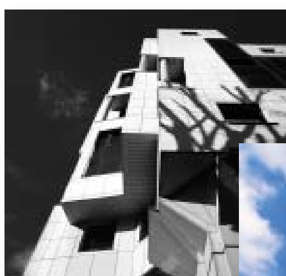
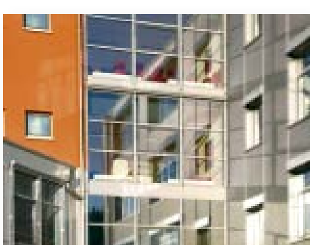
CLS Holdings plc
Half-Yearly Financial Report

# 2011








# CORPORATE OVERVIEW

- Shareholders' funds of £396 million
- EPRA net assets of £481 million
- £925 million of office properties across London, France, Germany and Sweden
- Top 3 property company total shareholder return performance in the last 10 years
- Strong alignment of interest with shareholders: management owns 54%
- Over £225 million of cash and liquid resources available for new investment
- Cautiously entrepreneurial approach to future opportunities

1 Cap Gemini, London SW8
2 Westminster Tower, London SE1
3 Maximilian Forum, Munich

# INVESTORS IN EUROPEAN COMMERCIAL PROPERTY

- CLS is a property investment company which has been listed on the London Stock Exchange since 1994
- We own and manage a diverse portfolio of £0.9 billion of modern, well-let office properties in London, France, Germany and Sweden
- Our properties have been selected for their potential to add value and to generate high returns on capital investment

## CONTENTS

# HOW WE OPERATE

## Our goal is to create long-term shareholder value by:

- Purchasing modern, high quality, well-let properties in good locations in selected European cities
- Working closely with our tenants to provide high quality accommodation at competitive rates
- Minimising vacant space within the portfolio
- Using in-house teams to manage, refurbish or redevelop properties
- Creating value through new developments
- Responding quickly to changes in macro-economic conditions
- Actively managing an appropriate level of liquid resources
- Maintaining strong links with a wide variety of banks and other sources of finance

1 2 3

1 Westminster Tower, London SE1
2 Gräfelfing, Munich
3 Malakoff, Paris

# FINANCIAL HIGHLIGHTS

- **Profit before tax: up 32%** to £37.1 million (2010: £28.1 million)
- **Profit after tax: up 36%** to £33.6 million (2010: £24.7 million)
- **Earnings per share: up 35%** to 69.9 pence (2010: 51.8 pence)
- **Net assets: up 11%** in the last six months to £396.3 million (31 December 2010: £357.2 million) and up 28% in the last 12 months (30 June 2010: £309.5 million)
- **Net assets per share: up 13%** to 869.1 pence (31 December 2010: 766.7 pence)
- **EPRA earnings per share: up 103%** to 37.4 pence (2010: 18.4 pence)
- **EPRA net assets per share: up 10%** to 1,047.7 pence (31 December 2010: 952.9 pence)
- **Proposed distribution: up 10%** to £4.4 million (2010: £4.0 million) by way of tender offer buy-back: 1 in 72 at 700 pence, equivalent to 9.7 pence per share
- **Excess of net initial yield over cost of debt: remains high** at 260 bps (31 December 2010: 290 bps)
- **Recurring interest cover: up to 3.4 times** (2010: 3.2 times)
- **Increase in liquid resources of £100 million** to £228.8 million (31 December 2010: £126.4 million)

## Other key data

- **Portfolio value £924.8 million:** up 4.6% like-for-like in six months; 1.6% in local currencies
- **Proportion of government tenants: 40.5%** (31 December 2010: 40.8%)
- **Void rate: down to 4.2%** (31 December 2010: 4.3%)
- **Catena 29.9% shareholding premium of market value over book value: £24.8 million;** equates to 54 pence of unrecorded net assets per share at 30 June 2011
- **Rental income subject to indexation: 67%** (31 December 2010: 66%)
- **Weighted average cost of debt: remains low at 4.5%** (31 December 2010: 4.3%)
- **Loan to value ratio 64.5%** (31 December 2010: 63.5%)
- **Adjusted gearing 119%** (31 December 2010: 122%)
- **Adjusted solidity 39.8%** (31 December 2010: 41.7%)

# CHAIRMAN'S STATEMENT

There are significant added value opportunities, the vacancy rate is low and the Group is well financed.

## OVERVIEW

The Group has had an active and positive first half of 2011. The results benefit from our diversity across four European property markets, three currencies, and a broad and growing range of funding structures and lending sources.

This time last year I wrote about the first half of 2010 being subject to sovereign debt crises, concern over the stability of the Eurozone, further bank stress testing, and anxiety over the durability of the economic recovery. Today, with concerns arising over Italy and Spain and challenges in the United States, the macro economic and political picture appears to have deteriorated. It is within this context that I am delighted to report that the Group has been able to make real progress with both our property assets and our financing arrangements.

The Group's core proposition remains solid: well-managed, high-yielding property which is soundly financed to generate a substantial surplus over a low cost of debt, backed by a strong corporate balance sheet.

## RESULTS AND FINANCING

Profit before tax for the six months to 30 June 2011 was 32% higher than last year at £37.1 million (2010: £28.1 million), and profit after tax was 36% up at £33.6 million (2010: £24.7 million), generating earnings per share of 69.9 pence (2010: 51.8 pence), an increase of 35%. EPRA earnings per share were 103% higher at 37.4 pence (2010: 18.4 pence).

EPRA net assets per share at 30 June 2011 were 1,047.7 pence (31 December 2010: 952.9 pence), an increase of 10% since the year end, and shareholders' funds increased by 11% to £396.3 million (31 December 2010: £357.2 million), and by 28% in twelve months (30 June 2010: £309.5 million).

The Group's net debt as a proportion of gross assets (less cash) was down to 51.8% (31 December 2010: 52.5%). The overall property loan to value was 64.5% (31 December 2010: 63.5%) and the average cost of debt 4.5%. We enjoy good banking relationships with our 20 lenders and have a weighted average unexpired loan term of 4.6 years across all our debt.

In addition to these results we have successfully increased, diversified and strengthened our financing arrangements. In May, we raised the first CLS corporate bond, for SEK 300 million in Sweden. This five year, unsecured bond, now listed on the NASDAQ OMX in Stockholm, attracts a rate of 375 basis points above Stibor. Secondly, in late June we signed new financing arrangements for €128.6 million on the majority of our French portfolio, through separate facilities with Saar LB (€100.6 million) and Société Générale (€28.0 million). Thirdly, we entered into a SEK 300 million revolving credit facility with Danske Bank for working capital purposes. These achievements are particularly encouraging in a financing market which remains difficult for most property companies. It is a positive sign of how lenders view our strengths and track record.

In the six months to 30 June 2011, largely through these financings, the Group's liquid resources, consisting of cash and corporate bonds, rose by over £100 million to £228.8 million, which increased the strength of the balance sheet and the available firepower for new investments.

## PORTFOLIO

In the six months to 30 June 2011, the property portfolio gained 4.5% to £924.8 million on a like-for-like basis, of which 2.9% was due to currency movements. In local currency terms the portfolio rose in value by 1.6% – up 2.4% in London, 1.4% in France, 0.7% in Germany and 0.3% in Sweden – primarily due to a combination of asset management initiatives, new lettings and rental indexation.

It is pleasing to be able to report a further reduction in the vacancy level across the Group to 4.2% (31 December 2010: 4.3%), which demonstrates our ability to find and retain tenants. Tenant demand is steady and with little sign of new speculative office developments in our markets; rental growth may emerge in certain areas over the next 12 months. The tenant base remains strong: the weighted average lease length is 8.0 years, or 7.0 years to first break, government tenants represent 41% of rents and major corporations a further 29%, and 67% of our rent is subject to indexation.

We have been progressing two very interesting development opportunities in Vauxhall, London during the period and further details are provided in the Business Review. In addition we have signed a pre-letting of an extra 2,000 sq m of offices to EON in Landshut, Germany, construction of which will begin later this year.

## DISTRIBUTIONS

In April we distributed £7.1 million to shareholders through our traditional method of a tender offer buy-back. We intend to distribute a further £4.4 million to shareholders in September by means of a buy-back of 1 in 72 shares at 700 pence per share, and a circular setting out the terms will be issued to shareholders in the next few days.

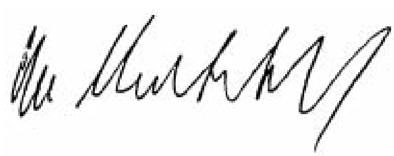
## BOARD APPOINTMENT

I am pleased to announce that on 16 August, Brigith Terry was appointed to the Board as an independent Non–Executive Director. With her long career in European banking, I look forward to the valuable additional expertise and wise counsel Brigith will bring to the Group.

## CONCLUSION

The macroeconomic and political future is very hard to predict, with some clear risks present. However, we have seen encouraging indicators of real growth, particularly in Germany and Sweden.

The Group remains well positioned for the future: there are significant added value opportunities within the existing portfolio, the vacancy rate is low, and the Group is well financed with a low cost of debt and substantial resources available. There has been an acceleration of attractive opportunities coming onto the market in each of our geographical areas; we are actively pursuing a number of these and expect to be able to announce further acquisitions over the next six months.



