



## CLS Holdings plc

86 Bondway  
London  
SW8 1SF

Tel: +44 (0)20 7582 7766  
Fax: +44 (0)20 7840 7710  
e-mail: [enquiries@clsholdings.com](mailto:enquiries@clsholdings.com)

Release date: 13 August 2014  
Embargoed until: 07:00

[www.clsholdings.com](http://www.clsholdings.com)

## **PRESS RELEASE**

### **CLS HOLDINGS PLC ("CLS", THE "COMPANY" OR THE "GROUP") ANNOUNCES ITS HALF YEAR FINANCIAL REPORT FOR THE SIX MONTHS TO 30 JUNE 2014**

CLS is a property investment company with a diverse portfolio of £1,169 million modern, well-let properties in the UK, France, Germany and Sweden.

#### **FINANCIAL HIGHLIGHTS**

- EPRA net assets per share up 11.3% to 1,412.0 pence (31 December 2013: 1,268.4 pence)
- EPRA earnings per share up 13.0% to 37.3 pence (2013: 33.0 pence)
- Net assets up 10.4% to £531.1 million (31 December 2013: £480.9 million)
- Earnings per share up 169.1% to 141.8 pence (2013: 52.7 pence)
- Profit after tax up 173.1% to £62.0 million (2013: £22.7 million)
- Portfolio valued at £1,168.8 million (31 December 2013: £1,132.9 million), up 4.0% in local currencies in the six months
- High interest cover of 3.6 times (2013: 3.8 times)
- Low weighted average cost of debt of 3.73% (31 December 2013: 3.64%) – one of the lowest in the property sector
- Net cash inflow from operating activities up 16.0% to £17.4 million (2013: £15.0 million)
- £153.7 million of liquid resources, and £84.9 million of undrawn facilities
- Distributions to shareholders up 5.0% like-for-like to £5.5 million by way of tender offer buy-back: 1 in 119 at 1,500.0 pence, equivalent to 12.6 pence per share

#### **OPERATIONAL HIGHLIGHTS**

- Sold Cambridge House, Hammersmith for £29.5 million, 32% above its 2013 external valuation
- Lowest ever vacancy rate of 3.5% (31 December 2013: 4.4%), well under half the benchmark average of 9.7% for our type of portfolio
- EPRA net initial yield of 6.8%, over 300 basis points above cost of debt, one of the highest differentials in the listed property sector
- London rental values up 8.7% in six months, Rest of UK up 1.7% and Germany up 1.3%; Sweden down 0.6% and France down 1.4%
- High quality rental income, with 50.4% derived from governments and 23.4% from major corporations, and with 61.1% subject to indexation
- Spring Mews, SE11:
  - Nominations Agreement signed with University of Roehampton to let 210 student rooms for 10 years
  - 90% of student accommodation let for 2014/15 academic year
  - Intercontinental Hotels Group due to open their Staybridge suite hotel in Q4 2014
  - Completion due Q3 2014
- Clifford's Inn, 138 Fetter Lane, EC4

- Rental growth of over 10%
  - Completion due October 2014
- Vauxhall Square, SW8
  - Conditional agreement signed for a long lease to a student housing operator to build and manage adjacent 359 student room building
  - Likely start on site 2015

Sten Mortstedt, Executive Chairman of CLS, commented:

*"The six months to June have proved to be very successful, generating strong earnings, a record low vacancy rate, continued progress in our developments, and solid rental growth driven by our acquisitions of last year, especially the Neo portfolio."*

*"I am pleased to welcome Fredrik Widlund from GE Capital as our new Chief Executive Officer, and look forward to his joining on 3 November."*

*"The outlook for the Group remains attractive as our high level of occupancy and continued low cost of debt underpin our ability to generate cash. With strong operations, a solid balance sheet and a high level of liquid resources, we remain in a good position to benefit from the opportunities and challenges which lay ahead."*

