 sqm) of lettable space and we are now starting to market the building before making a decision as to how to proceed.

In terms of lettings, 262,471 sq. ft (24,384 sqm) was renewed or let at an average of 7.3% above 31 December 2019 ERVs whilst 357,575 sq. ft (33,220 sqm) of space expired or was vacated and vacancy therefore rose to 4.6% by the end of June (31 December 2019: 4.3%). The most notable letting change was the increase in the length of the lease at our building in Bochum, which is let to the City of Bochum, for which the lease expiry has been extended from 2039 to 2049.

The resilient German economy and political leadership appears to support a relatively fast recovery and underlying office market fundamentals remain attractive with low vacancy and supply constraints in the larger German cities. In terms of outlook, we are starting to experience a clear pick-up in leasing and investment activity and would expect this to accelerate further as economic activity picks up during the year.

France

Continuing to produce solid cash flow

	30 June 2020	31 December 2019
Value of properties	£307.7m	£285.3m
Percentage of Group's property interests	15%	14%
Number of properties	21	22
Number of tenants	172	177
Vacancy rate	3.6%	3.1%
Lettable space	0.9m sq. ft	0.9m sq. ft
Government and major corporates	52.5%	54.5%
Weighted average lease length to end	4.9 years	5.0 years

The value of the French portfolio increased by £22.4 million as a result of net additions of £0.9 million, foreign exchange gains of £20.2 million and a valuation gain of £1.3 million or 0.4% in local currency. Overall, there was little valuation movement for the majority of the properties with the slight decline in net initial yields outweighing an increase in vacancy against flat ERVs.

Whilst there were few significant investment opportunities, we have continued with our successful strategy of acquiring the remaining floors in part-owned buildings where the economics stack up. In June, we exchanged on one floor at Rhône Alpes in Lyon for £0.6 million which is expected to complete in the second half of 2020. Acquisitions such as this allow us to advance our refurbishment strategy and following the acquisition of two additional floors at Park Avenue in December 2019, we will now start a substantial refurbishment and façade upgrade in order to capture higher rents as well as improve the thermal insulation of the building thereby reducing energy requirements. We will also shortly start on site with refurbishment and a new façade at D'Aubigny in Lyon whilst the on-going refurbishments of Sigma and Debussy in Paris will be completed in the third quarter.

In-line with our strategy of disposing of properties which are too small to have a meaningful impact, we sold Foch in Paris for £0.8 million in February. The disposal had exchanged before the end of 2019.

In terms of lettings, 64,174 sq. ft (5,962 sqm) of space expired or was vacated and 81,569 sq. ft (7,578 sqm) was renewed or let at values slightly behind year-end ERVs. As a consequence, the vacancy rose to 3.6% by the end of June (31 December 2019: 3.1%). The most notable letting was a lease renewal at Front de Parc in Lyon for 14,381 sq. ft (1,336 sqm) on a 4/6/9 year lease with BNP Paribas.

Due to a large proportion of the economy being dependant on the domestic market, France seems less impacted by the global slowdown and while we have seen increasing vacancies in the Paris region, Lyon and Lille have shown resilience. It is pleasing to note that The Grand Paris Express infrastructure project is progressing well which should have a positive impact on our existing portfolio through improved communication and transport links. With recent leasing enquiries trending up, we expect that the market will regain further momentum towards the end of the year.

Key data

Rental Data

	Rental Income for the Period (£m)	Net Rental Income for the Period (£m)	Lettable Space (sqm)	Contracted Rent At 30 June 2020 (£m)	ERV at 30 June 2020 (£m)	Contracted Rent Subject To Indexation (£m)	Vacancy rate at 30 June 2020
UK	29.4	31.8	203,574	59.6	67.0	14.1	5.9%
Germany	16.4	16.0	300,163	37.4	41.7	23.2	4.6%
France	7.6	7.7	83,615	16.5	17.4	16.5	3.6%
Total Portfolio	**53.4**	**55.5**	**587,352**	**113.5**	**126.1**	**53.8**	**5.2%**

Valuation Data

		H1 Valuation Movement						
	Market Value of Property (£m)	Underlying (£m)	Foreign Exchange (£m)	EPRA Net Initial Yield	ERPA Topped Up Net Initial Yield	Reversion	Over-rented	True Equivalent Yield
UK	1,067.6	-21.4	-	4.91%	5.26%	8.5%	2.5%	5.70%
Germany	754.7	18.0	48.9	4.29%	4.72%	10.7%	4.2%	4.84%
France	307.7	1.3	20.3	4.54%	5.02%	7.0%	5.0%	5.31%
Total Portfolio	**2,130.0**	**-2.1**	**69.2**	**4.63%**	**5.03%**	**9.0%**	**3.4%**	**5.34%**

Lease Data

	Average Lease Length		Contracted Rent of Lease Expiring In:				ERV of Lease Expiring In:			
	To Break (Years)	To Expiry (Years)	Year 1 (£m)	Year 2 (£m)	Years 3 - 5 (£m)	After 5 Years (£m)	Year 1 (£m)	Year 2 (£m)	Years 3 - 5 (£m)	After 5 Years (£m)
UK	3.96	4.81	5.09	3.04	22.70	23.53	5.52	3.17	24.82	23.57
Germany	4.89	5.03	9.66	3.84	11.38	12.54	10.22	4.34	12.20	13.10
France	2.58	4.93	0.88	0.38	6.03	9.19	0.97	0.36	5.65	9.84
Total Portfolio	**4.07**	**4.91**	**15.63**	**7.26**	**40.11**	**45.26**	**16.71**	**7.88**	**42.67**	**46.51**

Note: The above table contains data for all CLS properties (comprised of: investment property; properties held for sale; hotel; and land)

Tenant Industries by Contracted Rent	
Government	24.0%
Commercial and Professional Services	11.3%
Information Technology	9.9%
Consumer Discretionary	9.0%
Industrials	8.6%
Commercial Services	7.9%
Health Care	6.4%
Financials	6.2%
Other	5.7%
Student	4.7%
Real Estate	3.8%
Energy	2.5%

Property use by rent	
Offices	91.0%
Student	5.0%
Hotel	2.0%
Food Retail	2.0%

Financial review

RESULTS FOR THE PERIOD

HEADLINES

Profit after tax from continuing operations of £21.6 million (2019: £68.5 million) generated basic earnings per share of 5.3 pence (2019: 16.8 pence) and EPRA earnings per share of 7.0 pence (2019: 6.0 pence), which was up 16.7% driven by higher net rental income and foreign exchange gains partly offset by lower finance income. Gross property assets at 30 June 2020, including those in property, plant and equipment and those held for sale, increased to £2,130.0 million (31 December 2019: £2,012.1 million) through net additions and capex of £50.7 million and foreign exchange gains of £69.2 million with a small revaluation decline of £2.1 million. Net assets per share rose by 2.2% to 301.7 pence (31 December 2019: 295.1 pence) and EPRA NTA per share by 3.1% to 336.4 pence (31 December 2019: 326.3 pence). Total accounting return including dividends paid in the period was 4.6% (2019: 7.3%).

CLS uses a number of Alternative Performance Measures (“APMs”) alongside statutory figures. We believe that these assist in providing stakeholders with additional useful information on the underlying trends, performance and position of the Group. Following the change to the EPRA net asset measures, EPRA Net Tangible Assets (“NTA”) will replace EPRA NAV as our primary metric and we have also included more EPRA measures such as EPRA vacancy in our APMs. Note 4 to the Financial Statements gives a full description and reconciliation of our APMs.

STATEMENT OF COMPREHENSIVE INCOME

Net rental income for the six months to 30 June 2020 of £56.5 million (2019: £53.8 million) was higher than last year by a net £2.7 million, or 5.0%, as a result of the rental increase from acquisitions being greater than that lost through disposals and higher dilapidations income offsetting lower hotel revenue due to Covid-19. The table below sets out our rent collection across our countries and the Group in the first half of 2020 and the third quarter of 2020 as at the date of this report:

Business segment	First-half 2020	Third quarter 2020
UK	99%	93%
Germany	99%	99%
France	98%	93%
Group	**99%**	**95%**

Note: Basis of preparation - Contractual rent due (Q3 2020 is 97% including agreed quarterly to monthly changes which have been agreed for 7% of our tenant base)

Despite a high level of rent collection we have taken an appropriate increase in our first half 2020 bad debt charge of £1.5 million (2019: £0.2 million), much of which has been offset by cost savings.

Operating profit of £41.9 million (2019: £97.8 million) was down year on year as in 2019 there was an uplift in the value of our shareholding in Catena of £23.6 million which was then sold in September 2019 and there were lower revaluation gains on investment properties of £2.7 million (2019: £36.9 million).

The fall in net interest expense to £10.4 million (2019: £13.2 million) contained £3.1 million of positive foreign exchange variances (2019: £3.4 million negative) from translating monetary assets into sterling at the balance sheet date offsetting a £1.8 million fall in other finance income from the sale of the corporate bond investments in November 2019 and the movement on financial instruments.