**Sten Mortstedt**
Executive Chairman
17 August 2011

# BUSINESS REVIEW

## INVESTMENT PROPERTY

**LONDON** At 30 June 2011, the London portfolio of 126,000 sq m represented 42% of the Group's property with a value of £387.3 million, an increase of 2.4% over the last six months.

The availability of credit to most property companies in the UK has declined during 2011 and this has been partly responsible for a widening of the gap between the value of well let properties on long leases, or prime trophy London real estate, and the rest of the market. There has also been a noticeable increase in properties being offered to the market due to banks' requirements to reduce their property exposure.

At 30 June, the net initial yield of our London portfolio on contracted rent was 6.73%, reflecting that government tenants account for 53% of the rent. The vacancy rate has been reduced from 4.7% to 4.2%, with new or renewed leases on 5,040 sq m and vacancies on 1,272 sq m. Lettings at Quayside SW6, Cambridge House W6 and Great West House, Brentford are worthy of note.

It has been a very active six months in our Vauxhall portfolio, with significant advances to redevelopment options on two key sites. First, in February we announced our medium-term plan for a major new mixed-use scheme, Vauxhall Square, on our island site between Bondway and Wandsworth Road. We are working up a planning application, which we expect to submit before the year end, for over 110,000 sq m of mixed uses including residential, offices, retail, restaurant and bar, student housing and a multi-screen cinema. Such a major scheme is, of course, reliant on many factors, not least the requirements of the public authorities on infrastructure and other section 106 contributions which can determine whether or not a scheme is viable. Subject to resolving this and the receipt of planning consent, this scheme could be developed after vacant possession is achieved in late 2014.

Secondly, in July we announced our intention to submit a planning application in the autumn for an 18,100 sq m mixed-use scheme, Spring Mews, adjacent to our highly successful Spring Gardens property. Spring Mews would comprise 408 student bedrooms, a 120 bed hotel, 325 sq m of retail, 520 sq m of business units and a replacement 560 sq m Community Centre. We are already in discussions with potential tenants on the student housing and hotel and, with the receipt of consent early next year, construction could begin in the second half of 2012.

### PORTFOLIO STATISTICS

| At 30 June 2011 | Contracted rent (£m) | Valuation (£m) | 6 month uplift in local currency | Net initial yield | Vacancy by rent | Weighted average unexpired lease term (years) |
|---|---|---|---|---|---|---|
| London | 26.7 | 387.3 | 2.4% | 6.7% | 4.2% | 9.8 |
| France | 20.0 | 267.0 | 1.4% | 7.4% | 3.5% | 5.8 |
| Germany | 14.8 | 209.7 | 0.7% | 7.0% | 6.3% | 9.2 |
| Sweden | 6.6 | 60.8 | 0.3% | 8.6% | 1.9% | 5.0 |
| Total portfolio | 68.1 | 924.8 | 1.6% | 7.1% | 4.2% | 8.0 |

**FRANCE** The 96,400 sq m French portfolio increased in value during the first six months of 2011 by 1.4% in local currency terms to £267.0 million and now comprises 29% of the Group portfolio. Following the growth in values in 2010 we have seen a mismatch between prices offered by vendors and those bid by purchasers, and this has slowed the investment volumes.

Vacancy rates in the main Paris and Lyon markets have fallen, reflecting tenant demand for well-managed space and very low levels of new construction. Our experience mirrors this as we have successfully reduced our void rate to 3.5% from 3.6% during the period. Leases were signed or renewed on 2,179 sq m whilst tenants vacated 1,326 sq m. Lettings of particular note were at Sigma, Petits Hotels and Jean Jaures in Paris following capital expenditure on air conditioning and mechanical plant.

It is interesting to note that whilst the French portfolio has a much lower weighted average lease length to first break of 3.2 years compared to the London and German portfolios at 9.3 years and 9.1 years, respectively, France has the lowest vacancy level of the three and is currently the region with the greatest rental growth prospects.

Considerable effort was spent on the successful refinancing of much of the French portfolio. Bank debt in France is significantly more available than in the UK.

**GERMANY** The period to 30 June 2011 saw growth, in local currency terms, of 0.7% of the value of the 138,000 sq m German portfolio to £209.7 million. This would have been higher but for the fact that vacancy levels increased from 5.5% to 6.3%, mainly due to the unexpected bankruptcy of one tenant which represented 1.3% of the German portfolio.

The German economy continues to be the strongest in the Eurozone, with GDP rising 2.7% in the year to 30 June 2011, and we see clear signs of occupiers planning to invest for the future.

A major focus in the six months to June has been the successful securing of planning consents on the two pre-lets announced in late 2010. With the extra extension of 2,000 sq m for EON in Landshut which we announced in May 2011, we are on schedule to complete the total EON 5,400 sq m pre-let building in late 2012, at which time an additional total rent of €659,000 will be receivable on a 17 year lease.

**SWEDEN** The holdings in Sweden comprise two parts. First, the wholly owned 45,500 sq m of offices called Vänerparken at Vänersborg. This property was valued at £60.8 million, an increase in local currency of 0.3% in the six months to June 2011. Over 91% of the space is let to the local municipality and the void rate is just 1.9%. We are nearing the completion of a major £2.2 million energy-saving investment project here which will yield savings of some 80% in energy consumption and similar levels of reduced $CO_2$ emissions, and will pay for itself within eight years.

The second part of the Group's Swedish real estate exposure is our 29.9% stake in Catena AB, the Stockholm-listed property company. Having sold the majority of its portfolio in 2010, Catena is concentrating on the development opportunity of its one remaining site in Stockholm, where solid progress is being made towards gaining planning consent in 2012 for a 150,000 sq m mixed use scheme of 1,000 apartments and 50,000 sq m of commercial area. Following receipt of a £19.9 million dividend from Catena, the Catena share price at 30 June was SEK 111, which meant the market value of our interest exceeded its book value by £24.8 million, the equivalent of an additional 54 pence per share to CLS's net asset value.

## OTHER INVESTMENTS

The corporate bond portfolio remains a key part of the Group's long-term investment strategy alongside the core ownership of investment properties. Corporate bonds held at 30 June 2011 had a value of £109.3 million with a yield of 8.5% on value, compared to a historical cost of £102.0 million. The 38 bonds held are set out in note 11 of the financial statements.

The Group owns a 48.3% investment, valued in the balance sheet at £9.5 million, in Bulgarian Land Development Plc which is working on its strategy of asset sales following achievement of the individual asset's objectives.

In June the Group sold its interest in Wyatt Media Group AB to Nyheter 24 Group in exchange for shares and bonds in the purchaser, realising a gain on disposal of £1.2 million. The Group now owns 20% of Nyheter 24 Group, an on-line news media company based in Stockholm, which is valued in the balance sheet at £2.0 million.

## RESULTS FOR THE PERIOD

**HEADLINES** Profit after tax of £33.6 million (2010: £24.7 million) generated basic earnings per share of 69.9 pence (2010: 51.8 pence), and EPRA earnings per share of 37.4 pence (2010: 18.4 pence). Gross property assets at 30 June 2011 rose to £924.8 million (31 December 2010: £876.9 million); net assets per share increased by 13.4% to 869.1 pence (31 December 2010: 766.7 pence) and EPRA net assets per share by 9.9% to 1,047.7 pence (31 December 2010: 952.9 pence).

**STATEMENT OF COMPREHENSIVE INCOME** Rental income of £32.7 million was £2.0 million higher than the corresponding period in 2010; £1.4 million of this increase was due to the acquisitions in the second half of 2010 of Apex Tower, New Malden, and 23/27 Rue Pierre Valette, in the Malakoff suburb of Paris. The balance comprised a 3.4% increase in like-for like income arising from new lettings and rental indexation, a 0.8% increase from foreign currency movements, and a 2.6% fall from lease expiries.

The 1.6% uplift in local currency of the investment property portfolio generated a gain of £14.1 million (2010: £6.3 million). Last year's exceptional gain of £10.6 million on the sale of corporate bonds was not repeated in 2011.

Finance expense in the six months ended 30 June 2011 of £13.5 million (2010: £20.4 million) was lower than last year due primarily to the favourable movement in the fair value of interest rate swaps and caps of £1.1 million against an unfavourable one of £6.8 million in 2010. The increase in gross borrowings (see below) added £0.8 million of interest costs in 2011; investing some of their proceeds in corporate bonds added £1.3 million of interest income. Refinancing much of the French portfolio accelerated the amortisation of previous loan issue costs by £1.1 million. At 30 June 2010 the weighted average cost of debt was 4.5%.

Catena AB, in which the Group owns a 29.9% interest, sold the majority of its business in late 2010, and in April 2011 distributed the proceeds, of which our share was a cash dividend of £19.9 million. Our share of the profits of Catena's reduced business was £2.6 million (2010: £5.2 million), representing the majority of the Group's share of associates after tax of £2.1 million (2010: £4.6 million).