-ENDS-

For further information please contact:

|  |                     |
|--|---------------------|
| CLS Holdings plc                         | +44 (0)20 7582 7766 |
| www.clsholdings.com                      |                     |
| Sten Mortstedt, Executive Chairman       |                     |
| Henry Klotz, Executive Vice Chairman and |                     |
| Acting Chief Executive Officer           |                     |
| John Whiteley, Chief Financial Officer   |                     |

|                 |                     |
|-----------------|---------------------|
| Kinmont Limited | +44 (0)20 7087 9100 |
| Jonathan Gray   |                     |

|                                |                     |
|--------------------------------|---------------------|
| Smithfield Consultants Limited | +44 (0)20 7360 4900 |
| Alex Simmons                   |                     |

|                         |                     |
|-------------------------|---------------------|
| Liberum Capital Limited | +44 (0)20 3100 2222 |
| Tom Fyson               |                     |

|                            |                     |
|----------------------------|---------------------|
| Charles Stanley Securities | +44 (0)20 7149 6000 |
| Mark Taylor                |                     |
| Hugh Rich                  |                     |

CLS will be presenting to analysts at 8.30am on Wednesday, 13 August 2014, at Smithfield Consultants, 10 Aldersgate Street, London, EC1A 4HJ.

Conference call dial in numbers as follows:

Conference call access numbers:

|                               |                    |           |
|-------------------------------|--------------------|-----------|
| Participant telephone number: | +44(0)20 3427 1918 | (UK Toll) |
|-------------------------------|--------------------|-----------|

Confirmation code: 7606323

Participants will have to quote the above code when dialing into the conference line.

## **CHAIRMAN'S STATEMENT**

The first half of 2014 demonstrated the benefits of the geographical diversity of the Group.

### **OVERVIEW**

The first half of 2014 proved to be a successful period, generating strong earnings, a record low average vacancy rate and continued progress in our developments. Furthermore the benefits of the Neo portfolio, acquired last year, became evident, generating solid growth in net rental income.

The period also demonstrated the benefits of the geographical diversity of the Group: whilst the French economy remains strained, the London non-prime market has been buoyant for both investors and occupiers, and the markets in the rest of UK and Germany have been very active. The Group achieved some notable progress during the period, including the vacancy rate falling to 3.5%, the disposal of Cambridge House at 32% above its year end valuation, the conditional disposal of a peripheral element of Vauxhall Square, and the imminent completion of the developments at Spring Mews and Clifford's Inn. This, together with strong operational earnings and the rise in London property values, has led to EPRA net asset value growing by 11.3% to 1,412.0 pence per share (31 December 2013: 1,268.4 pence).

The core fundamentals of the Group's business strategy remain sound. The investment property portfolio contains a diverse base of 473 occupiers across four markets generating rental income well in excess of the Group's cost of debt. Approximately 50% of rents are paid by governments and 24% by major corporations, and 61% of rents are subject to indexation. The balance sheet is strong with significant levels of cash and liquid resources and the Groups' funding is achieved from a diversified base of 23 banks, together with other capital market funding sources.

### **RESULTS AND FINANCING**

Profit before tax for the six months to 30 June 2014 was £72.6 million (2013: £27.9 million), significantly higher than last year, primarily through the valuation uplift of the London portfolio, and generated earnings per share of 141.8 pence (2013: 52.7 pence). EPRA earnings per share, which exclude the effect of revaluations, were 37.3 pence (2013: 33.0 pence), an uplift of 13.0% which reflected the impact of the earnings-enhancing acquisitions of last year.

Shareholders' funds rose by 10.4% to £531.1 million, net of distributions to shareholders of £10.0 million.

Interest cover remained a very healthy 3.6 times (2013: 3.8 times) and the weighted average cost of debt at 3.73% (31 December 2013: 3.64%) remained one of the lowest in the real estate sector of the London Stock Exchange. We continue to believe that interest rates will remain at historically low levels in the foreseeable future, and in our hedging strategy we favour the use of interest rate caps rather than swaps. At 30 June 2014, net debt as a proportion of gross assets (less liquid resources) was 46.9%.

The availability of debt has improved with more lenders in the markets and better terms being offered, which has benefited the values for higher yielding property.