The tax charge of £9.9 million (2019: £16.1 million), which represented an effective rate of 31.3% (2019: 19.0%) was distorted in 2020 by the enactment of an increase in UK corporation tax from 17% to 19% from 2021 onwards which increased deferred tax by £5.0 million. Without this, the estimated effective tax rate of the Group in 2020 would have been 15.6%.

EPRA NET TANGIBLE ASSETS PER SHARE

EPRA NTA per share rose from 326.3p to 336.4p in the six months to 30 June 2020, an increase of 10.1p per share or 3.1% (EPRA NAV grew by 3.2%). On a per share basis, the increase comprised EPRA earnings of

7.0p, from which a dividend of 5.05p was paid, and foreign exchange gains of 9.0p partly offset by the reduction in property values of 0.6p and other movements of 0.2p.

CASH FLOW, NET DEBT AND FINANCING

As at 30 June 2020, the Group had cash of £195.4 million and £50 million of undrawn facilities. The cash balance decreased by £64.0 million from 31 December 2019. During the period, £49.1 million was paid for property acquisitions (including costs) and we invested £9.5 million of capital expenditure in our properties offset by net receipts from disposals of £10.1 million. Net proceeds from new financing were £11.1 million and £21.9 million of loans were repaid. Net cash flow from operating activities was £21.6 million (2019: £21.4 million) which was used to pay the 2019 final dividend of £20.6 million.

In the six months to 30 June 2020, borrowings rose by £22.2 million to £913.9 million (31 December 2019: £891.7 million), principally due to the strengthening of the euro relative to sterling. By 30 June 2020, we had financed, refinanced or extended £26.7 million of debt and repaid £5.1 million with £54.5 million of financing extended since the half-year. Refinancing is agreed for £5.3 million with the remaining £24.0 million in advanced discussions. Net debt at the half-year was £718.5 million and the Group's balance sheet loan to value was 33.7% (31 December 2019: 31.4%).

The weighted average cost of debt decreased to 2.35% (31 December 2019: 2.42%) as a result of a reduced proportion of more expensive UK financing due to weaker sterling, accounting for 6 basis points, and the lower UK base rate, accounting for 1 basis point reduction. Weighted average debt maturity was 3.1 years (31 December 2019: 3.5 years) and the proportion of fixed debt to floating rate debt was 79%:21% (31 December 2019 77%:23%).

CLS has 48 different loans either secured by individual, or portfolios of, properties. The loans vary in terms of the number of covenants with the three main covenants being ratios relating to loan to value, interest cover and debt service cover. However, some loans only have one or two of these covenants, some have other covenants and some have none. The loans also vary in terms of the level of these covenants and the headroom to these covenants.

On average across the 48 loans, CLS has between 30% and 45% headroom for these three main covenants. In the event of an actual or forecast covenant breach, all of the loans have equity cure mechanisms to repair the breach which allow CLS to either repay part of the loan or deposit cash for the period the loan is in breach, after which the cash can be released.

SUSTAINABILITY

Given Covid-19 has caused "passive" reductions in carbon and energy usage, we have highlighted our sustainability progress across other areas of our business. For example, in the first half of 2020, the on-site solar PV installations across our portfolio have generated 11% more clean electricity compared to the first half of 2019.

Our roll out of BREEAM In-Use assessments across our managed portfolio has made good progress this year. So far we have completed all the assessments on the 14 French assets within the project scope, with 85% achieving a minimum of a "Good" rating. Assessments are nearing completion across 29 assets in the UK, and a further 26 assets in Germany have begun the assessment process. The project is planned to complete before the year-end.

We have been busy this year investing in solutions across our portfolio to support our and our tenants' sustainability aspirations. The easing of Covid-19 restrictions has enabled us to progress the roll out of Automated Meter Reading devices across our utility supplies to improve the quality of our data and support improved resource management. In addition, we have completed the installation of electric vehicle charging points at Great West House to support our tenants' aspirations to provide sustainable transport solutions for their employees.

Following the completion of our Purpose, Vision, and Values project and the recruitment of a new Head of Sustainability in June, work has begun on developing an enhanced Sustainability Strategy which we aim to complete in the fourth quarter of the year.

PRINCIPAL RISKS AND UNCERTAINTIES

A detailed explanation of the principal risks and uncertainties affecting the Group, and the steps it takes to mitigate these risks, can be found on pages 24 to 30 of the Annual Report and Financial Statements for the year ended 31 December 2019, which is available at www.clsholdings.com/investors.

The Group's principal risks and uncertainties are grouped into six categories: property; sustainability; business interruption; financing; political and economic; and people. These risks and uncertainties are expected to remain relevant for the remaining six months of the financial year. However, principally as a result of the direct and indirect effects of Covid-19 on the global economy and CLS' property markets in particular, the Board has reviewed the risk status of each of the six risk categories.

We believe that there have been changes in some of the directions of these risk categories but, as yet, there has not been sufficient movement to change the status. The table below sets out the change in the direction of the risk categories and gives explanations for these changes.

Principal risk	**Status at year end**	**Change since year end**	**Comment on change**
Property	Medium	Increased	The global Covid-19 pandemic may cause a downturn in the property market through changes in the supply of space and occupier demand. Our offices and leases must remain flexible to respond to market dynamics.
Sustainability	Medium	No change	There is rightly increased, and increasing, focus in this area and CLS remains committed to improving the sustainability of our properties.
Business interruption	Medium	No change	CLS has responded well to the changes necessitated by Covid-19, especially home working, demonstrating the resilience of our infrastructure reflected in no overall impact to productivity or performance.
Financing	Low	Increased	The global Covid-19 pandemic has given rise to an increased risk of tenant defaults and therefore loan covenants are likely to see a decrease in headroom and may start to come under pressure. Although not yet evident from our involvements, there may be a decrease in the appetite of finance providers to lend in the future, or to do so on more restrictive terms.
Political and economic	High	Increased	Covid-19 is likely to cause an economic downturn for which the severity and timing are unknown and which will be heavily influenced by government stimulus. Government regulation, particularly the restriction of landlord remedies, may impact our ability to operate as effectively as usual. The run-up to the end of the Brexit transition period at the end of 2020 and the subsequent "settling-in" period is likely to see increased disruption.
People	Medium	No change	On balance there has been little change in our people risk. Employee engagement has had to evolve to take on different forms but we believe that we are still engaging in an effective manner.

GOING CONCERN

The Directors' assessment of going concern uses the same methodology as for the preparation and validation of the year end viability statement (see page 31 of the 2019 Annual Report and Accounts). This assessment uses forecasts that have been adjusted for the impacts of Covid-19. A more detailed description of the approach is set out in note 2 to these condensed Group financial statements.

The Directors consider that in their assessment there are no material uncertainties that would cast significant doubt on the ability of the Group to continue as a going concern and therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of this interim report. Accordingly, they continue to adopt the going concern basis in preparing the condensed Group financial statements.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

a) the condensed set of financial statements, which has been prepared in accordance with IAS 34 'Interim Financial Reporting', gives a true and fair view of the assets, liabilities, financial position and profit of the Group, as required by DTR 4.2.4R;
b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the financial year); and
c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

On behalf of the Board

Fredrik Widlund	**Andrew Kirkman**
Chief Executive Officer	Chief Financial Officer
12 August 2020	

INDEPENDENT REVIEW REPORT TO CLS HOLDINGS PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 which comprises the condensed Group income statement, the condensed Group statement of comprehensive income, the condensed Group balance sheet, the condensed Group statement of changes in equity, the condensed Group statement of cash flows and related notes 1 to 17. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Emphasis of matter – Material uncertainty related to investment property valuation

We draw attention to note 10, which describes the effects of the uncertainties created by the coronavirus (COVID-19) pandemic on the valuation of the Group's investment property portfolio. As noted by the Group's external valuers, the outbreak has caused extensive disruptions to businesses and economic activities and the uncertainties created have increased the estimation uncertainty over the fair value of the investment property portfolio at the balance sheet date. Our review report is not modified in respect of this matter.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Statutory Auditor
London, United Kingdom
12 August, 2020