1 16 Rue de Solférino, Paris
2 Chancel House, London NW10
3 Général Leclerc, Paris



**NET ASSETS PER SHARE** EPRA net assets per share rose from 952.9 pence to 1,047.7 pence in the six months to 30 June 2011, an increase of 94.8 pence per share, or 9.9%. The majority of this increase came from profit after tax, which added 71.0 pence per share. Marginally favourable foreign exchange rate movements added a further 13.9 pence, the effect of the tender offer buy-back 4.9 pence per share, and valuation uplifts of corporate bonds and other equities the majority of the balance of 5.0 pence per share.

**CASH FLOW, NET DEBT AND GEARING** Net cash flow from operating activities of £14.0 million was at a similar level to the corresponding period in 2010, underlining the Group's ability to generate cash. Half of this was distributed to shareholders. £79.3 million net of new loans were taken out in the six months to 30 June 2011, and a dividend of £19.9 million was received from Catena AB. £27.4 million net was invested in corporate bonds and £7.0 million in capital expenditure. Overall, cash increased by £71.2 million to £119.5 million.

In the six months to 30 June 2011, borrowings increased by £96.6 million to £685.9 million (31 December 2010: £589.3 million), largely for three reasons: the issue of a SEK 300 million five-year bond in Stockholm; the refinancing of €129 million of debt in France; and a new short-term facility. Net borrowings increased by only £25.4 million to £566.4 million (31 December 2010: £541.0 million) as cash balances rose from £48.3 million in December to £119.5 million at the end of June. The Group's weighted average loan to value was 64.5% (2010: 63.5%). Balance sheet gearing was down to 144% (2010: 152%) and adjusted gearing, excluding deferred tax, was 119% (2010: 122%).

Between 1 July 2011 and 31 December 2012, £107.3 million of medium-term debt falls due for refinancing, mostly in London. Of this, an £80 million facility attached to Spring Gardens SE 11, expires in July 2012. This property is let to the Home Office until 2026 on index-linked leases with no break options, and we have already begun to explore refinancing avenues for this asset.

**SHARE CAPITAL** In April 991,239 shares were cancelled under the tender offer buy-back of 1 in 47 shares at 725 pence per share. At 30 June 2011, there were 45,597,005 shares in issue, and 4,793,000 Treasury Shares held by the Company.

1 2 3

1 Mission Marchand, Paris
2 Spring Gardens, London SE11
3 Cambridge House, London W6



## PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause the results for the year to differ materially from expected or historical results. The Directors do not consider that the principal risks and uncertainties have changed since the publication of the annual report for the year ended 31 December 2010. A detailed explanation of the risks summarised below can be found on page 16 of the Annual Report, which is available at www.clsholdings.com:

- Underperformance of investment portfolio impacting on financial performance due to:
  - cyclical downturn in property market
  - inappropriate buy/sell/hold decisions
- Changes in supply of space and/or tenant demand affecting rents and vacancies
- Poor asset management
- Underperformance of corporate bond portfolio
- Unavailability of financing at acceptable prices
- Adverse interest rate movements
- Breach of borrowing covenants
- Foreign currency exposure
- Increases in tax rates or changes to the basis of taxation
- Inadequate working capital to remain a going concern for the next 12 months

## GOING CONCERN

As stated in note 2 to the Condensed Group Financial Statements, the Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, being a period of not less than 12 months from the date of this Half-Yearly Financial 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 has been prepared in accordance with IAS 34 'Interim Financial Reporting';

(b) the Chairman's Statement and Business Review include 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 year); and

(c) the Chairman's Statement and Business Review include 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

**Sten Mortstedt**
Executive Chairman

**Henry Klotz**
Executive Vice Chairman

# 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 2011 which comprises 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 14. 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 Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them 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 Services 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 Auditing Practices Board 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 Ireland) 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.

**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 2011 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 Services Authority.

**Deloitte LLP**
Chartered Accountants and Statutory Auditor
London, United Kingdom
17 August 2011

# CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2011

| | Notes | **Six months ended 30 June 2011 £m (unaudited)** | Six months ended 30 June 2010 £m (unaudited) | Year ended 31 December 2010 £m (audited) |
|---|---|---|---|---|
| **Continuing operations** | | | | |
| Group revenue | 3 | **39.9** | 38.4 | 79.1 |
| Costs | 3 | **(14.2)** | (14.2) | (30.3) |
| | | **25.7** | 24.2 | 48.8 |
| Net movements on revaluation of investment properties | 9 | **14.1** | 6.3 | 30.1 |
| Profit on sale of subsidiaries and associates | | **1.2** | – | – |
| Net gain on sale of corporate bonds and other investments | | **0.3** | 10.6 | 9.3 |
| **Operating profit** | | **41.3** | 41.1 | 88.2 |
| Finance income | 4 | **7.2** | 2.8 | 6.1 |
| Finance costs | 5 | **(13.5)** | (20.4) | (31.1) |
| Share of profit of associates after tax | 10 | **2.1** | 4.6 | 7.7 |
| **Profit before tax** | | **37.1** | 28.1 | 70.9 |
| Taxation | 6 | **(3.5)** | (3.4) | (10.8) |
| **Profit for the period** | | **33.6** | 24.7 | 60.1 |
| **Other comprehensive income** | | | | |
| Foreign exchange differences | | **9.0** | (10.0) | 1.1 |
| Fair value gains/(losses) on corporate bonds and other investments | | **2.0** | (1.7) | 3.1 |
| Fair value losses/(gains) taken to the income statement on disposal of corporate bonds | | **0.1** | (9.5) | (8.5) |
| Deferred tax on net fair value gains on corporate bonds and other investments | 6 | **1.2** | 3.3 | 1.8 |
| Share of other comprehensive income/(loss) of associates | 10 | **0.1** | (1.3) | (0.4) |
| Revaluation of owner-occupied property | | **0.2** | – | – |
| **Total comprehensive income for the period** | | **46.2** | 5.5 | 57.2 |
| **Profit attributable to:** | | | | |
| Owners of the Company | | **32.3** | 24.7 | 60.1 |
| Non-controlling interests | | **1.3** | – | – |
| Profit for the period | | **33.6** | 24.7 | 60.1 |
| **Total comprehensive income attributable to:** | | | | |
| Owners of the Company | | **44.9** | 5.5 | 57.2 |
| Non-controlling interests | | **1.3** | – | – |
| Total comprehensive income for the period | | **46.2** | 5.5 | 57.2 |
| **Earnings per share from continuing operations attributable to the owners of the Company during the period (expressed in pence per share)** | | | | |
| Basic | 7 | **69.9** | 51.8 | 127.1 |
| Diluted | 7 | **69.8** | 51.8 | 127.1 |

# CONDENSED GROUP BALANCE SHEET

at 30 June 2011

| | Notes | **30 June 2011 £m (unaudited)** | 30 June 2010 £m (unaudited) | 31 December 2010 £m (audited) |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Investment properties | 9 | **924.8** | 792.3 | 876.9 |
| Property, plant and equipment | | **2.7** | 2.6 | 2.6 |
| Intangible assets | | **1.1** | 1.1 | 1.1 |
| Investments in associates | 10 | **24.7** | 42.4 | 40.6 |
| Other investments | 11 | **114.7** | 62.6 | 81.6 |
| Derivative financial instruments | | **4.7** | 0.1 | 4.6 |
| Deferred tax | 6 | **10.5** | 13.1 | 11.2 |
| | | **1,083.2** | 914.2 | 1,018.6 |
| **Current assets** | | | | |
| Trade and other receivables | | **9.9** | 9.5 | 11.5 |
| Derivative financial instruments | | **0.4** | – | – |
| Cash and cash equivalents | | **119.5** | 64.0 | 48.3 |
| | | **129.8** | 73.5 | 59.8 |
| **Total assets** | | **1,213.0** | 987.7 | 1,078.4 |
| **Current liabilities** | | | | |
| Trade and other payables | | **(34.0)** | (29.3) | (31.8) |
| Current tax | 6 | **(3.7)** | (5.1) | (5.3) |
| Derivative financial instruments | | **–** | (0.3) | (1.0) |
| Borrowings | 12 | **(98.3)** | (106.2) | (85.0) |
| | | **(136.0)** | (140.9) | (123.1) |
| **Non-current liabilities** | | | | |
| Deferred tax | 6 | **(79.0)** | (66.5) | (74.5) |
| Derivative financial instruments | | **(14.1)** | (22.4) | (19.3) |
| Borrowings | 12 | **(587.6)** | (448.4) | (504.3) |
| | | **(680.7)** | (537.3) | (598.1) |
| **Total liabilities** | | **(816.7)** | (678.2) | (721.2) |
| **Net assets** | | **396.3** | 309.5 | 357.2 |
| **EQUITY** | | | | |
| **Capital and reserves attributable to owners of the Company** | | | | |
| Share capital | 13 | **12.6** | 13.0 | 12.9 |
| Share premium | | **71.5** | 71.5 | 71.5 |
| Other reserves | | **115.4** | 86.1 | 102.5 |
| Retained earnings | | **196.8** | 140.2 | 171.6 |
| | | **396.3** | 310.8 | 358.5 |
| **Non-controlling interests** | | **–** | (1.3) | (1.3) |
| **Total equity** | | **396.3** | 309.5 | 357.2 |

# CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2011

| **Unaudited** | **Attributable to the owners of the Company** | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Share capital £m** | **Share premium £m** | **Other reserves £m** | **Retained earnings £m** | **Total £m** | **Non-controlling interests £m** | **Total £m** |
| **At 1 January 2011** | **12.9** | **71.5** | **102.5** | **171.6** | **358.5** | **(1.3)** | **357.2** |
| **Arising in the six months ended 30 June 2011:** | | | | | | | |
| **Total comprehensive income for the period** | **–** | **–** | **12.6** | **32.3** | **44.9** | **1.3** | **46.2** |
| **Purchase of own shares** | **(0.3)** | **–** | **0.3** | **(7.1)** | **(7.1)** | **–** | **(7.1)** |
| **Expenses thereof** | **–** | **–** | **–** | **(0.1)** | **(0.1)** | **–** | **(0.1)** |
| **Employee share option schemes** | **–** | **–** | **–** | **0.1** | **0.1** | **–** | **0.1** |
| **Total changes arising in the period** | **(0.3)** | **–** | **12.9** | **25.2** | **37.8** | **1.3** | **39.1** |
| **At 30 June 2011** | **12.6** | **71.5** | **115.4** | **196.8** | **396.3** | **–** | **396.3** |

| Unaudited | Attributable to the owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share capital £m | Share premium £m | Other reserves £m | Retained earnings £m | Total £m | Non-controlling interests £m | Total £m |
| At 1 January 2010 | 13.3 | 70.5 | 105.0 | 121.5 | 310.3 | (1.3) | 309.0 |
| Arising in the six months ended 30 June 2010: | | | | | | | |
| Total comprehensive (loss)/income for the period | – | – | (19.2) | 24.7 | 5.5 | – | 5.5 |
| Issue of treasury shares | – | 1.0 | – | – | 1.0 | – | 1.0 |
| Purchase of own shares | (0.3) | – | 0.3 | (6.0) | (6.0) | – | (6.0) |
| Total changes arising in the period | (0.3) | 1.0 | (18.9) | 18.7 | 0.5 | – | 0.5 |
| At 30 June 2010 | 13.0 | 71.5 | 86.1 | 140.2 | 310.8 | (1.3) | 309.5 |

| Audited | Attributable to the owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share capital £m | Share premium £m | Other reserves £m | Retained earnings £m | Total £m | Non-controlling interests £m | Total £m |
| At 1 January 2010 | 13.3 | 70.5 | 105.0 | 121.5 | 310.3 | (1.3) | 309.0 |
| Arising in the year ended 31 December 2010: | | | | | | | |
| Total comprehensive (loss)/income for the year | – | – | (2.9) | 60.1 | 57.2 | – | 57.2 |
| Issue of treasury shares | – | 1.0 | – | – | 1.0 | – | 1.0 |
| Purchase of own shares | (0.4) | – | 0.4 | (10.0) | (10.0) | – | (10.0) |
| Expenses thereof | – | – | – | (0.1) | (0.1) | – | (0.1) |
| Employee share option schemes | – | – | – | 0.1 | 0.1 | – | 0.1 |
| Total changes arising in the year | (0.4) | 1.0 | (2.5) | 50.1 | 48.2 | – | 48.2 |
| At 31 December 2010 | 12.9 | 71.5 | 102.5 | 171.6 | 358.5 | (1.3) | 357.2 |

# CONDENSED GROUP STATEMENT OF CASH FLOWS

for the six months ended 30 June 2011

| | Notes | **Six months ended 30 June 2011 £m (unaudited)** | Six months ended 30 June 2010 £m (unaudited) (restated) | Year ended 31 December 2010 £m (audited) (restated) |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Cash generated from operations | 14 | **28.3** | 25.5 | 51.2 |
| Interest paid | | **(12.7)** | (11.3) | (21.7) |
| Income tax paid | | **(1.6)** | (2.2) | (3.4) |
| **Net cash inflow from operating activities** | | **14.0** | 12.0 | 26.1 |
| **Cash flows from investing activities** | | | | |
| Purchase of investment property | | **(0.9)** | (1.8) | (36.4) |
| Capital expenditure on investment property | | **(6.0)** | (4.7) | (6.5) |
| Proceeds from sale of investment property | | **–** | – | 0.1 |
| Interest received | | **3.1** | 2.3 | 5.2 |
| Purchase of corporate bonds | | **(44.8)** | (31.2) | (51.7) |
| Proceeds from sale of corporate bonds | | **17.4** | 41.4 | 47.7 |
| Purchase of equity investments | | **(6.8)** | (1.0) | (1.0) |
| Proceeds from sale of equity investments | | **4.8** | 0.1 | 0.8 |
| Purchase of interests in associate | | **–** | (0.3) | (1.9) |
| Dividend received from associate undertakings | | **19.9** | 1.8 | 11.9 |
| (Costs)/proceeds on foreign currency transactions | | **(1.2)** | 0.2 | (1.2) |
| Amounts expended in relation to corporate disposals in prior periods | | **(0.7)** | – | (0.7) |
| Proceeds on disposal of subsidiaries and associates, net of cash sold | | **(0.1)** | – | – |
| Purchases of property, plant and equipment | | **(0.1)** | (0.1) | (0.3) |
| **Net cash (outflow)/inflow from investing activities** | | **(15.4)** | 6.7 | (34.0) |
| **Cash flows from financing activities** | | | | |
| Purchase of own shares | | **(7.2)** | (6.0) | (10.1) |
| Issue of ordinary shares from treasury shares | | **–** | 1.0 | 1.0 |
| New loans | | **175.3** | 30.1 | 102.7 |
| Issue costs of new loans | | **(3.0)** | – | (1.1) |
| Repayment of loans | | **(91.7)** | (47.0) | (100.6) |
| Purchase of financial instruments | | **(1.3)** | (0.1) | (3.9) |
| **Net cash inflow/(outflow) from financing activities** | | **72.1** | (22.0) | (12.0) |
| **Cash flow element of net increase/(decrease) in cash and cash equivalents** | | **70.7** | (3.3) | (19.9) |
| Foreign exchange gain/(loss) | | **0.5** | (3.0) | (2.1) |
| **Net increase/(decrease) in cash and cash equivalents** | | **71.2** | (6.3) | (22.0) |
| Cash and cash equivalents at the beginning of the period | | **48.3** | 70.3 | 70.3 |
| **Cash and cash equivalents at the end of the period** | | **119.5** | 64.0 | 48.3 |

Interest received has been included in cash flows from investing activities as the majority of it arises from investing in corporate bonds. Previously, interest received was disclosed in cash flows from operating activities.

# NOTES TO THE CONDENSED GROUP FINANCIAL STATEMENTS

30 June 2011

**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 for the year ended 31 December 2010 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 set of financial statements included in this Half-Yearly Financial Report has 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.

**2 GOING CONCERN**

The Directors regularly stress-test the business model to ensure that the Group has adequate working capital. They have reviewed the current and projected financial position of the Group as discussed in the Business Review, taking into account the repayment profile of the Group's loan portfolio, and making reasonable assumptions about future trading performance. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and, therefore, they continue to adopt the going concern basis in preparing the Half-Yearly Financial Report.

**3 SEGMENT INFORMATION**

The Group has two operating divisions – Investment Property and Other Investments. Other Investments comprise corporate bonds, shares in Catena AB, Bulgarian Land Development Plc 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 – London
France
Germany
Sweden

Other Investments

There are no transactions between the operating segments.

The Group's results for the six months ended 30 June 2011 by operating segment were as follows:

| | Investment property | | | | | |
|---|---|---|---|---|---|---|
| | London £m | France £m | Germany £m | Sweden £m | Other Investments £m | Total £m |
| Rental income | 13.1 | 9.4 | 7.1 | 3.1 | – | 32.7 |
| Service charge income | 1.9 | 2.4 | 1.5 | 0.1 | – | 5.9 |
| Other property-related income | 0.3 | 0.2 | – | – | – | 0.5 |
| Income from non-property activities | – | – | – | – | 0.8 | 0.8 |
| **Group revenue** | 15.3 | 12.0 | 8.6 | 3.2 | 0.8 | 39.9 |
| Service charges and similar expenses | (2.8) | (2.6) | (1.5) | (0.7) | – | (7.6) |
| Administration expenses | (1.0) | (0.6) | (0.5) | (0.1) | (1.1) | (3.3) |
| Other expenses | (0.6) | (0.1) | (0.3) | – | (0.1) | (1.1) |
| **Costs** | (4.4) | (3.3) | (2.3) | (0.8) | (1.2) | (12.0) |
| Group revenue less costs | 10.9 | 8.7 | 6.3 | 2.4 | (0.4) | 27.9 |
| Net movements on revaluation of investment properties | 9.1 | 3.6 | 1.3 | 0.1 | – | 14.1 |
| Profit on disposal of subsidiaries and associates | – | – | – | – | 1.2 | 1.2 |
| Net gain on sale of corporate bonds and other investments | – | – | – | – | 0.3 | 0.3 |
| **Segment operating profit** | 20.0 | 12.3 | 7.6 | 2.5 | 1.1 | 43.5 |
| Finance income | – | – | – | – | 7.2 | 7.2 |
| Finance costs | (6.1) | (2.7) | (3.2) | (0.7) | (0.8) | (13.5) |
| Share of profit of associates after tax | – | – | – | – | 2.1 | 2.1 |
| **Segment profit before tax** | 13.9 | 9.6 | 4.4 | 1.8 | 9.6 | 39.3 |
| Taxation | (0.1) | (2.7) | (0.4) | (0.6) | 0.3 | (3.5) |
| **Segment profit after tax** | 13.8 | 6.9 | 4.0 | 1.2 | 9.9 | 35.8 |
| Central administration costs | | | | | | (2.2) |
| **Profit for the period** | | | | | | 33.6 |