Net debt reduced to £577.9 million (31 December 2013: £601.1 million) reflecting the cash generated by our operations and the disposal proceeds of Cambridge House. Our liquid resources, consisting of cash and corporate bonds, remained at a very healthy level of £153.7 million, demonstrating the strength of the balance sheet and our capacity to invest in the future. The corporate bond portfolio, in which we invest as a cash management tool, generated a total return of £7.4 million in the six months, corresponding to a 10.5% return on the invested capital.

## **PROPERTY PORTFOLIO**

The value of the investment property portfolio grew to £1.2 billion in the six months, principally through £27.8 million of capital expenditure on our development portfolio and an 8.4% revaluation uplift in London of £44.0 million. The market for acquisitions in London has become significantly more competitive since the turn of the year, but we see good investment opportunities in Germany, where financing is more prevalent and attractive.

Net rental income in the period grew by 16.6% to £40.8 million (2013: £35.0 million), reflecting the high level of investment we undertook in the second half of 2013 when we acquired the Neo portfolio for £123.7 million, generating a net initial yield of 12.23%. We have executed some management initiatives in this portfolio and are exploring a number of others.

In local currencies, the investment property portfolio's underlying value rose by 4.0% in the six months. Net of an adverse foreign exchange variance from sterling's relative strength against the euro (3.8%) and Swedish krona (7.3%), the underlying portfolio rose by 2.1%. The London portfolio grew by 8.4%; while developments added 6.3% after capital expenditure, the remaining properties increased in value by 9.1%. The rest of the UK, consisting of most of the Neo assets, rose by 0.8% in value. The French portfolio saw a large improvement in the vacancy rate, reducing to 7.1% from 10.6% at the end of last year. This was, however, not enough to fully compensate for falling rents in the letting market, and the portfolio's value declined by 1.0% in local currency. The German portfolio increased in value by 1.4% in local currency, and its vacancy rate is now only 1.5%. The Swedish portfolio remained broadly unchanged, rising 0.2% in local currency. Overall, the vacancy rate at 30 June 2014 was 3.5% (31 December 2013: 4.4%), a record low for the Group.

In April, we took advantage of the strong investment demand for offices in London, and disposed of Cambridge House, Hammersmith. The property was only 50% occupied when sold for £29.5 million, reflecting an initial yield of 2.34%, and an uplift on the 31 December 2013 valuation of 32%.

Across the portfolio, the average rent is now £161 per sqm which is a very competitive price level in the key European cities in which we operate. The low level of new office construction is expected to produce growth of office rents in suburban London areas over the next few years, further to that already seen this year.

At Clifford's Inn, Fetter Lane, EC4 we have resisted pre-letting enquiries for the 3,423 sqm office space on which construction is due to be completed later this year, as the likely rental to be achieved has risen by over 10%. Good progress has been made at Spring Mews, Vauxhall, SE11 where the student and hotel development scheme is due to reach completion this quarter.

We have entered into a Nominations Agreement with a university for 210 of the 378 student rooms, and the rest are letting well for the 2014/15 academic year. In addition, we are readying the 93 bedroom suite hotel to open under Intercontinental Hotels Group's Staybridge brand, to be run by Cycas Hospitality.

At Vauxhall Square, SW8, in January we signed an agreement with a specialist student operator to build and manage the 359 room student building which, on discharging the conditionality attached to the agreement, is expected to be the first phase of the scheme, with a start in 2015. We are also in discussions with hotel operators for the two hotels in the scheme.

### **PROPERTY VALUATIONS**

The last three UK properties sold by the Group generated total proceeds of £56.4 million, which exceeded the most recent external valuations by more than 40%. This, and our own internal valuations, lead me to continue to believe that there is potential upside in the values of our UK portfolio.

### **DISTRIBUTIONS**

In May, the Group made a distribution to shareholders of £10.0 million using our traditional tender offer buy-back process. We propose to distribute a further £5.5 million by similar means in September, offering 1 in 119 shares to be tendered at 1,500 pence per share, on which a circular will be sent to shareholders in the next few days. If approved, these two shareholder distributions will correspond to an implied dividend yield of 2.65%, based on the average market capitalisation during the first half of 2014.

### **BOARD CHANGES**

Since 1 January, Tom Thomson, Brighit Terry and Claes-Johan Geijer retired as non-executive directors, and were replaced by Lennart Sten and Elizabeth Edwards. During the period, CEO Richard Tice also left the board. Fredrik Widlund has been appointed Chief Executive Officer and is due to join the Group on 3 November 2014.