Financial Statements

Condensed group income statement
for the six months ended 30 June 2020

	Notes	**Six months ended 30 June 2020 £m (unaudited)**	Six months ended 30 June 2019 £m (unaudited)	Year ended 31 December 2019 £m (audited)
Continuing operations				
Group revenue	3	**71.1**	67.6	138.3
Net rental income	3	**56.5**	53.8	110.6
Administration expenses		**(9.9)**	(9.9)	(19.9)
Other expenses		**(7.2)**	(6.3)	(13.7)
Group revenue less costs		**39.4**	37.6	77.0
Net movements on revaluation of investment properties	10	**2.7**	36.9	57.4
(Loss)/profit on sale of properties		**(0.2)**	(0.3)	8.6
Net movements on revaluation of equity investments		**–**	23.6	–
Gain on sale of other financial instruments, net of impairments		**–**	–	40.4
Operating profit		**41.9**	97.8	183.4
Finance income	5	**3.8**	3.3	5.0
Finance costs	6	**(14.2)**	(16.5)	(29.4)
Profit before tax		**31.5**	84.6	159.0
Taxation	7	**(9.9)**	(16.1)	(23.8)
Profit for the period from continuing operations		**21.6**	68.5	135.2
Discontinued operations				
Loss for the period from discontinued operations		**–**	(1.8)	(0.5)
Profit for the period		**21.6**	66.7	134.7
Attributable to:				
Owners of the Company		**21.6**	67.5	135.5
Non-controlling interests		**–**	(0.8)	(0.8)
		21.6	66.7	134.7
Earnings per share (expressed in pence per share)				
Basic and diluted earnings per share from continuing operations		**5.3**	16.8	33.2
Basic and diluted (loss)/earnings per share from discontinued operations		**–**	(0.2)	0.1
Basic and diluted earnings per share	8	**5.3**	16.6	33.3

Condensed group statement of comprehensive income
for the six months ended 30 June 2020

	Six months ended 30 June 2020 £m (unaudited)	Six months ended 30 June 2019 £m (unaudited)	Year ended 31 December 2019 £m (audited)
Profit for the period	**21.6**	66.7	134.7
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Foreign exchange differences	**30.3**	(0.7)	(28.8)
Items that may be reclassified to profit or loss			
Fair value gains on corporate bonds and other financial investments	**–**	3.4	–
Fair value gains taken to gain on sale of other financial investments, net of impairments	**–**	–	2.5
Revaluation of property, plant and equipment	**(4.9)**	0.2	(0.1)
Deferred tax on net fair value losses/(gains)	**0.7**	(0.6)	(0.3)
Discontinued operations	**–**	(0.9)	(0.9)
Total items that may be reclassified to profit or loss	**(4.2)**	2.1	1.2
Total other comprehensive income/(loss)	**26.1**	1.4	(27.6)
Total comprehensive income for the period	**47.7**	68.1	107.1
Attributable to:			
Owners of the Company	**47.7**	68.9	107.9
Non-controlling interests	**–**	(0.8)	(0.8)
	47.7	68.1	107.1

Condensed group balance sheet
at 30 June 2020

	Notes	**30 June 2020 £m (unaudited)**	30 June 2019 £m (unaudited)	31 December 2019 £m (audited)
Non-current assets				
Investment properties	10	**2,053.9**	1,904.3	1,961.0
Property, plant and equipment	11	**38.4**	44.3	43.1
Goodwill and intangibles		**1.7**	1.4	1.4
Other financial investments	12	**–**	132.3	–
Deferred tax		**7.3**	4.8	4.7
		2,101.3	2,087.1	2,010.2
Current assets				
Trade and other receivables		**20.3**	18.9	25.3
Properties held for sale		**39.9**	135.1	10.4
Derivative financial instruments		**–**	–	0.3
Cash and cash equivalents		**195.4**	107.6	259.4
		255.6	261.6	295.4
Total assets		**2,356.9**	2,348.7	2,305.6
Current liabilities				
Trade and other payables		**(51.9)**	(53.2)	(54.7)
Current tax		**0.7**	(5.1)	(11.9)
Derivative financial instruments		**–**	(0.4)	–
Borrowings	13	**(128.0)**	(61.5)	(132.3)
		(179.2)	(120.2)	(198.9)
Non-current liabilities				
Deferred tax		**(156.1)**	(152.6)	(140.8)
Borrowings	13	**(785.9)**	(897.8)	(759.4)
Derivative financial instruments		**(6.4)**	(5.8)	(4.1)
		(948.4)	(1,056.2)	(904.3)
Total liabilities		**(1,127.6)**	(1,176.4)	(1,103.2)
Net assets		**1,229.3**	1,172.3	1,202.4
Equity				
Share capital	14	**11.0**	11.0	11.0
Share premium		**83.1**	83.1	83.1
Other reserves		**122.3**	124.7	96.4
Retained earnings		**1,012.9**	953.5	1,011.9
Equity attributable to owners of the Company		**1,229.3**	1,172.3	1,202.4
Non-controlling interests		**–**	–	–
Total equity		**1,229.3**	1,172.3	1,202.4

Condensed group statement of changes in equity
for the six months ended 30 June 2020

Unaudited	**Share capital £m**	**Share premium £m**	**Other reserves £m**	**Retained earnings £m**	**Total £m**	**Non-controlling interest £m**	**Total equity £m**
At 1 January 2020	**11.0**	**83.1**	**96.4**	**1,011.9**	**1,202.4**	**–**	**1,202.4**
Arising in the six months ended 30 June 2020:							
Total comprehensive income for the period	**–**	**–**	**26.1**	**21.6**	**47.7**	**–**	**47.7**
Employee Performance Incentive Plan charge	**–**	**–**	**(0.2)**	**–**	**(0.2)**	**–**	**(0.2)**
Dividends to shareholders	**–**	**–**	**–**	**(20.6)**	**(20.6)**	**–**	**(20.6)**
Total changes arising in the period	**–**	**–**	**25.9**	**1.0**	**26.9**	**–**	**26.9**
At 30 June 2020	**11.0**	**83.1**	**122.3**	**1,012.9**	**1,229.3**	**–**	**1,229.3**

Unaudited	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
At 1 January 2019	11.0	83.1	123.0	905.1	1,122.2	0.8	1,123.0
Arising in the six months ended 30 June 2019:							
Total comprehensive income for the period	–	–	1.3	67.5	68.8	(0.8)	68.0
Employee Performance Incentive Plan charge	–	–	0.4	–	0.4	–	0.4
Dividends to shareholders	–	–		(19.1)	(19.1)		(19.1)
Total changes arising in the period	–	–	1.7	48.4	50.1	(0.8)	49.3
At 30 June 2019	11.0	83.1	124.7	953.5	1,172.3	–	1,172.3

Audited	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
At 1 January 2019	11.0	83.1	123.0	905.1	1,122.2	0.8	1,123.0
Arising in the year ended 31 December 2019:							
Total comprehensive income for the year	–	–	(27.6)	135.5	107.9	(0.8)	107.1
Employee Performance Incentive Plan charge	–	–	1.0	–	1.0	–	1.0
Dividends to shareholders	–	–	–	(28.7)	(28.7)	–	(28.7)
Total changes arising in 2019	–	–	(26.6)	106.8	80.2	(0.8)	79.4
At 31 December 2019	11.0	83.1	96.4	1,011.9	1,202.4	–	1,202.4

Condensed group statement of cash flows
for the six months ended 30 June 2020

	Notes	**Six months ended 30 June 2020 £m (unaudited)**	Six months ended 30 June 2019 £m (unaudited)	Year ended 31 December 2019 £m (audited)
Cash flows from operating activities				
Cash generated from operations	15	**39.0**	35.1	75.3
Interest received		**0.6**	1.4	2.8
Interest paid		**(11.0)**	(10.4)	(22.8)
Income tax paid		**(7.0)**	(4.7)	(6.4)
Net cash inflow from operating activities		**21.6**	21.4	48.9
Cash flows from investing activities				
Purchase of investment properties		**(49.1)**	(116.9)	(237.2)
Capital expenditure on investment properties		**(9.5)**	(6.7)	(16.7)
Proceeds from sale of properties		**10.1**	4.0	171.6
Income tax paid on sale of properties		**(9.0)**	(1.8)	(6.6)
Purchases of property, plant and equipment		**(0.1)**	(1.0)	(0.5)
Proceeds from sale of corporate bonds		**–**	–	34.5
Proceeds from sale of equity investments		**–**	4.6	113.1
Dividends received from equity investments		**–**	1.9	2.2
Dividends received from associates		**0.1**	–	–
Proceeds from sale of subsidiaries		**–**	–	4.5
Purchase of intangibles		**(0.3)**	–	–
Proceeds from/(costs of) foreign currency transactions		**0.3**	(1.0)	(1.2)
Net cash (outflow)/inflow from investing activities		**(57.5)**	(116.9)	63.7
Cash flows from financing activities				
Dividends paid		**(20.6)**	(19.1)	(28.7)
New loans		**11.1**	137.0	292.4
Issue costs of new loans		**–**	(1.4)	(3.6)
Repayment of loans		**(21.9)**	(12.9)	(209.5)
Net cash (outflow)/inflow from financing activities		**(31.4)**	103.6	50.6
Cash flow element of net (decrease)/increase in cash and cash equivalents		**(67.3)**	8.1	163.2
Foreign exchange gains/(losses)		**3.3**	(0.8)	(4.1)
Net (decrease)/increase in cash and cash equivalents		**(64.0)**	7.3	159.1
Cash and cash equivalents at the beginning of the period		**259.4**	100.3	100.3
Cash and cash equivalents at the end of the period		**195.4**	107.6	259.4

Notes to the condensed group financial statements
30 June 2020

1 BASIS OF PREPARATION

The financial information contained in this half-yearly financial report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The results disclosed for the year ended 31 December 2019 are an abridged version of the full accounts for that year, which received an unqualified report from the Auditor, did not contain a statement under section 498(2) or (3) of the Companies Act 2006 or include a reference to any matter to which the Auditor drew attention by way of emphasis without qualifying the Auditor's report, and have been filed with the Registrar of Companies. The annual financial statements of CLS Holdings plc are prepared in accordance with IFRSs as adopted by the European Union. The condensed financial statements included in this half-yearly financial report have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union.