**3 SEGMENT INFORMATION** (CONTINUED)

The Group's results for the six months ended 30 June 2010 by operating segment were as follows:

| | Investment property | | | | | |
|---|---|---|---|---|---|---|
| | London £m | France £m | Germany £m | Sweden £m | Other Investments £m | Total £m |
| Rental income | 12.0 | 8.9 | 7.2 | 2.6 | – | 30.7 |
| Service charge income | 1.8 | 1.9 | 1.4 | 0.1 | – | 5.2 |
| Other property-related income | 0.1 | – | – | – | – | 0.1 |
| Income from non-property activities | – | – | – | – | 2.4 | 2.4 |
| **Group revenue** | **13.9** | **10.8** | **8.6** | **2.7** | **2.4** | **38.4** |
| Service charges and similar expenses | (2.9) | (2.0) | (1.4) | (0.7) | – | (7.0) |
| Administration expenses | (1.5) | (0.6) | (0.5) | (0.2) | (2.0) | (4.8) |
| Other expenses | – | (0.2) | (0.6) | – | – | (0.8) |
| **Costs** | **(4.4)** | **(2.8)** | **(2.5)** | **(0.9)** | **(2.0)** | **(12.6)** |
| Group revenue less costs | 9.5 | 8.0 | 6.1 | 1.8 | 0.4 | 25.8 |
| Net movements on revaluation of investment properties | 1.7 | 4.7 | 0.5 | (0.6) | – | 6.3 |
| Net gain on sale of corporate bonds and other investments | – | – | – | – | 10.6 | 10.6 |
| **Segment operating profit** | **11.2** | **12.7** | **6.6** | **1.2** | **11.0** | **42.7** |
| Finance income | – | – | – | – | 2.8 | 2.8 |
| Finance costs | (12.2) | (1.6) | (4.2) | (0.1) | (2.3) | (20.4) |
| Share of profit of associates after tax | – | – | – | – | 4.6 | 4.6 |
| **Segment (loss)/profit before tax** | **(1.0)** | **11.1** | **2.4** | **1.1** | **16.1** | **29.7** |
| Taxation | 2.0 | (3.8) | 0.5 | (0.1) | (2.0) | (3.4) |
| **Segment profit after tax** | **1.0** | **7.3** | **2.9** | **1.0** | **14.1** | **26.3** |
| Central administration costs | | | | | | (1.6) |
| **Profit for the period** | | | | | | **24.7** |

The Group's results for the year ended 31 December 2010 were as follows:

| | Investment property | | | | | |
|---|---|---|---|---|---|---|
| | London £m | France £m | Germany £m | Sweden £m | Other Investments £m | Total £m |
| Rental income | 24.5 | 17.8 | 14.3 | 5.5 | – | 62.1 |
| Service charge income | 4.2 | 4.9 | 2.7 | 0.3 | – | 12.1 |
| Other property-related income | 0.5 | 0.1 | – | – | – | 0.6 |
| Income from non-property activities | – | – | – | – | 4.3 | 4.3 |
| **Group revenue** | **29.2** | **22.8** | **17.0** | **5.8** | **4.3** | **79.1** |
| Service charges and similar expenses | (5.5) | (5.2) | (3.0) | (1.4) | – | (15.1) |
| Administration expenses | (2.9) | (1.5) | (1.0) | (0.3) | (3.9) | (9.6) |
| Other expenses | (0.5) | (0.2) | (1.3) | – | (0.2) | (2.2) |
| **Costs** | **(8.9)** | **(6.9)** | **(5.3)** | **(1.7)** | **(4.1)** | **(26.9)** |
| Group revenue less costs | 20.3 | 15.9 | 11.7 | 4.1 | 0.2 | 52.2 |
| Net movements on revaluation of investment properties | 4.8 | 17.8 | 8.2 | (0.7) | – | 30.1 |
| Net gain on sale of corporate bonds and other investments | – | – | – | – | 9.3 | 9.3 |
| (Loss)/profit on sale of subsidiaries | – | (1.6) | – | 1.6 | – | – |
| **Segment operating profit** | **25.1** | **32.1** | **19.9** | **5.0** | **9.5** | **91.6** |
| Finance income | – | 0.1 | – | – | 6.0 | 6.1 |
| Finance costs | (16.2) | (3.0) | (6.9) | (0.4) | (4.6) | (31.1) |
| Share of profit of associates after tax | – | – | – | – | 7.7 | 7.7 |
| **Segment profit before tax** | **8.9** | **29.2** | **13.0** | **4.6** | **18.6** | **74.3** |
| Taxation | 0.1 | (9.6) | (0.5) | (0.4) | (0.4) | (10.8) |
| **Segment profit after tax** | **9.0** | **19.6** | **12.5** | **4.2** | **18.2** | **63.5** |
| Central administration costs | | | | | | (3.4) |
| **Profit for the year** | | | | | | **60.1** |

# NOTES TO THE CONDENSED GROUP FINANCIAL STATEMENTS
CONTINUED

30 June 2011

## 3 SEGMENT INFORMATION (CONTINUED)

**Segment assets and liabilities**

| | Assets | | | Liabilities | | |
|---|---|---|---|---|---|---|
| | **30 June 2011 £m** | 30 June 2010 £m | 31 December 2010 £m | **30 June 2011 £m** | 30 June 2010 £m | 31 December 2010 £m |
| Investment Property | | | | | | |
| London | **421.6** | 369.2 | 391.2 | **320.6** | 286.9 | 295.4 |
| France | **306.7** | 223.5 | 256.7 | **229.8** | 171.3 | 190.6 |
| Germany | **216.2** | 187.7 | 203.2 | **159.7** | 148.5 | 154.5 |
| Sweden | **65.4** | 56.3 | 61.6 | **46.0** | 28.0 | 45.0 |
| Other investments | **203.1** | 151.0 | 165.7 | **60.6** | 43.5 | 35.7 |
| | **1,213.0** | 987.7 | 1,078.4 | **816.7** | 678.2 | 721.2 |

**Segment capital expenditure**

| | **Six months ended 30 June 2011 £m** | Six months ended 30 June 2010 £m | Year ended 31 December 2010 £m |
|---|---|---|---|
| Investment Property | | | |
| London | **3.2** | 1.8 | 23.7 |
| France | **1.2** | 1.3 | 15.5 |
| Germany | **1.3** | 2.2 | 2.7 |
| Sweden | **2.1** | 0.5 | 0.6 |
| | **7.8** | 5.8 | 42.5 |

## 4 FINANCE INCOME

| | **Six months ended 30 June 2011 £m** | Six months ended 30 June 2010 £m | Year ended 31 December 2010 £m |
|---|---|---|---|
| Interest income | **4.1** | 2.8 | 6.1 |
| Other finance income | **2.3** | – | – |
| Foreign exchange variances | **0.8** | – | – |
| | **7.2** | 2.8 | 6.1 |

Other finance income comprised the write off of debt on the liquidation of the subsidiaries which issued it.