### **OUTLOOK**

The strong development in the London economy and real estate market now seems to be feeding into other parts of the UK. This may prove challenging for the Bank of England, as any consequent rise in the base rate risks derailing the economic recovery. Meanwhile within the Eurozone, the promising signs in the German economy are in stark contrast to the weak development in France and some other parts of the Eurozone. It may take some time before a solid economic recovery is seen across Europe, which may cause interest rates to remain low for the foreseeable future.

The outlook for the Group remains attractive as our high level of occupancy and continued low cost of debt underpin our ability to generate cash. With strong operations, a solid balance sheet and a high level of liquid resources, we remain in a good position to benefit from the opportunities and challenges which lay ahead.

**Sten Mortstedt**  
Executive Chairman

13 August 2014

## **BUSINESS REVIEW**

### **INVESTMENT PROPERTY**

#### **London** *(47% of the Group's property activities)*

The clear signs of economic recovery in the UK in 2013 have continued in the first half of this year, with London as the main driver. GDP growth for London in 2014 is forecast to be 3.4%, and the demand for investment in its commercial real estate market, particularly from overseas investors, has begun to permeate the wider markets within the M25.

In the two years to 31 December 2013, the Group took advantage of buying opportunities in this region, investing £40.9 million at an average net initial yield of 9.9%. A significant increase in competition for offices in suburban London, coupled with more readily available bank finance, has since reduced yields by some 200 basis points. Whilst we continued actively to compete in these markets in the six months to 30 June 2014, making bids of £90 million in aggregate, being one-third of the investments we actively considered, no further acquisitions were made.

We have, however, taken the opportunity to dispose selectively of certain types of property. Following the sale in December of Ingram House, John Adam Street, WC2 for £13.2 million at a capital value before refurbishment costs of over £10,000 per sqm, in April we sold Cambridge House, Hammersmith, W6 for £29.5 million at a net initial yield of 2.34%, which, considered a development site, reflected the 50% vacancy.

In addition to a more competitive investment market, the first half of the year was noticeable for the increase in occupational demand and, in the absence of significant new construction, the positive impact this had on rental levels. On average, new lettings were achieved at 7.0% above ervs of 31 December 2013, with notable successes at CI Tower, New Malden, Great West House, Brentford, and Quayside Lodge, SW6. In the six months to 30 June 2014, ervs across the London portfolio rose by 8.7%, and the portfolio moved from being £0.4 million net over-rented to being reversionary to the tune of £1.9 million. The vacancy rate in London rose in the six months to 4.0% (31 December 2013: 3.0%) due to 1,100 sqm of space being taken back for refurbishment at CI Tower, and an expiry of 480 sqm at Hygeia Building, Harrow at the end of June. Occupational demand within the London investment portfolio has been strong, with 2,704 sqm of space having been let or renewed in the six months at the higher rents, and 4,265 sqm made vacant.

The London portfolio demonstrated valuation uplifts across the board, rising by 8.4% in the first half of the year: the investment portfolio rose by 9.1%, whilst the three development sites added a further 6.3% onto the aggregate of their opening valuations and development costs in the period.

Good progress has been made on the three developments in Central London. At Spring Mews, Vauxhall, SE11, Shepherd Construction is on target to complete in the autumn the mixed-use scheme of 378 student beds and a 93 bedroom suite hotel.

We have entered into a Nominations Agreement to let 210 student rooms to the University of Roehampton for 10 years, and our specialist agent, Fresh Student Living, has directly let most of the remaining student rooms, such that 90% have been let for the 2014/15 academic year. For the hotel, towards the end of last year a franchise agreement was signed with Intercontinental Hotels Group for a Staybridge branded suite hotel, to be run

by specialist franchise operator Cycas Hospitality. The estimated rental value per annum of the whole development when complete and running is over £5.5 million per annum.

At Clifford's Inn, Fetter Lane, EC4, Vinci Construction is due to complete the comprehensive refurbishment in October, to create 3,423 sqm of offices and eight residential apartments. Interest in a single occupancy of the entire offices remains strong; not having committed to a pre-letting has allowed the Group to take advantage of the increase of over 10% in rents at the building in the past six months.