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the latest audited annual financial statements. A number of new standards and amendments to IFRSs have become effective for the financial year beginning on 1 January 2020. These new standards and amendments are listed below:

- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Amendments to References to the Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)

The adoption of these new standards and amendments to IFRSs did not materially impact the condensed set of financial statements for the six months ended 30 June 2020.

2 GOING CONCERN

Covid-19, and the associated responses, are having a profound impact on the global economy and it is currently the single biggest negative influence on the Group leading to both current and forecast impacts as well as far greater levels of uncertainty. CLS is weathering these impacts well with high rent collection, low bad debts and a continuing ability to meet its financing and refinancing needs.

Usually the Board reviews a going concern assessment every six-months alongside the approval of the financial statements. Currently, however, we are producing the analysis quarterly given this heightened level of uncertainty.

For the current assessment, a new 4-year forecast has been prepared and reviewed by the Board. The forecast and the going concern assessment apply the same methodology that is used for the year-end viability statement (see page 31 of the 2019 Annual Report and Accounts).

The latest forecast reflects current negative expectations arising as a result of Covid-19, in terms of reduced rent and increased bad debts whilst also incorporating mitigating cash preservation measures in terms of cost savings, and reduced and delayed capital expenditure and acquisitions.

This forecast is used as the base case for our going concern assessment which has focussed on the cash, liquid resources and working capital position of the Group. The Directors are confident that loans expiring within at least the next 12 months will be refinanced as expected given existing banking relationships and ongoing discussions.

Two downside scenarios, being mid and severe cases, have also been prepared. The key potential property risks have been incorporated in the modelling by assuming: lower rents; increased service charges and property expenses; falling property values; and reduced loan to value covenants on refinancing reflecting expected greater risk aversion by banks. More general economic factors such as higher interest and tax rates, and foreign exchange changes through a strengthened sterling have also been assumed.

The downside scenarios modelled are based off the negative market and economic impacts experienced during the 2007-2009 global financial crisis with the mid case being somewhat less extreme and the severe case being somewhat more extreme (for example property falls of 35% over 4 years and 40% over 2 years respectively). It is worth noting that these scenarios are potentially overly harsh as: it is unlikely all the changes would occur at the same time; the assumptions have been applied equally to all regions and thus there is no benefit given for the geographic and tenant diversity benefits of the Group; and the base case already reflects current expectations of the impact of Covid-19.

The modelling has focused on the cash position of the Group and potential covenant breaches. On average across the 48 loans, CLS has between 30% and 45% headroom for the three main covenant ratios of loan to value, interest cover and debt service cover. In addition, our loan agreements have equity cure mechanisms and in the downside scenarios it is assumed that sufficient, available cash is used to avoid covenant breaches. It has also been assumed that acquisitions, capital expenditure and dividends are either reduced or cancelled. Finally, property sales at the reduced modelled values are assumed.

In the downside scenarios, a minimum cash balance of £100 million has been maintained and no use has been made of the current £50 million of undrawn facilities. In the severe case, only 8% of the property portfolio, at the assumed lower valuations, would need to be sold to maintain this £100m cash buffer. In a downside scenario, the £50 million of facilities could be withdrawn but if they were not withdrawn and were used, less than 1% of properties would need to be sold.

The longer term operational and financial implications of Covid-19 are hard to forecast accurately. However, based on flexing the key financial assumptions impacting core drivers of CLS' cash flows, it appears that the potential negative outcomes can be mitigated without risking the going concern and longer-term viability of the Group.

Taking the foregoing into account, the Directors consider that in their assessment there are no material uncertainties that would cast significant doubt on the ability of the Group to continue as a going concern and therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of this interim report and therefore, the Directors continue to adopt the going concern basis in preparing these condensed accounts.

3 SEGMENT INFORMATION

The Group has two operating divisions – Investment Property and Other Investments. Other Investments comprise the hotel at Spring Mews and other small corporate investments. The Group manages the Investment Property division on a geographical basis due to its size and geographical diversity. Consequently, the Group's principal operating segments are:

Investment Property:	United Kingdom
	Germany
	France

Other Investments

3 SEGMENT INFORMATION (continued)

The Group's results for the six months ended 30 June 2020 by operating segment were as follows:

	Investment Property					
	United Kingdom £m	Germany £m	France £m	Other Investments £m	Central Administration £m	Total £m
Rental income	**29.4**	**16.4**	**7.6**	**–**	**–**	**53.4**
Other property-related income	**3.2**	**–**	**0.1**	**1.0**	**–**	**4.3**
Service charge income	**5.5**	**5.0**	**2.9**	**–**	**–**	**13.4**
Revenue	**38.1**	**21.4**	**10.6**	**1.0**	**–**	**71.1**
Service charges and similar expenses	**(6.3)**	**(5.4)**	**(2.9)**	**–**	**–**	**(14.6)**
Net rental income	**31.8**	**16.0**	**7.7**	**1.0**	**–**	**56.5**
Administration expenses	**(3.8)**	**(1.3)**	**(0.9)**	**(0.2)**	**(3.7)**	**(9.9)**
Other expenses	**(3.8)**	**(1.1)**	**(0.6)**	**(1.0)**	**(0.7)**	**(7.2)**
Group revenue less costs	**24.2**	**13.6**	**6.2**	**(0.2)**	**(4.4)**	**39.4**
Net movements on revaluation of investment properties	**(18.0)**	**19.5**	**1.2**	**–**	**–**	**2.7**
Net movement on revaluation of equity investments	**–**	**–**	**–**	**–**	**–**	**–**
Loss on sale of investment property	**(0.2)**	**–**	**–**	**–**	**–**	**(0.2)**
Segment operating profit/(loss)	**6.0**	**33.1**	**7.4**	**(0.2)**	**(4.4)**	**41.9**
Finance income	**–**	**–**	**–**	**3.8**	**–**	**3.8**
Finance costs	**(10.0)**	**(2.5)**	**(1.3)**	**(0.2)**	**(0.2)**	**(14.2)**
Segment (loss)/profit before tax	**(4.0)**	**30.6**	**6.1**	**3.4**	**(4.6)**	**31.5**

3 SEGMENT INFORMATION (continued)

The Group's results for the six months ended 30 June 2019 by operating segment were as follows:

	Investment Property					
	United Kingdom £m	Germany £m	France £m	Other Investments £m	Central Administration £m	Total £m
Rental income	28.3	15.9	8.3	–	–	52.5
Other property-related income	0.6	–	0.1	2.2	–	2.9
Service charge income	4.2	4.9	3.1	–	–	12.2
Revenue	33.1	20.8	11.5	2.2	–	67.6
Service charges and similar expenses	(5.3)	(5.5)	(3.0)	–	–	(13.8)
Net rental income	27.8	15.3	8.5	2.2	–	53.8
Administration expenses	(3.8)	(1.2)	(0.9)	(0.3)	(3.7)	(9.9)
Other expenses	(3.0)	(1.6)	(0.4)	(1.3)	–	(6.3)
Group revenue less costs	21.0	12.5	7.2	0.6	(3.7)	37.6
Net movements on revaluation of investment properties	(3.5)	27.2	13.2	–	–	36.9
Net movement on revaluation of equity investments	–	–	–	23.6	–	23.6
Loss on sale of investment property	–	(0.3)	–	–	–	(0.3)
Profit/(loss) on sale of other financial investments	–	–	–	–	–	–
Segment operating profit/(loss)	17.5	39.4	20.4	24.2	(3.7)	97.8
Finance income	–	–	–	3.3	–	3.3
Finance costs	(8.6)	(2.5)	(1.4)	(3.7)	(0.3)	(16.5)
Segment profit/(loss) before tax	8.9	36.9	19.0	23.8	(4.0)	84.6

3 SEGMENT INFORMATION (continued)

The Group's results for the year ended 31 December 2019 were as follows:

	Investment Property					
	United Kingdom £m	Germany £m	France £m	Other Investments £m	Central Administration £m	Total £m
Rental income	59.2	32.4	16.1	–	–	107.7
Other property-related income	1.1	0.6	0.2	4.9	–	6.8
Service charge income	9.2	9.1	5.5	–	–	23.8
Revenue	69.5	42.1	21.8	4.9	–	138.3
Service charges and similar expenses	(10.8)	(11.3)	(5.6)	–	–	(27.7)
Net rental income	58.7	30.8	16.2	4.9	–	110.6
Administration expenses	(7.5)	(2.8)	(2.0)	(0.3)	(7.3)	(19.9)
Other expenses	(6.2)	(3.6)	(0.9)	(3.0)	–	(13.7)
Group revenue less costs	45.0	24.4	13.3	1.6	(7.3)	77.0
Net movements on revaluation of investment properties	(3.4)	50.7	10.1	–	–	57.4
Net movement on revaluation of equity investments	–	–	–	–	–	–
(Loss)/profit on sale of investment property	(4.4)	6.9	6.1	–	–	8.6
Profit on sale of other financial investments	–	–	–	40.4	–	40.4
Segment operating profit/(loss)	37.2	82.0	29.5	42.0	(7.3)	183.4
Finance income	–	–	–	5.0	–	5.0
Finance costs	(17.8)	(4.9)	(2.8)	(3.9)	–	(29.4)
Segment profit/(loss) before tax	19.4	77.1	26.7	43.1	(7.3)	159.0

SEGMENT ASSETS AND LIABILITIES

	Assets			Liabilities			Capital expenditure		
	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m	**30 June 2020 £m**	30 June 2019 £m	31 December 2019 £m	**30 June 2020 £m**	30 June 2019 £m	31 December 2019 £m
Investment Property									
United Kingdom	**1,068.5**	1,052.3	1,064.7	**522.3**	568.4	532.4	**38.6**	80.2	5.9
Germany	**761.2**	723.3	679.1	**393.4**	365.6	357.1	**20.7**	32.5	7.4
France	**314.1**	336.8	290.7	**206.6**	227.5	205.2	**1.6**	10.5	1.6
Other Investments	**213.1**	236.3	271.1	**5.3**	14.9	8.5	**–**	–	0.1
	2,356.9	2,348.7	2,305.6	**1,127.6**	1,176.4	1,103.2	**60.9**	123.2	15.0

4 ALTERNATIVE PERFORMANCE MEASURES (“APMs”)

APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

Introduction
The Group has applied the October 2015 European Securities and Markets Authority ("ESMA") guidelines on APMs and the November 2017 Financial Reporting Council ("FRC") corporate thematic review of APMs in these results, whilst noting ESMA’s December 2019 report on the use of APMs. An APM is a financial measure of historical or future financial performance, position or cash flows of the Group which is not a measure defined or specified in IFRS.

Overview of our use of APMs
The Directors believe that APMs assist in providing additional useful information on the underlying trends, performance and position of the Group. APMs assist our stakeholder users of the accounts, particularly equity and debt investors, through the comparability of information. APMs are used by the Directors and management, both internally and externally, for performance analysis, strategic planning, reporting and incentive-setting purposes.

APMs are not defined by IFRS and therefore may not be directly comparable with other companies' APMs, including peers in the real estate industry.

There are essentially two sets of APMs which we utilise, and which are reconciled where possible to statutory measures below:

1) Existing and new EPRA APMs, and similar CLS APMs

CLS monitors the Group’s financial performance using APMs which are European Public Real Estate Association ("EPRA") measures as these are a set of standard disclosures for the property industry and thus aid comparability for our stakeholder users. In previous years, the two key APMs for CLS, which are in accordance with the November 2016 EPRA guidelines, are:

- EPRA Net Asset Value which excludes certain items not expected to crystallise in a long-term investment property business model, such as CLS’; and
- EPRA Earnings which gives relevant information to investors on the long-term performance of the Group's underlying property investment business and an indication of the extent to which current dividend payments are supported by earnings.

The latest edition of the EPRA guidelines were issued in October 2019 and replaced EPRA NAV with three other balance sheet reporting measures, which are defined in the glossary.

- EPRA Net Tangible Assets;
- EPRA Net Reinstatement Value; and
- EPRA Net Disposal Value;

CLS considers EPRA Net Tangible Asset to be the most relevant of these new measures as we believe that this will continue to reflect the long-term nature of our property investments most accurately, however all the new measures have been disclosed along with the 2016 measures for comparative purposes.

EPRA Earnings remains the same.

Whilst CLS primarily uses the EPRA measures referred to above, we have also disclosed the measures that CLS prefers for certain of these categories. The notes below highlight where the measures that we monitor differ and our rationale for using them.

2) Other APMS

CLS uses a number of other APMs, many of which are commonly used by other industry peers, for example Loan to Value, and these APMs are reconciled below.

Changes to APMs
Except for the inclusion of the new EPRA balance sheet measures as noted above, there have been no changes to the Group's APMs in the year with the same APMs utilised by the business being defined, calculated and used on a consistent basis. We have added the full suite of new EPRA APMs and retained the previous EPRA APMs for comparative purposes.

Reconciliation of APMs
Set out below is a reconciliation of the APMs used in these results to the statutory measures.

1) EPRA APMs and similar CLS APMs

i) Earnings - EPRA Earnings

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Profit for the period	**21.6**	67.5	135.5
(Profit)/loss from discontinued operations*	**-**	1.0	(0.3)
Net uplift on revaluation of investment properties	**(2.7)**	(36.9)	(57.4)
Net uplift on revaluation of equity investments	**-**	(21.0)	-
Loss/(profit) from sale of investment properties	**0.2**	0.3	(8.6)
Current tax on disposals	**0.2**	-	13.4
Profit from sale of corporate bonds and equites	**-**	-	(40.4)
Tax thereon	**-**	-	0.1
Change in fair value of interest derivatives	**2.3**	1.2	0.5
Change in fair value of FX derivatives	**-**	0.9	0.4
Deferred taxation	**6.8**	11.5	5.7
EPRA Earnings	**28.4**	24.5	48.9
EPRA Earnings Per Share (pence)	**7.0p**	6.0p	12.0p

*attributable to equity holders of the parent

ii) Net asset value – EPRA NAV, NTA, NRV and NDV

	Notes	**Six months ended 30 June 2020 £m**	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Basic net assets	**9**	**1,229.3**	1,172.3	1,202.4
Goodwill as a result of deferred tax on acquisitions		**(1.1)**	(1.1)	(1.1)
Fair value of fixed interest rate debt		**(12.6)**	(13.2)	(9.9)
Fair value of fixed interest rate debt - tax thereon		**2.4**	2.4	1.9
EPRA Triple Net Assets		**1,218.0**	1,160.4	1,193.3
Deferred tax		**148.8**	147.8	136.1
Fair value on financial instruments		**6.4**	6.2	3.8
Fair value of debt adjustment		**12.6**	13.2	9.9
Fair value of debt adjustment – tax thereon		**(2.4)**	(2.4)	(1.9)
EPRA Net Asset Value		**1,383.4**	1,325.2	1,341.2
Deferred tax (capital allowances and other items)		**(11.5)**	(12.1)	(11.7)
Deferred tax on fair value gains*		**(0.8)**	0.1	0.1
Intangibles as per the IFRS balance sheet		**(0.6)**	(0.3)	(0.3)
EPRA Net Tangible Assets		**1,370.5**	1,312.9	1,329.3
Deferred tax on fair value gains*		**0.8**	(0.1)	(0.1)
Intangibles as per the IFRS balance sheet		**0.6**	0.3	0.3
Purchaser costs (inc. Real Estate Transfer tax)		**137.3**	134.9	130.2
EPRA Net Reinstatement Value		**1,509.2**	1,448.0	1,459.7
Purchaser costs (inc. real estate transfer tax)		**(137.3)**	(134.9)	(130.2)
Deferred tax on fair value gains		**(137.3)**	(135.7)	(124.4)
Fair value of financial instruments		**(6.4)**	(6.2)	(3.8)
Fair value of fixed interest rate debt		**(12.6)**	(13.2)	(9.9)
EPRA Net Disposal Value		**1,215.6**	1,158.0	1,191.4

** NTA is calculated by including the level of deferred tax expected to be realised on planned sales in our strategic plan. This strategic plan, which is for the next four years, is the same one which is used for the viability statement assessment. The low level of deferred tax expected to be realised in the NTA calculation reflects our business model and strategy as a long-term investor with few asset disposals.*

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Basic NAV Per Share (pence)	**301.7p**	287.8p	295.1p
EPRA Triple Net Assets Per Share (pence) [1]	**299.0p**	284.8p	292.9p
EPRA NAV Per Share (pence) [1]	**339.6p**	325.3p	329.2p
EPRA NTA Per Share (pence)	**336.4p**	322.2p	326.3p
EPRA NRV Per Share (pence)	**370.5p**	355.4p	358.3p
EPRA NDV Per Share (pence)	**298.4p**	284.2p	292.4p

[1] previous EPRA measures

iii) Yield

EPRA Net Initial Yield ("NIY")
EPRA NIY is calculated as the annualised rental income based on the cash rents passing at the balance sheet date less non–recoverable property operating expenses, divided by the gross market value of the property (excluding those that are under development, held as PPE or occupied by CLS).