## 5 FINANCE COSTS

| | Six months ended 30 June 2011 £m | Six months ended 30 June 2010 £m | Year ended 31 December 2010 £m |
|---|---|---|---|
| Interest expense | | | |
| Bank loans | **10.4** | 9.0 | 18.3 |
| Debenture loans | **2.7** | 2.3 | 4.7 |
| Other interest | **–** | 0.1 | – |
| Amortisation of loan issue costs | **1.5** | 0.4 | 1.0 |
| Movement in fair value of derivative financial instruments | | | |
| Interest rate swaps: transactions not qualifying as hedges | **(2.3)** | 6.7 | 3.7 |
| Interest rate caps: transactions not qualifying as hedges | **1.2** | 0.1 | (0.6) |
| Foreign exchange variances | **–** | 1.8 | 4.0 |
| | **13.5** | 20.4 | 31.1 |

## 6 TAXATION

| | Six months ended 30 June 2011 £m | Six months ended 30 June 2010 £m | Year ended 31 December 2010 £m |
|---|---|---|---|
| Current tax | **(0.1)** | 3.0 | 4.4 |
| Deferred tax | **3.6** | 0.4 | 6.4 |
| | **3.5** | 3.4 | 10.8 |

The Balance Sheet movement in current and deferred tax since the last reported balance sheet is as follows:

| | Current tax Liability | Deferred tax Asset | Deferred tax Liability | Total Net Liability |
|---|---|---|---|---|
| **At 1 January 2011** | **(5.3)** | **11.2** | **(74.5)** | **(68.6)** |
| Recognised directly in arriving at profit after tax | 0.1 | (1.3) | (2.3) | (3.5) |
| Recognised directly in equity | – | 0.5 | 0.7 | 1.2 |
| Net tax paid | 1.6 | – | – | 1.6 |
| Foreign exchange movements | (0.1) | 0.1 | (2.9) | (2.9) |
| **At 30 June 2011** | **(3.7)** | **10.5** | **(79.0)** | **(72.2)** |

## 7 EARNINGS PER SHARE

Management has chosen to disclose the European Public Real Estate Association (EPRA) measure of earnings per share (Best Practices Recommendations October 2010, as clarified by Additional Guidance July 2011), which has been provided to give relevant information to investors on the long-term performance of the Group's underlying business. The EPRA measure excludes items which are non-recurring in nature such as profits (net of related tax) on sale of investment properties, other non-current investments and items which have no impact to earnings over their life, such as the change in fair value of derivative financial instruments and the net movement on revaluation of investment properties, and the related deferred taxation on these items. Comparatives have been restated in accordance with EPRA Best Practices Recommendations Additional Guidance July 2011.

| Earnings | **Six months ended 30 June 2011 £m** | Six months ended 30 June 2010 £m (restated) | Year ended 31 December 2010 £m (restated) |
|---|---|---|---|
| Profit for the period attributable to the owners of the Company | **32.3** | 24.7 | 60.1 |
| Revaluation gains on investment properties | **(14.1)** | (6.3) | (30.1) |
| Profit on sale of subsidiaries and associates | **(1.2)** | – | – |
| Negative goodwill on share acquisitions | **–** | – | (0.1) |
| Change in fair value of derivative financial instruments | **(1.1)** | 6.8 | 3.1 |
| Net gain on sale of corporate bonds and other investments | **(0.3)** | (10.6) | (9.3) |
| Deferred tax relating to the above adjustments | **4.4** | (1.4) | 4.1 |
| Adjustments in respect of associates | **(2.7)** | (4.4) | (7.7) |
| **EPRA Earnings** | **17.3** | 8.8 | 20.1 |

| **Weighted average number of ordinary shares** | **Six months ended 30 June 2011 Number** | Six months ended 30 June 2010 Number | Year ended 31 December 2010 Number |
|---|---|---|---|
| Weighted average number of ordinary shares | **46,237,751** | 47,719,329 | 47,280,274 |
| Dilutive share options[1] | **69,112** | 8,678 | 13,339 |
| Diluted weighted average number of ordinary shares | **46,306,863** | 47,728,007 | 47,293,613 |

| Earnings per Share | **Six months ended 30 June 2011 Pence** | Six months ended 30 June 2010 Pence (restated) | Year ended 31 December 2010 Pence (restated) |
|---|---|---|---|
| Basic | **69.9** | 51.8 | 127.1 |
| Diluted | **69.8** | 51.8 | 127.1 |
| EPRA | **37.4** | 18.4 | 42.5 |

1. 300,000 share options were granted on 11 March 2010 at an exercise price of 470 pence.

## 8 NET ASSETS PER SHARE

Management has chosen to disclose the two European Public Real Estate Association (EPRA) measures of net assets per share (Best Practices Recommendations October 2010, as clarified by Additional Guidance July 2011): EPRA net assets per share and EPRA triple net assets per share. The EPRA net assets per share measure highlights the fair value of equity on a long-term basis, and so excludes items which have no impact on the Group in the long term, such as fair value movements of derivative financial instruments and movements on fair value of investment properties, and associated deferred tax. The EPRA triple net assets per share measure discloses net assets per share on a true fair value basis: all balance sheet items are included at their fair value in arriving at this measure, including deferred tax, fixed rate loan liabilities and any other balance sheet items not reported at fair value. Comparatives have been restated in accordance with EPRA Best Practices Recommendations Additional Guidance July 2011.

| Net Assets | **30 June 2011 £m** | 30 June 2010 £m (restated) | 31 December 2010 £m (restated) |
|---|---|---|---|
| Basic net assets | **396.3** | 309.5 | 357.2 |
| Dilutive impact of share options | **1.4** | – | 1.4 |
| Diluted net assets | **397.7** | 309.5 | 358.6 |
| Adjustment to increase fixed rate debt to fair value, net of tax | **(18.0)** | (20.0) | (19.4) |
| Goodwill as a result of deferred tax | **(1.1)** | (1.1) | (1.1) |
| **EPRA Triple Net Assets** | **378.6** | 288.4 | 338.1 |
| Deferred tax on property and other non-current assets | **74.4** | 58.8 | 68.4 |
| Fair value of derivative financial instruments | **9.0** | 22.6 | 15.7 |
| Adjustment to reduce fixed rate debt to book value, net of tax | **18.0** | 20.0 | 19.4 |
| Adjustments in respect of associates | **0.9** | 3.7 | 5.2 |
| **EPRA Net Assets** | **480.9** | 393.5 | 446.8 |

| | **30 June 2011 Number** | 30 June 2010 Number | 31 December 2010 Number |
|---|---|---|---|
| Number of ordinary shares in circulation | **45,597,005** | 47,226,439 | 46,588,244 |
| Dilutive share options | **300,000** | – | 300,000 |
| Diluted number of ordinary shares in issue | **45,897,005** | 47,226,439 | 46,888,244 |

| Net Assets Per Share | **30 June 2011 Pence** | 30 June 2010 Pence (restated) | 31 December 2010 Pence (restated) |
|---|---|---|---|
| Basic | **869.1** | 655.3 | 766.7 |
| Diluted | **866.5** | 655.3 | 764.8 |
| EPRA | **1,047.7** | 828.0 | 952.9 |
| EPRA Triple Net | **824.9** | 606.8 | 721.1 |

## 9 INVESTMENT PROPERTIES

| | 30 June 2011 £m | 30 June 2010 £m | 31 December 2010 £m |
|---|---|---|---|
| London | **387.3** | 350.3 | 375.0 |
| France | **267.0** | 211.3 | 248.7 |
| Germany | **209.7** | 179.7 | 196.5 |
| Sweden | **60.8** | 51.0 | 56.7 |
| | **924.8** | 792.3 | 876.9 |

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

| | London £m | France £m | Germany £m | Sweden £m | Total £m |
|---|---|---|---|---|---|
| **At 1 January 2011** | **375.0** | **248.7** | **196.5** | **56.7** | **876.9** |
| Acquisitions | 0.7 | – | 0.8 | – | 1.5 |
| Capital expenditure | 2.4 | 1.2 | 0.5 | 2.1 | 6.2 |
| Net movements on revaluation of investment properties | 9.1 | 3.6 | 1.3 | 0.1 | 14.1 |
| Rent-free period debtor adjustments | 0.1 | – | 0.1 | 0.1 | 0.3 |
| Exchange rate variances | – | 13.5 | 10.5 | 1.8 | 25.8 |
| **At 30 June 2011** | **387.3** | **267.0** | **209.7** | **60.8** | **924.8** |

The investment properties were revalued at 30 June 2011 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 as follows:

London: Lambert Smith Hampton

France: Jones Lang LaSalle, except 30 June 2010: Jones Lang LaSalle or DTZ Debenham Tie Leung

Germany: Colliers International, except 30 June 2010: Colliers International or DTZ Debenham Tie Leung

Sweden: CB Richard Ellis

Investment properties include leasehold properties with a carrying value of £21.0 million (June 2010: £18.4 million; December 2010: £19.6 million).

Included within investment properties are properties held for sale with a carrying value of £21.9 million (June 2010: £nil, December 2010: £nil).

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 are secured against debt. During 2010 the Group purchased a property in London for £1.8 million. Under the terms of the purchase agreement, should the site be developed additional consideration may become due to the vendor. The maximum liability in respect of this is estimated to be £0.5 million. At 30 June 2011 the fair value of the liability was £nil (June 2010: £nil; December 2010: £nil).