The Vauxhall Nine Elms area continues to strengthen: in addition to the ongoing construction of the new US and Dutch embassies, and the demolition by Chinese developer, Dalian Wanda Group, of Market Towers to make way for Vauxhall's first five-star hotel, the second phase of the Battersea Power Station's residential scheme was successfully brought to the market, and planning permission was granted to Christies to replace its warehouse with 510 residential units on a 2.7 acre site. At our Vauxhall Square site, in January we conditionally entered into a long lease with a specialist student housing developer/operator to build and manage the 359 bed student building adjacent to the main Vauxhall Square site. We are working on discharging the conditionality such that construction of the first phase of the scheme can begin in 2015, without the deployment of any Group cash. Interest from international hoteliers for both of our hotels, which will be of at least a 4-star quality, continues to be received and reviewed.

At 405 Kennington Road, SE11, which was acquired in 2013, a planning application is in preparation to change the external elevations prior to conversion to residential use. This is one of a number of London office properties which have residential potential as a viable alternative use and we fully support the government's measures to ease the conversion of offices to residential, which can both enhance asset values and satisfy the need for new homes.

**Rest of UK** *(8% of the Group's property activities)*

Following the acquisition in September last year of the Neo portfolio, we now report separately on the progress of the 32 properties which are outside London.

The UK economic recovery driven by London has begun to reach other areas around the UK, and the UK's growth in GDP is forecast to be 3.2% in 2014.

The portfolio is 99% let to 14 government departments. We have already renewed two leases, and there are several asset management opportunities within this portfolio which we look forward to reporting on when completed.

In acquiring the Neo portfolio, we took a portfolio view on the likelihood of occupiers leaving on breaks or lease expiries. There is a concentration of these in March 2018 and the external valuers are required by their professional rules to assume that each event affects the value as if it will be exercised. This was a significant feature in restricting the growth in the value of the Rest of UK portfolio over the six months to 30 June 2014 to 0.8%; ervs rose by 1.7%.

**France** *(19% of the Group's property activities)*

The French economy stagnated in the first quarter of 2014 and the expected growth of only 0.7% in the full year is unlikely to change the historically high rate of unemployment of 10.1%.



Against this background, letting activity in the Paris region in the first half of 2014 has been 24% higher than last year's low level, and the investment market recorded aggregate transactions in Q2 2014 of double the same quarter last year.

We indicated six months ago that CLS's vacancy level in France at 31 December 2013 was likely to have peaked, and following strenuous efforts by the French team in the six months to 30 June 2014 it has fallen significantly to 7.1% (31 December 2013: 10.6%). During the period occupiers vacated or leases expired on 6,970 sqm, but we let or renewed 9,978 sqm, including 5,657 sqm of expiries, and 1,634 sqm at Inside, Rueil-Malmaison, which was refurbished towards the end of 2013 following a significant expiry. This is currently an occupier's market and rents achieved in the French portfolio in the first six months of the year have been 1.3% below December 2013's ervs.

The value of our French investment portfolio fell marginally by 1.0% in local currency since the beginning of the year, reflecting a fall in ervs of 1.4%. Three properties fell in aggregate by €2.7 million: two present medium-term redevelopment opportunities, and at the third the occupier has indicated its intention to leave at the end of 2015. The value of the other 23 properties in the French portfolio, which benefited from increased occupancy but falling rents, was broadly unchanged.

#### **Germany** *(18% of the Group's property activities)*

Economic indicators provide a mixed picture for the German economy, albeit one more robust than much of the rest of the Eurozone, with the latest Bundesbank forecasts for GDP growth of 1.9% but inflation of only 1.1% in 2014. Employment levels show a positive trend, with an historically high 42.1 million people in work and unemployment at 5.1%. The German business confidence index, Ifo, whilst significantly higher than a year ago, has begun to decline since May.

Vacancies in the German markets have fallen since mid-2010 and, with a lack of good new properties, rents are rising. The take-up of office space in the main German markets in the six months to 30 June 2014 was the same as the corresponding period last year at around 1.2 million sqm, and the national vacancy rate was 7.3%.