	Six months ended 30 June 2020			
	United Kingdom £m	**Germany £m**	**France £m**	**Total £m**
Rent passing	**55.8**	**34.1**	**14.9**	**104.8**
Adjusted for development stock	**(1.3)**	**–**	**–**	**(1.3)**
Forecast non recoverable service charge	**(2.5)**	**(1.0)**	**(0.1)**	**(3.6)**
Annualised net rents (A)	**52.0**	**33.1**	**14.8**	**99.9**
Property portfolio	**1,036.7**	**751.3**	**305.8**	**2,093.8**
Adjusted for development stock	**(45.3)**	**(28.5)**	**–**	**(73.8)**
Purchasers' costs	**67.3**	**49.2**	**20.8**	**137.3**
Property portfolio valuation including purchasers' costs (B)	**1,058.7**	**772.0**	**326.6**	**2,157.3**
EPRA NIY (A/B)	**4.9%**	**4.3%**	**4.5%**	**4.6%**

	Six months ended 30 June 2019			
	United Kingdom £m	Germany £m	France £m	Total £m
Rent passing	59.8	35.8	15.1	110.7
Adjusted for development stock	(1.3)	–	–	(1.3)
Forecast non recoverable service charge	(2.6)	(0.2)	0.1	(2.7)
Annualised net rents (A)	55.9	35.6	15.2	106.7
Property portfolio	1,023.8	685.4	330.1	2,039.3
Adjusted for development stock	(47.0)	(9.3)	(2.3)	(58.6)
Purchasers' costs	66.4	46.0	22.3	134.7
Property portfolio valuation including purchasers' costs (B)	1,043.2	722.1	350.1	2,115.4
EPRA NIY (A/B)	5.4%	4.9%	4.3%	5.0%

	Year ended 31 December 2019			
	United Kingdom £m	Germany £m	France £m	Total £m
Rent passing	56.7	32.8	14.1	103.6
Adjusted for development stock	(1.4)	–	–	(1.4)
Forecast non recoverable service charge	(2.2)	–	–	(2.2)
Annualised net rents (A)	53.1	32.8	14.1	100.0
Property portfolio	1,024.3	663.6	283.4	1,971.3
Adjusted for development stock	(52.4)	(8.2)	–	(60.6)
Purchasers' costs	66.1	44.5	19.3	129.9
Property portfolio valuation including purchasers' costs (B)	1,038.0	699.9	302.7	2,040.6
EPRA NIY (A/B)	5.1%	4.8%	4.7%	4.9%

EPRA "Topped–up" NIY

EPRA "topped–up" NIY is calculated by making an adjustment to EPRA NIY in respect of the expiration of rent–free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

	Six months ended 30 June 2020			
	United Kingdom £m	**Germany £m**	**France £m**	**Total £m**
Contracted rent	**59.6**	**37.4**	**16.5**	**113.5**
Adjusted for development stock	**(1.5)**	**–**	**–**	**(1.5)**
Forecast non recoverable service charge	**(2.5)**	**(1.0)**	**(0.1)**	**(3.6)**
"Topped Up" annualised net rents (A)	**55.6**	**36.4**	**16.4**	**108.4**
Property portfolio	**1,036.7**	**751.3**	**305.8**	**2,093.8**
Adjusted for development stock	**(45.3)**	**(28.5)**	**–**	**(73.8)**
Purchasers' costs	**67.3**	**49.2**	**20.8**	**137.3**
Property portfolio valuation including purchasers' costs (B)	**1,058.7**	**772.0**	**326.6**	**2,157.3**
EPRA "Topped Up" NIY (A/B)	**5.3%**	**4.7%**	**5.0%**	**5.0%**

	Six months ended 30 June 2019			
	United Kingdom £m	Germany £m	France £m	Total £m
Contracted rent	61.8	37.3	17.8	116.9
Adjusted for development stock	(1.3)	–	–	(1.3)
Forecast non recoverable service charge	(2.6)	(0.2)	0.1	(2.7)
"Topped Up" annualised net rents (A)	57.9	37.1	17.9	112.9
Property portfolio	1,023.8	685.4	330.1	2,039.3
Adjusted for development stock	(47.0)	(9.3)	(2.3)	(58.6)
Purchasers' costs	66.4	46.0	22.3	134.7
Property portfolio valuation including purchasers' costs (B)	1,043.2	722.1	350.1	2,115.4
EPRA "Topped Up" NIY (A/B)	5.6%	5.1%	5.1%	5.3%

	Year ended 31 December 2019			
	United Kingdom £m	Germany £m	France £m	Total £m
Contracted rent	59.2	34.3	15.8	109.3
Adjusted for development stock	(1.5)	–	–	(1.5)
Forecast non recoverable service charge	(2.2)	–	–	(2.2)
"Topped Up" annualised net rents (A)	55.5	34.3	15.8	105.6
Property portfolio	1,024.3	663.6	283.4	1,971.3
Adjusted for development stock	(52.4)	(8.2)	–	(60.6)
Purchasers' costs	66.1	44.5	19.3	129.9
Property portfolio valuation including purchasers' costs (B)	1,038.0	699.9	302.7	2,040.6
EPRA "Topped Up" NIY (A/B)	5.4%	5.0%	5.2%	5.2%

iv) Vacancy

CLS Vacancy

CLS has historically opted to use our own KPI regarding vacancy as we believe that this provides a more accurate reflection of occupancy levels in our portfolio and provides a more prudent KPI as a large proportion of our portfolio is under rented.

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
ERV of vacant space (A)	**6.2**	5.0	4.6
Contracted rent	**113.5**	116.9	109.3
ERV of vacant space plus contracted rent (B)	**119.7**	121.9	113.9
CLS vacancy rate (A/B)	**5.2%**	4.1%	4.0%

EPRA Vacancy

Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
ERV of vacant space (A)	**6.2**	5.0	4.6
ERV of lettable space (B)	**126.1**	127.4	120.1
EPRA vacancy rate (A/B)	**4.9%**	3.9%	3.8%

v) Cost ratios

CLS Administration Cost Ratio

CLS' administration cost ratio represents the cost of running the property portfolio relative to its net income. CLS uses this measure to monitor the efficiency of the business as it focuses on the administrative cost of active asset management across three countries. We recognise that the cost ratio is higher than some other UK listed property companies given the additional costs for our in–house model and diversified approach. We would expect both cost ratios to improve in the future as there were several one–off costs in 2019 and as the scale of CLS increases.

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Administration expenses	**9.9**	9.9	19.9
Less: Investment segment and First Camp	**(0.2)**	(0.3)	(0.3)
Underlying administration costs	**9.7**	9.6	19.6
Net rental income from investment property	**56.5**	53.8	110.6
Administration cost ratio	**17.2%**	17.8%	17.7%

2. Other APMs

i) Total Accounting Return

	Six months ended 30 June 2020	Six months ended 30 June 2019	Year ended 31 December 2019
EPRA closing net tangible assets	**1,370.5**	1,312.9	1,329.3
Add back: prior year final dividend paid	**20.6**	19.1	19.1
Add back: interim dividend paid	–	**–**	9.6
Less: EPRA opening net tangible assets (A)	**(1,329.3)**	(1,241.0)	(1,241.0)
Return before dividends (B)	**61.8**	91.0	117.0
Total Accounting Return (B/A)	**4.6%**	7.3%	9.4%

ii) Net borrowings and gearing

	Notes	**Six months ended 30 June 2020**	Six months ended 30 June 2019	Year ended 31 December 2019
Borrowings short–term	13	**128.0**	61.5	132.3
Borrowings long–term	13	**785.9**	897.8	759.4
add back: unamortised issue costs	13	**4.8**	6.0	5.5
Gross debt	13	**918.7**	965.3	897.2
Cash		**(195.4)**	(107.6)	(259.4)
Net borrowings		**723.3**	857.7	637.8
Net assets		**1,229.3**	1,172.3	1,202.4
Net gearing (before corporate bonds)		**58.8%**	73.2%	53.0%
Net borrowings		**723.3**	857.7	637.8
Corporate bonds		**–**	(33.8)	–
Net borrowings after corporate bonds		**723.3**	823.9	637.8
Net gearing (after corporate bonds)		**58.8%**	70.3%	53.0%

iii) Balance sheet loan to value

	Notes	**Six months ended 30 June 2020**	Six months ended 30 June 2019	Year ended 31 December 2019
Borrowings short–term	13	**128.0**	61.5	132.3
Borrowings long–term	13	**785.9**	897.8	759.4
Less: cash		**(195.4)**	(107.6)	(259.4)
Less: corporate bonds		**–**	(33.8)	–
Borrowings less liquid resources (A)		**718.5**	817.9	632.3
Investment properties		**2,053.9**	1,904.3	1,961.0
Properties in PPE		**36.2**	41.0	40.7
Held for sale		**39.9**	135.1	10.4
Total property portfolio (B)		**2,130.0**	2,080.4	2,012.1
Balance sheet loan to value (A/B)		**33.7%**	39.3%	31.4%

iv) Dividend cover

	Notes	**Six months ended 30 June 2020**	Six months ended 30 June 2019	Year ended 31 December 2019
ERPA EPS (A)		**28.4**	24.5	48.9
Interim dividend		**9.6***	9.6	9.6
Final dividend				20.6
Total dividend (B)		**9.6**	9.6	30.2
Dividend cover (A/B)		**3.0**	2.6	1.6