## 10 INVESTMENTS IN ASSOCIATES

| At 30 June 2011 | Catena AB £m | Bulgarian Land Development Plc £m | Other associates £m | Total £m |
|---|---|---|---|---|
| ***Interest held in ordinary share capital*** | ***29.9%*** | ***48.3%*** | ***various*** | |
| **Revenues** | **0.2** | **0.3** | **0.4** | **0.9** |
| **Share of profit/(loss) of associates after tax** | **2.6** | **(0.5)** | **–** | **2.1** |
| **Assets** | **19.8** | **18.2** | **0.9** | **38.9** |
| **Liabilities** | **(12.1)** | **(8.7)** | **(0.5)** | **(21.3)** |
| **Net assets** | **7.7** | **9.5** | **0.4** | **17.6** |
| **Goodwill** | **5.4** | **–** | **1.7** | **7.1** |
| **Investments in associates** | **13.1** | **9.5** | **2.1** | **24.7** |
| **Market value of interest** | **37.9** | **n/a** | **n/a** | |

| At 30 June 2010 | Catena AB £m | Bulgarian Land Development Plc £m | Other associates £m | Total £m |
|---|---|---|---|---|
| *Interest held in ordinary share capital* | *29.9%* | *47.7%* | *various* | |
| Revenues | 2.4 | 0.4 | – | 2.8 |
| Share of profit/(loss) of associates after tax | 5.2 | (0.6) | – | 4.6 |
| Assets | 59.3 | 25.4 | 0.1 | 84.8 |
| Liabilities | (33.6) | (13.6) | – | (47.2) |
| Net assets | 25.7 | 11.8 | 0.1 | 37.6 |
| Goodwill | 4.8 | – | – | 4.8 |
| Investments in associates | 30.5 | 11.8 | 0.1 | 42.4 |
| Market value of interest | 32.9 | n/a | n/a | |

## 10 INVESTMENTS IN ASSOCIATES (CONTINUED)

| At 31 December 2010 | Catena AB £m | Bulgarian Land Development Plc £m | Other associates £m | Total £m |
|---|---|---|---|---|
| *Interest held in ordinary share capital* | *29.9%* | *48.3%* | *various* | |
| Revenues | 4.5 | 0.8 | 0.2 | 5.5 |
| Profit/(loss) after tax | 9.4 | (1.7) | (0.1) | 7.6 |
| Realisation of negative goodwill on acquisition | – | 0.1 | – | 0.1 |
| Share of profit/(loss) of associates after tax | 9.4 | (1.6) | (0.1) | 7.7 |
| Assets | 62.1 | 17.5 | 0.2 | 79.8 |
| Liabilities | (37.8) | (8.1) | (0.1) | (46.0) |
| Net assets | 24.3 | 9.4 | 0.1 | 33.8 |
| Goodwill | 5.3 | – | 1.5 | 6.8 |
| Investments in associates | 29.6 | 9.4 | 1.6 | 40.6 |
| Market value of interest | 50.6 | n/a | n/a | |

The movement in associates since the last reported balance sheet is as follows:

| | Net assets £m | Goodwill £m | Total £m |
|---|---|---|---|
| **At 1 January 2011** | **33.8** | **6.8** | **40.6** |
| Additions | 0.5 | 1.5 | 2.0 |
| Disposals | (0.1) | (1.4) | (1.5) |
| Share of profit of associates after tax | 2.1 | – | 2.1 |
| Dividends received | (19.9) | – | (19.9) |
| Share of other comprehensive income of associates | 0.1 | – | 0.1 |
| Exchange rate differences | 1.1 | 0.2 | 1.3 |
| **At 30 June 2011** | **17.6** | **7.1** | **24.7** |

## 11 OTHER INVESTMENTS

| | Investment type | Destination of Investment | **30 June 2011 £m** | 30 June 2010 £m | 31 December 2010 £m |
|---|---|---|---|---|---|
| Available-for-sale financial investments carried at fair value | Listed corporate bonds | UK | **71.4** | 30.1 | 37.5 |
| | | Eurozone | **15.1** | 16.9 | 24.1 |
| | | Other | **22.8** | 11.7 | 16.5 |
| | | | **109.3** | 58.7 | 78.1 |
| | Listed equity securities | UK | **0.5** | 0.6 | 0.5 |
| | | Sweden | **4.3** | 2.5 | 2.4 |
| | | Other | **0.1** | 0.1 | 0.1 |
| | Unlisted investments | Sweden | **0.4** | 0.6 | 0.4 |
| | Government securities | UK | **0.1** | 0.1 | 0.1 |
| | | | **114.7** | 62.6 | 81.6 |

The movement of other investments since the last reported balance sheet is analysed below:

| | Corporate Bonds £m | Other Investments £m | Total £m |
|---|---|---|---|
| **At 1 January 2011** | **78.1** | **3.5** | **81.6** |
| Additions | 44.8 | 6.8 | 51.6 |
| Disposals | (16.9) | (5.0) | (21.9) |
| Fair value movements recognised in reserves | 2.0 | – | 2.0 |
| Fair value movements recognised in profit before tax | 0.1 | – | 0.1 |
| Exchange rate differences | 1.2 | 0.1 | 1.3 |
| **At 30 June 2011** | **109.3** | **5.4** | **114.7** |

**Corporate Bond Portfolio**

At 30 June 2011

| Sector | Banking | Insurance | Building Societies | Financials | Other | Total |
|---|---|---|---|---|---|---|
| Value | £22.3m | £37.4m | £11.3m | £11.9m | £26.4m | £109.3m |
| Coupon yield | 9.1% | 7.4% | 8.6% | 8.2% | 9.7% | 8.5% |
| Issuers | KBC | AXA | Yorkshire | Investec | TUI | |
| | RBS | Aviva | Nationwide | Euroclear | Swissport | |
| | Co-op | Swiss Life | | Man Group | Corral Finans | |
| | Lloyds | Prudential | | Aberdeen AM | Thomas Cook | |
| | Dresdner | Storebrand | | | FS Funding (ISS) | |
| | SNS Bank | Old Mutual | | | Cable & Wireless | |
| | Swedbank | RL Finance | | | HeidelbergCement | |
| | Rothschild | Assicurazioni | | | Renewable Energy Corp | |
| | Commerzbank | Legal & General | | | | |
| | | Scottish Widows | | | | |
| | | Friends Provident | | | | |

## 12 BORROWINGS

**Maturity profile**

| At 30 June 2011 | Bank loans £m | Debenture loans £m | Zero Coupon Note £m | Other loans £m | Total £m |
|---|---|---|---|---|---|
| **Within one year or on demand** | **98.3** | **1.1** | **–** | **–** | **99.4** |
| **More than one but not more than two years** | **132.1** | **1.3** | **–** | **–** | **133.4** |
| **More than two but not more than five years** | **217.2** | **34.2** | **–** | **–** | **251.4** |
| **More than five years** | **169.6** | **26.5** | **10.3** | **–** | **206.4** |
| | **617.2** | **63.1** | **10.3** | **–** | **690.6** |
| **Unamortised issue costs** | **(3.8)** | **(0.9)** | **–** | **–** | **(4.7)** |
| **Borrowings** | **613.4** | **62.2** | **10.3** | **–** | **685.9** |
| **Less amount due for settlement within 12 months** | **(97.4)** | **(0.9)** | **–** | **–** | **(98.3)** |
| **Amount due for settlement after 12 months** | **516.0** | **61.3** | **10.3** | **–** | **587.6** |

| At 30 June 2010 | Bank loans £m | Debenture loans £m | Zero Coupon Note £m | Other loans £m | Total £m |
|---|---|---|---|---|---|
| Within one year or on demand | 103.5 | 1.0 | – | 2.3 | 106.8 |
| More than one but not more than two years | 39.4 | 1.1 | – | – | 40.5 |
| More than two but not more than five years | 204.5 | 4.2 | – | – | 208.7 |
| More than five years | 163.6 | 28.2 | 9.3 | – | 201.1 |
| | 511.0 | 34.5 | 9.3 | 2.3 | 557.1 |
| Unamortised issue costs | (2.5) | – | – | – | (2.5) |
| Borrowings | 508.5 | 34.5 | 9.3 | 2.3 | 554.6 |
| Less amount due for settlement within 12 months | (102.9) | (1.0) | – | (2.3) | (106.2) |
| Amount due for settlement after 12 months | 405.6 | 33.5 | 9.3 | – | 448.4 |

| At 31 December 2010 | Bank loans £m | Debenture loans £m | Zero Coupon Note £m | Other loans £m | Total £m |
|---|---|---|---|---|---|
| Within one year or on demand | 82.4 | 1.1 | – | 2.3 | 85.8 |
| More than one but not more than two years | 126.2 | 1.2 | – | – | 127.4 |
| More than two but not more than five years | 204.4 | 4.5 | – | – | 208.9 |
| More than five years | 133.1 | 27.3 | 9.8 | – | 170.2 |
| | 546.1 | 34.1 | 9.8 | 2.3 | 592.3 |
| Unamortised issue costs | (3.0) | – | – | – | (3.0) |
| Borrowings | 543.1 | 34.1 | 9.8 | 2.3 | 589.3 |
| Less amount due for settlement within 12 months | (81.6) | (1.1) | – | (2.3) | (85.0) |
| Amount due for settlement after 12 months | 461.5 | 33.0 | 9.8 | – | 504.3 |

**Analysis**

| At 30 June 2011 | Fixed rate financial liabilities £m | Floating rate financial liabilities £m | Total £m |
|---|---|---|---|
| Sterling | **151.5** | **95.0** | **246.5** |
| Euro | **118.5** | **216.7** | **335.2** |
| Swedish kronor | **–** | **91.9** | **91.9** |
| Other | **–** | **12.3** | **12.3** |
| | **270.0** | **415.9** | **685.9** |

| At 30 June 2010 | Fixed rate financial liabilities £m | Floating rate financial liabilities £m | Total £m |
|---|---|---|---|
| Sterling | 153.4 | 111.1 | 264.5 |
| Euro | 114.5 | 150.7 | 265.2 |
| Swedish kronor | – | 24.3 | 24.3 |
| Other | – | 0.6 | 0.6 |
| | 267.9 | 286.7 | 554.6 |

| At 31 December 2010 | Fixed rate financial liabilities £m | Floating rate financial liabilities £m | Total £m |
|---|---|---|---|
| Sterling | 155.2 | 91.6 | 246.8 |
| Euro | 117.6 | 185.8 | 303.4 |
| Swedish kronor | – | 33.3 | 33.3 |
| Other | – | 5.8 | 5.8 |
| | 272.8 | 316.5 | 589.3 |

**Fair values**

| | Carrying amounts | | | Fair values | | |
|---|---|---|---|---|---|---|
| | **June 2011 £m** | June 2010 £m | December 2010 £m | **June 2011 £m** | June 2010 £m | December 2010 £m |
| Current borrowings | **98.3** | 106.2 | 85.0 | **98.3** | 106.2 | 85.0 |
| Non-current borrowings | **587.6** | 448.4 | 504.3 | **611.5** | 475.2 | 530.2 |
| | **685.9** | 554.6 | 589.3 | **709.8** | 581.4 | 615.2 |

The fair value of non-current 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.