The vacancy rate in our German portfolio, which was 7.4% 18 months ago, has fallen to an all-time low of 1.5% (31 December 2013: 3.5%), with strong occupational demand being captured in significant lettings at Bismarckallee, Freiburg, Maximilian Forum, Munich, and 2,121 sqm at Bismarckstrasse, Berlin. In the six months to 30 June 2014, 3,480 sqm of space was let or renewed and only 385 sqm made vacant.

There were €16.9 billion of commercial investment transactions in Germany in the first half of 2014, 34% higher than the comparable period last year, and, including a relatively large number of portfolio deals, the second highest half year result since 2007. Following our €13.1 million acquisition in the heart of Freiburg a year ago, we expect to make further acquisitions in Germany before the end of the year. The availability of bank debt in Germany continues to be the most prevalent, and the terms the most advantageous, of our operating regions.

The value of the German portfolio increased by €3.6 million or 1.4% in local currency, but this was net of a fall of €3.5 million at Feldkirchen, near Munich, where the single occupier had indicated its intention to vacate at the end of its lease in December 2016. The remaining 16 properties in the German portfolio increased in value by €7.1 million or 3.0% in local currency, whilst ervs grew by 1.3%.

**Sweden** *(8% of the Group's property activities)*

The Swedish economy is forecast to grow by 2.5% in 2014 and 3.1% in 2015, driven by the international outlook and domestic consumption, but CPI inflation is forecast to be 0.0% in 2014.

In the six months to 30 June 2014, we acquired from a distressed seller for £2.0 million a piece of land with planning permission adjacent to retail park in Hyllinge, near Malmö. The aggregate values of this acquisition, and the existing larger asset at Vänerparken, rose marginally in the period by 0.2% in local currency.

Catena AB, the Stockholm-listed real estate company in which the Group owns a 13.5% shareholding, has continued to move forward the planning process on its scheme for 800 apartments and 73,000 sqm of offices at Haga Norra, Stockholm, and since 2013 now owns a substantial logistics property portfolio across southern Sweden. The market value of the Group's stake at 30 June was £31.0 million.

Cood Investments AB, the residential-focused property company in which the Group owns 44.2%, is on track with its busy summer season of bookings. In addition the operational improvement process is ongoing to ensure it has a more efficient seasonal cost base. The book value of the holding at 30 June 2014 was £2.5 million and we remain confident in its future prospects.

**RESULTS FOR THE PERIOD****Headlines**

Profit after tax of £62.0 million (2013: £22.7 million) generated basic earnings per share of 141.8 pence (2013: 52.7 pence), and EPRA earnings per share of 37.3 pence (2013: 33.0 pence). Gross property assets at 30 June 2014 rose to £1,168.8 million (31 December 2013: £1,132.9 million), net assets per share increased by 12.1% to 1,226.9 pence (31 December 2013: 1,094.1 pence) and EPRA net assets per share by 11.3% to 1,412.0 pence (31 December 2013: 1,268.4 pence).

**Statement of Comprehensive Income**

We continue to increase the level of cash from operations generated annually by the Group. Rental income for the six months to 30 June 2014 of £42.1 million (2013: £35.9 million) was higher than last year by a net £6.2 million, driven by the Neo portfolio (£7.6 million) and other acquisitions (£1.7 million) more than compensating for the negative effect of disposals (£0.8 million), the strength of sterling (£0.9 million), a one-off surrender premium received in 2013 (£1.1 million) and other leasing activity.

The increase in net rental income to £40.8 million (2013: £35.0 million) drove an increase in Group revenue less costs to £32.8 million (2013: £27.5 million).

Operating profit of £84.1 million (2013: £33.0 million) was significantly ahead of that of last year due largely to non-cash items. Investment property values rose in the six months by 4.0% in local currencies or £45.2 million (2013: fall of £3.5 million), and the disposal of Cambridge House for £29.5 million realised a profit of £6.8 million.