*Proposed interim 2020 dividend

v) Interest cover

	Notes	**Six months ended 30 June 2020**	Six months ended 30 June 2019	Year ended 31 December 2019
Net rental income	3	**56.5**	53.8	110.6
Administration expenses	3	**(9.9)**	(9.9)	(19.9)
Other expenses	3	**(7.2)**	(6.3)	(13.7)
Group revenue less costs (A)	3	**39.4**	37.6	77.0
Finance income (excluding dividend income)	5	**0.6**	1.4	2.8
Finance costs (excluding derivatives)	6	**(11.9)**	(11.9)	(25.3)
Net interest (B)		**(11.3)**	(10.5)	(22.5)
Interest cover (A/B)		**3.5**	3.6	3.4

5 FINANCE INCOME

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Interest income			
Financial instruments carried at amortised cost	**0.6**	0.3	0.7
Financial instruments carried at fair value through other comprehensive income	–	1.1	2.1
Other finance income	**0.1**	1.9	2.2
Foreign exchange gains	**3.1**	–	–
	3.8	3.3	5.0

6 FINANCE COSTS

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Interest expense			
Bank loans	**9.9**	9.7	20.6
Secured notes	**1.1**	1.2	2.4
Amortisation of loan issue costs	**0.9**	1.0	2.3
Total interest costs	**11.9**	11.9	25.3
Foreign exchange losses	**–**	3.4	3.6
Movement in fair value of derivative financial instruments			
Interest rate swaps: transactions not qualifying as hedges	**2.3**	1.2	0.5
	14.2	16.5	29.4

7 TAXATION

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Current tax	**3.3**	4.6	18.1
Deferred tax	**6.6**	11.5	5.7
	9.9	16.1	23.8

Tax for the six months ended 30 June 2020 has been charged at an effective rate of 31.3% (six months ended 30 June 2019: 19.0%; year ended 31 December 2019: 15.0%), representing the best estimate of the average annual effective tax rate expected for the full year adjusted for the tax effect of one-off items, applied to the pre-tax income of the six month period. The effective tax rate for the period of 31.3% is higher than the weighted average tax rate of 18.2%. This is predominantly due to a deferred tax charge resulting from the substantive enactment of an increase in the UK corporation tax rate from 17% to 19% in the period.

8 EARNINGS PER SHARE

Earnings	**Six months ended 30 June 2020 £m**	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Profit for the year attributable to owners of the Company	**21.6**	67.5	135.5

Weighted average number of ordinary shares in circulation	**Six months ended 30 June 2020 Number**	Six months ended 30 June 2019 Number	Year ended 31 December 2019 Number
Weighted average number of ordinary shares in circulation	**407,395,760**	407,395,760	407,395,760

Earnings per share	**Six months ended 30 June 2020 Pence**	Six months ended 30 June 2019 Pence	Year ended 31 December 2019 Pence
Basic and diluted	**5.3**	16.6	33.3

9 NET ASSETS PER SHARE

Net assets	**Six months ended 30 June 2020 £m**	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Basic net assets attributable to owners of the Company	**1,229.3**	1,172.3	1,202.4

Number of ordinary shares in circulation	**30 June 2020 Number**	30 June 2019 Number	Year ended 31 December 2019 Number
Number of ordinary shares in circulation	**407,395,760**	407,395,760	407,395,760

Net assets per share	**Six months ended 30 June 2020 Pence**	Six months ended 30 June 2019 Pence	Year ended 31 December 2019 Pence
Basic	**301.7**	287.8	295.1

10 INVESTMENT PROPERTIES

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
United Kingdom	**1,036.5**	995.4	1,014.7
Germany	**718.3**	617.2	663.6
France	**299.1**	291.7	282.7
	2,053.9	1,904.3	1,961.0

The movement in investment properties since the last reported balance sheet was as follows:

	United Kingdom £m	**Germany £m**	**France £m**	**Total £m**
At 1 January 2020	**1,014.7**	**663.6**	**282.7**	**1,961.0**
Acquisitions	34.7	16.9	–	51.6
Capital expenditure	3.8	3.8	1.7	9.3
Net movements on revaluation of investment properties	(17.9)	19.4	1.2	2.7
Rent-free period debtor adjustments	1.2	(1.0)	–	0.2
Exchange rate variances	–	48.6	20.2	68.8
Transfer to held for sale	–	(33.0)	(6.7)	(39.7)
At 30 June 2020	**1,036.5**	**718.3**	**299.1**	**2,053.9**

The investment properties (and the hotel and landholding detailed in note 11) were revalued at 30 June 2020 to their fair value. Valuations were based on current prices in an active market for all properties. The property valuations were carried out by external, professionally qualified valuers, Cushman & Wakefield.

The Directors note the inclusion of an industry standard material uncertainty clause in the valuation reports received from Cushman & Wakefield and understand that in the current extraordinary circumstances less certainty can be attached to the valuation than would otherwise be the case.

Property valuations are complex and require a degree of judgement and are based on data which is not publicly available. We have classified the valuations of our property portfolio as level 3 as defined by IFRS 13 Fair Value Measurement. Inputs into the valuations include equivalent yields and rental income and are 'unobservable' under the definition in IFRS 13. These inputs are analysed by segment in the key data tables presented earlier in this report. All other factors remaining constant, an increase in rental income would increase valuations, whilst an increase in the true equivalent yield would result in a fall in value, and vice versa.

Key inputs to the valuation ERV

	ERV			**True Equivalent yield**		
	Average £ per sq ft	**Range per sq ft**		**Average %**	**Range %**	
		Min	**Max**		**Min**	**Max**
UK	31.45	10.00	66.41	5.70	2.43	9.06
Germany	13.23	9.80	20.67	4.84	4.13	6.65
France	20.41	11.40	39.46	5.31	3.63	5.88

A decrease in the equivalent yield by 25 basis points would result in an increase in the fair value of the Group's investment property by £116.1 million (31 December 2019: £99.3 million) whilst a 25 basis point increase would reduce the fair value by £97.1 million (31 December 2019: £109.2 million). A decrease in the ERV by 5% would result in a decrease in the fair value of the Group's investment property by £59.5 million (31 December 2019: £84.4 million) whilst an increase in the ERV by 5% would result in an increase in the fair value of the Group's investment property by £67.8 million (31 December 2019: £65.1 million).

Although not a key valuation assumption, in the absence of a financial instruments note and disclosure on foreign exchange risk, the below table shows how the investment property values would be impacted by a 5% movement in the Sterling/euro exchange rate.

Scenario	**30 June 2020 £m**
5% increase in value of sterling against the euro	**(48.5)**
5% fall in value of sterling against the euro	**53.5**

Investment properties include leasehold properties with a carrying value of £31.5 million (30 June 2019: £74.6 million; 31 December 2019: £29.8 million).

Where the Group leases out its investment property under operating leases the duration is typically three years or more. No contingent rents have been recognised in the current or comparative years.

Substantially all investment properties (and the hotel detailed in note 11) are provided as security against debt.

11 PROPERTY, PLANT AND EQUIPMENT

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Hotel	**23.6**	27.5	28.0
Land and buildings	**2.2**	3.4	2.4
Owner-occupied property	**10.4**	10.1	10.3
Fixtures and fittings	**2.2**	3.3	2.4
Total	**38.4**	44.3	43.1

The movement in property, plant and equipment since the last reported balance sheet was as follows:

	Hotel £m	**Land and buildings £m**	**Owner-occupied property £m**	**Fixtures and fittings £m**	**Total £m**
At 1 January 2020	**29.0**	**2.4**	**10.3**	**6.0**	**47.7**
Additions	–	–	–	0.1	0.1
Exchange rate variances	–	0.2	0.3	(0.1)	0.4
Revaluation	(4.3)	(0.4)	(0.2)	–	(4.9)
At 30 June 2020	**24.7**	**2.2**	**10.4**	**6.0**	**43.3**
Comprising:					
At cost	**–**	**–**	**–**	**6.0**	**6.0**
At valuation 30 June 2020	**24.7**	**2.2**	**10.4**	**–**	**37.3**
	24.7	**2.2**	**10.4**	**6.0**	**43.3**
Accumulated depreciation and impairment					
At 1 January 2020	**(1.0)**	**–**	**–**	**(3.6)**	**(4.6)**
Depreciation charge	(0.1)	–	–	(0.2)	(0.3)
At 30 June 2020	**(1.1)**	**–**	**–**	**(3.8)**	**(4.9)**
Net book value					
At 30 June 2020	**23.6**	**2.2**	**10.4**	**2.2**	**38.4**
At 31 December 2019	**28.0**	**2.4**	**10.3**	**2.4**	**43.1**