## 13 SHARE CAPITAL

| | Number of ordinary shares in circulation | Number of treasury shares in circulation | Total number of shares | Ordinary shares in circulation £m | Treasury shares £m | Total ordinary shares £m |
|---|---|---|---|---|---|---|
| **At 1 January 2011** | **46,588,244** | **4,793,000** | **51,381,244** | **11.7** | **1.2** | **12.9** |
| **Cancelled following tender offer[1]** | **(991,239)** | **–** | **(991,239)** | **(0.3)** | **–** | **(0.3)** |
| **At 30 June 2011** | **45,597,005** | **4,793,000** | **50,390,005** | **11.4** | **1.2** | **12.6** |

| | Number of ordinary shares in circulation | Number of treasury shares in circulation | Total number of shares | Ordinary shares in circulation £m | Treasury shares £m | Total ordinary shares £m |
|---|---|---|---|---|---|---|
| At 1 January 2010 | 48,024,256 | 5,000,000 | 53,024,256 | 12.0 | 1.3 | 13.3 |
| Cancelled following tender offer[2] | (1,004,817) | – | (1,004,817) | (0.3) | – | (0.3) |
| Ordinary shares issued from treasury shares | 207,000 | (207,000) | – | 0.1 | (0.1) | – |
| At 30 June 2010 | 47,226,439 | 4,793,000 | 52,019,439 | 11.8 | 1.2 | 13.0 |

| | Number of ordinary shares in circulation | Number of treasury shares in circulation | Total number of shares | Ordinary shares in circulation £m | Treasury shares £m | Total ordinary shares £m |
|---|---|---|---|---|---|---|
| At 1 January 2010 | 48,024,256 | 5,000,000 | 53,024,256 | 12.0 | 1.3 | 13.3 |
| Cancelled following tender offer[2 & 3] | (1,643,012) | – | (1,643,012) | (0.4) | – | (0.4) |
| Ordinary shares issued from treasury shares | 207,000 | (207,000) | – | 0.1 | (0.1) | – |
| At 31 December 2010 | 46,588,244 | 4,793,000 | 51,381,244 | 11.7 | 1.2 | 12.9 |

1. A tender offer by way of a Circular dated 18 March 2011 for the purchase of 1 in 47 shares at 725 pence per share was completed in April 2011. It returned £7.1 million to shareholders, equivalent to 15.4 pence per share.
2. A tender offer by way of a Circular dated 23 March 2010 for the purchase of 1 in 48 shares at 600 pence per share was completed in April 2010. It returned £6.0 million to shareholders, equivalent to 12.5 pence per share.
3. A tender offer by way of a Circular dated 19 August 2010 for the purchase of 1 in 74 shares at 625 pence per share was completed in September 2010. It returned £4.0 million to shareholders, equivalent to 8.5 pence per share.

## 14 CASH GENERATED FROM OPERATIONS

| | **Six months ended 30 June 2011 £m** | Six months ended 30 June 2010 £m | Year ended 31 December 2010 £m |
|---|---|---|---|
| Operating profit | **41.3** | 41.1 | 88.2 |
| Adjustments for: | | | |
| Net movements on revaluation of investment properties | **(14.1)** | (6.3) | (30.1) |
| Depreciation | **0.1** | 0.1 | 0.3 |
| Profit on sale of subsidiaries and associates | **(1.2)** | – | – |
| Gain on disposal of corporate bonds and other investments | **(0.3)** | (10.6) | (9.3) |
| Share-based payment expense | **0.1** | – | 0.1 |
| Changes in working capital: | | | |
| Decrease in debtors | **3.6** | 1.5 | 0.5 |
| (Decrease)/increase in creditors | **(1.2)** | (0.3) | 1.5 |
| **Cash generated from operations** | **28.3** | 25.5 | 51.2 |

# GLOSSARY OF TERMS

**ADJUSTED NET ASSETS OR ADJUSTED SHAREHOLDERS' FUNDS**
Net assets excluding the mark-to-market on effective cash flow hedges and related debt adjustments and deferred tax on revaluations and goodwill arising as a result of deferred tax, including for associates

**ADJUSTED NET GEARING**
Net debt expressed as a percentage of adjusted net assets

**ADJUSTED SOLIDITY**
Adjusted net assets expressed as a percentage of adjusted total assets

**ADJUSTED TOTAL ASSETS**
Total assets excluding deferred tax assets

**CONTRACTED RENT**
Annual contracted rental income after any rent-free periods have expired

**CORE PROFIT**
Profit before tax and before net movements on revaluation of investment properties, profit on sale of investment properties, subsidiaries and corporate bonds, impairment of intangible assets and goodwill, non-recurring costs, change in fair value of derivatives and foreign exchange variances

**DILUTED EARNINGS PER SHARE**
Profit after tax divided by the diluted weighted average number of ordinary shares

**DILUTED NET ASSETS**
Equity shareholders' funds increased by the potential proceeds from issuing those shares issuable under employee share schemes

**DILUTED NET ASSETS PER SHARE OR DILUTED NET ASSET VALUE**
Diluted net assets divided by the diluted 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 after tax 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 after tax, but excluding net gains or losses from fair value adjustments on investment properties, profits or losses on disposal of investment properties and other non-current investment interests, impairment of goodwill and intangible assets, movements in fair value of derivative financial instruments and their related current and deferred tax, including for associates

**EPRA NET ASSETS**
Diluted net assets excluding the mark-to-market on effective cash flow hedges and related debt adjustments, deferred tax on revaluations and goodwill arising as a result of deferred tax, including for associates

**EPRA NET ASSETS PER SHARE**
EPRA net assets divided by the diluted number of ordinary shares

**EPRA NET INITIAL YIELD**
Annual passing rent less net service charge costs on investment properties expressed as a percentage of the investment property valuation after adding purchasers' costs

**EPRA TOPPED UP NET INITIAL YIELD**
Annual net rents on investment properties expressed as a percentage of the investment property valuation 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, including for associates

**EPRA TRIPLE NET ASSETS PER SHARE**
EPRA triple net assets divided by the diluted number of ordinary shares

**ESTIMATED RENTAL VALUE (ERV)**
The market rental value of lettable space as estimated by the Group's valuers

**NET ASSETS PER SHARE OR NET ASSET VALUE (NAV)**
Equity shareholders' funds divided by the number of ordinary shares in circulation at the balance sheet date

**NET DEBT**
Total borrowings less cash and short-term deposits

**NET GEARING**
Net debt expressed as a percentage of net assets

**NET INITIAL YIELD**
Annual net rents on investment properties expressed as a percentage of the investment property valuation

**NET RENT**
Contracted 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 passing rent and the ERV of vacant space

**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

**RECURRING INTEREST COVER**
The aggregate of group revenue less costs plus share of results of associates, divided by the aggregate of interest expense and amortisation of issue costs of debt, less interest income

**RENT ROLL**
Contracted rent

**SOLIDITY**
Equity shareholders' funds expressed as a percentage of total assets

**TOTAL SHAREHOLDER RETURN**
For a given number of shares, the aggregate of the proceeds from tender offer buy-backs and change in the market value of the shares during the year adjusted for cancellations occasioned by such buy-backs, as a percentage of the market value of the shares at the beginning of the year

**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

# DIRECTORS, OFFICERS AND ADVISERS

**Directors**
Sten Mortstedt (Executive Chairman)
Henry Klotz (Executive Vice Chairman)
Richard Tice (Chief Executive Officer)
John Whiteley (Chief Financial Officer)
Malcolm Cooper * † ‡ (Non-Executive Director)
Joseph Crawley (Non-Executive Director)
Christopher Jarvis * † (Non-Executive Director)
Thomas Lundqvist (Non-Executive Director)
Jennica Mortstedt (Non-Executive Director)
Brigith Terry (Non-Executive Director)
Thomas Thomson (Non-Executive Director)

* member of Remuneration Committee
† member of Audit Committee
‡ senior independent Director

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