Interest income of £3.9 million (2013: £5.5 million) was lower than last year due to the lower average value of corporate bonds held by the Group. Interest expense of £14.3 million (2013: £12.7 million) was £1.6 million higher than in 2013, reflecting the cost of the borrowings taken out to finance the acquisitions in 2013. The Board continues to favour

floating rate debt, hedged by interest rate caps, and with inter-bank lending rates unmoved across Europe, our weighted cost of debt remained low at 3.73% (31 December 2013: 3.64%).

### **EPRA Net Assets Per Share**

EPRA net assets per share rose from 1,268.4 pence to 1,412.0 pence in the six months to 30 June 2014, an increase of 143.6 pence per share, or 11.3%. The majority of this increase came from the property portfolio's revaluation, which added 104.4 pence per share and other profits after tax contributed 51.2 pence per share, but these were offset by foreign exchange losses of 20.2 pence per share reflecting the strength of sterling.

### **Cash Flow, Net Debt and Gearing**

The Group's ability to generate cash was enhanced by the acquisitions in 2013, with net cash flow from operating activities rising to £17.4 million (2013: £15.0 million), £10.0 million of which was distributed to shareholders, and interest of £4.4 million was received from investments. Net proceeds of £29.3 million from the sale of Cambridge House were spent on the development programme, and £53.6 million of bank loans were repaid through amortisation or the repayment of short-term facilities. A net £13.8 million was invested in corporate bonds and in total cash and cash equivalents were reduced to £69.4 million at 30 June 2014, whilst undrawn facilities rose to £84.9 million (31 December 2013: £42.8 million).

In the six months to 30 June 2014, gross borrowings fell by £68.7 million to £731.6 million (31 December 2013: £800.3 million), through loan repayments and foreign exchange movements. The Group's weighted average property loan to value was 54.0% (2013: 56.3%) and balance sheet loan to value was 50.3% (2013: 52.8%).

### **Share Capital**

In May, 665,966 shares were cancelled under the tender offer buy-back at 1,495 pence per share, and at 30 June 2014, there were 43,287,824 shares in issue, and 2,903,103 Treasury Shares held by the Company.

### **SUSTAINABILITY**

We have continued to make progress on sustainability. At Falcon House, Hounslow TW3, which we bought in 2011, we have refurbished the reception, ground and first floors of some 800 sqm in aggregate to SKA Gold standard, and over the summer we will fit a chiller and install the portfolio's third array of photovoltaic cells to provide clean, renewable energy to tenants.

In the twelve months to April 2014, the total floor space of managed UK buildings increased by 14.5% but consumption of gas and electricity increased by only 3.8% and 1.8%, respectively, resulting in a fall in CO2 emissions per square metre of 11.3%.

In Sweden, electricity consumption in 2013 fell by 9%, and waste generation by 38%, and in France electricity consumption was down by 11%.

In the first half of the year we increased our voluntary reporting on sustainability by taking part in the Carbon Disclosure Project sustainability reporting scheme for the first time, as well as the Global Real Estate Sustainability Benchmark scheme for the fourth time.

### **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 2013. A detailed explanation of the risks summarised below can be found on pages 30 and 31 of the 2013 Annual Report, which is available at [www.clsholdings.com](http://www.clsholdings.com):

- Underperformance of investment portfolio due to:
  - Cyclical downturn in property market
  - Inappropriate buy/sell/hold decisions
  - Changes in supply of space and/or occupier demand
  - Poor asset management
- Corporate bond investments:
  - Underperformance of portfolio
  - Insolvency of bond issuer
- Failure to secure planning permission
- Contractor solvency and availability
- Downturn in investment or occupational markets
- Increasing building regulation and obsolescence
- Climate change
- Increasing energy costs and regulation
- Unavailability of financing at acceptable prices
- Adverse interest rate movements
- Breach of borrowing covenants
- Foreign currency exposure
- Financial counterparty credit risk
- Increases in tax rates or changes to the basis of taxation
- Break-up of the euro
- Economic downturn
- 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 the approval 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  
13 August 2014

**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 2014 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 15. 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 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 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 2014 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**