12 OTHER FINANCIAL INSTRUMENTS

	Investment type	Destination of Investment	**30 June 2020 £m**	30 June 2019 £m	31 December 2019 £m
Carried at fair value through other comprehensive income	Listed corporate bonds	UK	**–**	7.6	–
		Other	**–**	26.2	–
			–	33.8	–
Carried at fair value through profit and loss	Listed equity securities	Sweden	**–**	98.5	–
			–	132.3	–

13 BORROWINGS

MATURITY PROFILE

At 30 June 2020	**Bank loans £m**	**Secured notes £m**	**Total £m**
Within one year or on demand	**125.4**	**4.2**	**129.6**
More than one but not more than two years	**170.5**	**4.2**	**174.7**
More than two but not more than five years	**481.7**	**44.4**	**526.1**
More than five years	**88.3**	**–**	**88.3**
	865.9	**52.8**	**918.7**
Unamortised issue costs	**(4.6)**	**(0.2)**	**(4.8)**
Borrowings	**861.3**	**52.6**	**913.9**
Less amount due for settlement within 12 months	**(123.9)**	**(4.1)**	**(128.0)**
Amount due for settlement after 12 months	**737.4**	**48.5**	**785.9**

At 30 June 2019	Bank loans £m	Secured notes £m	Total £m
Within one year or on demand	59.2	4.2	63.4
More than one but not more than two years	227.8	4.2	232.0
More than two but not more than five years	479.5	48.6	528.1
More than five years	141.6	–	141.6
	908.1	57.0	965.1
Unamortised issue costs	(5.5)	(0.3)	(5.8)
Borrowings	902.6	56.7	959.3
Less amount due for settlement within 12 months	(57.4)	(4.1)	(61.5)
Amount due for settlement after 12 months	845.2	52.6	897.8

At 31 December 2019	Bank loans £m	Secured notes £m	Total £m
Within one year or on demand	129.8	4.2	134.0
More than one but not more than two years	88.5	4.2	92.7
More than two but not more than five years	492.8	46.5	539.3
More than five years	131.2	-	131.2
	842.3	54.9	897.2
Unamortised issue costs	(5.2)	(0.3)	(5.5)
Borrowings	837.1	54.6	891.7
Less amount due for settlement within 12 months	(128.2)	(4.1)	(132.3)
Amount due for settlement after 12 months	708.9	50.5	759.4

FAIR VALUES

	Carrying amounts			Fair values		
	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m	**30 June 2020 £m**	30 June 2019 £m	31 December 2019 £m
Current borrowings	**128.0**	61.5	132.3	**128.0**	61.5	132.3
Non-current borrowings	**785.9**	897.8	759.4	**798.5**	911.0	769.3
	913.9	959.3	891.7	**926.5**	972.5	901.6

The fair value of borrowings represents the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, discounted at the prevailing market rate, and excludes accrued interest.

14 SHARE CAPITAL

	Number					
	Ordinary shares in circulation	Treasury shares	Total ordinary shares	Ordinary shares in circulation £m	Treasury shares £m	Total ordinary shares £m
At 1 January 2020 and 30 June 2020	**407,395,760**	**31,382,020**	**438,777,780**	**10.2**	**0.8**	**11.0**

15 CASH GENERATED FROM OPERATIONS

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Operating profit	**41.9**	97.8	183.4
Adjustments for:			
Net movements on revaluation of investment properties	**(2.7)**	(36.9)	(57.4)
Net movements on revaluation of equity investments	**–**	(23.6)	–
Depreciation and amortisation	**0.3**	0.6	1.0
Non-cash rental income	**(0.3)**	(2.8)	(3.7)
Share-based payment expense	**0.7**	0.4	1.0
Purchase of shares to fulfil share-based payment	**(0.9)**		
Loss/(profit) on sale of investment properties	**0.2**	0.3	(8.6)
(Gain) on sale of other financial instruments, net of impairments	**–**	–	(40.4)
Changes in working capital:			
Decrease/(increase) in receivables	**1.7**	0.1	(3.4)
(Decrease)/increase in payables	**(1.9)**	(0.8)	3.4
Cash generated from operations	**39.0**	35.1	75.3

16 RELATED PARTY TRANSACTIONS

There have been no material changes in the related party transactions described in the last Annual Report, other than those disclosed elsewhere in this condensed set of financial statements.

17 POST BALANCE SHEET EVENTS

Since the period end, we have unconditionally exchanged contracts to sell Albert-Einstein-Ring 17-21 in Hamburg for €36.45 million excluding costs, with completion expected on 30 September 2020. This property was presented within assets held for sale on the balance sheet.

There were no other material events after 30 June 2020 which have a bearing on the understanding of the financial statements and require disclosure.

Glossary of terms

Administration cost ratio
Recurring administration expenses of the Investment Property operating segment expressed as a percentage of net rental income

Balance sheet loan-to-value Net debt expressed as a percentage of property assets

CDP
CDP, formerly known as the Carbon Disclosure Project, assesses the ESG performance of all major companies worldwide and aids comparability between organisations to allow the investor community to assess the carbon and climate change risk of each company.

Contracted rent
Annual contracted rental income after any rent-free periods have expired

Diluted earnings per share
Profit for the year attributable to the owners of the Company divided by the diluted weighted average number of ordinary shares

Diluted number of ordinary shares
Number of ordinary shares in circulation at the balance sheet date adjusted to include the effect of potential dilutive shares issuable under employee share schemes

Diluted weighted average number of ordinary shares
Weighted average number of ordinary shares in issue during the period adjusted to include the effect of potential weighted average dilutive shares issuable under employee share schemes

Earnings per share
Profit for the year attributable to the owners of the Company divided by the weighted average number of ordinary shares in issue in the period

EPRA
European Public Real Estate Association

EPRA earnings per share
Profit for the year attributable to the owners of the Company, but excluding net gains or losses from fair value adjustments on investment properties and on equity investments, profits or losses on disposal of investment properties and other noncurrent investment interests, profits or losses of discontinued operations, profits or losses on early redemption of debt, impairment of goodwill and intangible assets, movements in fair value of derivative financial instruments and their related current and deferred tax

EPRA net assets
Net assets attributable to the owners of the Company excluding the fair value of financial derivatives, deferred tax on revaluations, and goodwill arising as a result of deferred tax

EPRA net assets per share or EPRA NAV
EPRA net assets divided by the diluted number of ordinary shares

EPRA net disposal value (EPRA NDV)
Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax

EPRA net initial yield
Passing rent less net service charge costs on investment properties and properties held for sale, expressed as a percentage of the valuation of those properties after adding purchasers' costs

EPRA net reinstatement value (EPRA NRV)
Net assets attributable to the owners of the Company excluding the fair value of financial derivatives, deferred tax on revaluations and goodwill arising as a result of deferred tax and including real estate transfer tax

EPRA net tangible assets (EPRA NTA)
Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax

EPRA topped up net initial yield
Contracted rent less net service charge costs on investment properties and properties held for sale, expressed as a percentage of the valuation of those properties after adding purchasers' costs

EPRA triple net assets
EPRA net assets adjusted to reflect the fair value of debt and derivatives and to include the fair value of deferred tax on property revaluations

EPRA triple net assets per share
EPRA triple net assets divided by the diluted number of ordinary shares

EPRA Vacancy
Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio

Estimated rental value (ERV)
The market rental value of lettable space as estimated by the Group's valuers

GRESB
GRESB assesses and benchmarks the Environmental, Social and Governance (ESG) performance of real assets, providing standardized and validated data to the capital markets.

Interest cover
The aggregate of group revenue less costs, divided by the aggregate of interest expense and amortisation of loan issue costs, less interest income

Liquid resources
Cash and short-term deposits and listed corporate bonds

Net assets per share or net asset value (NAV)
Equity attributable to the owners of the Company divided by the diluted number of ordinary shares

Net debt
Total borrowings less liquid resources

Net gearing
Net debt expressed as a percentage of net assets attributable to the owners of the Company

Net initial yield
Net rent on investment properties and properties held for sale expressed as a percentage of the valuation of those properties

Net rent
Passing rent less net service charge costs

Occupancy rate
Contracted rent expressed as a percentage of the aggregate of contracted rent and the ERV of vacant space

Over-rented
The amount by which ERV falls short of the aggregate of contracted rent

Passing rent
Contracted rent before any rent-free periods have expired

Property loan to value
Property borrowings expressed as a percentage of the market value of the property portfolio

Rent roll
Contracted rent

Return on equity
The aggregate of the change in equity attributable to the owners of the Company plus the amounts paid to the shareholders dividends and the purchase of shares in the market, divided by the opening equity attributable to the owners of the Company

Reversionary
The amount by which ERV exceeds contracted rent

Total accounting return
The change in EPRA NTA (previously NAV) before the payment of dividends

Total shareholder return
The growth in capital from purchasing a share, assuming that dividends are reinvested every time they are received

True equivalent yield
The capitalisation rate applied to future cash flows to calculate the gross property value, as determined by the Group’s external valuers

Vacancy rate
The ERV of vacant lettable space, divided by the aggregate of the contracted rent of let space and the ERV of vacant lettable space.