Chartered Accountants and Statutory Auditor

London, United Kingdom

13 August 2014

# CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2014

|   | Notes | Six months ended<br>30 June<br>2014<br>£m<br>(unaudited) | Six months ended<br>30 June<br>2013<br>£m<br>(unaudited) | Year ended<br>31 December<br>2013<br>£m<br>(audited) |
|---|-------|--|--|--|
| <b>Continuing operations</b>  |       |  |  |  |
| Group revenue   |       | <b>49.8</b>  | 43.3   | 91.2   |
| Net rental income   | 3     | <b>40.8</b>  | 35.0   | 73.1   |
| Administration expenses   |       | <b>(6.2)</b>   | (5.7)  | (12.4)   |
| Other expenses  |       | <b>(1.8)</b>   | (1.8)  | (3.5)  |
| Group revenue less costs  |       | <b>32.8</b>  | 27.5   | 57.2   |
| Profit on sale of investment property   |       | <b>7.0</b>   | —  | 4.5  |
| Profit on sale of joint venture   |       | <b>—</b>   | 1.8  | 1.8  |
| Net (loss)/gain on sale of corporate bonds and other financial investments                                    |       | <b>(0.9)</b>   | 7.2  | 14.1   |
| Net movements on revaluation of investment properties   |       | <b>45.2</b>  | (3.5)  | (0.2)  |
| Fair value gain on reclassification of an associate as an investment  |       | <b>—</b>   | —  | 14.9   |
| <b>Operating profit</b>   |       | <b>84.1</b>  | 33.0   | 92.3   |
| Finance income  | 4     | <b>4.6</b>   | 6.2  | 7.6  |
| Finance costs   | 5     | <b>(14.7)</b>  | (10.2)   | (23.7)   |
| Share of loss of associates after tax   |       | <b>(1.4)</b>   | (1.1)  | (4.8)  |
| <b>Profit before tax</b>  |       | <b>72.6</b>  | 27.9   | 71.4   |
| Taxation  | 6     | <b>(10.6)</b>  | (5.2)  | (8.2)  |
| <b>Profit for the period</b>  |       | <b>62.0</b>  | 22.7   | 63.2   |
| <b>Other comprehensive income</b>   |       |  |  |  |
| <b>Items that will not be reclassified to profit or loss</b>  |       |  |  |  |
| Foreign exchange differences  |       | <b>(6.1)</b>   | 8.5  | 3.4  |
| <b>Items that may be reclassified to profit or loss</b>   |       |  |  |  |
| Fair value gains/(losses) on corporate bonds and other financial investments                                  |       | <b>4.6</b>   | (0.1)  | (1.4)  |
| Fair value losses/(gains) taken to net (loss)/gain on sale of corporate bonds and other financial investments |       | <b>0.1</b>   | (4.6)  | (11.2)   |
| Deferred tax on net fair value gains on corporate bonds and other financial investments                       | 6     | <b>(0.8)</b>   | 1.5  | 3.1  |
| Revaluation of owner-occupied property  |       | <b>0.4</b>   | (0.1)  | —  |
| Total items that may be reclassified to profit or loss  |       | <b>4.3</b>   | (3.3)  | (9.5)  |
| <b>Total comprehensive income for the period</b>  |       | <b>60.2</b>  | 27.9   | 57.1   |



**Earnings per share from continuing  
operations attributable to the owners of  
the Company during the period  
(expressed in pence per share)**

|         |   |               |      |       |
|---------|---|---------------|------|-------|
| Basic   | 7 | <b>141.8p</b> | 52.7 | 146.9 |
| Diluted | 7 | <b>141.8p</b> | 52.6 | 146.7 |

---

# CONDENSED GROUP BALANCE SHEET

at 30 June 2014

|                                  | Notes | 30 June<br>2014<br>£m<br>(unaudited) | 30 June<br>2013<br>£m<br>(unaudited) | 31 December<br>2013<br>£m<br>(audited) |
|----------------------------------|-------|--------------------------------------|--------------------------------------|--|
| <b>Non-current assets</b>        |       |                                      |                                      |  |
| Investment properties            | 9     | 1,168.8                              | 1,001.8                              | 1,132.9                                |
| Property, plant and equipment    |       | 3.4                                  | 2.7                                  | 2.8                                    |
| Goodwill                         |       | 1.1                                  | 1.1                                  | 1.1                                    |
| Investments in associates        | 10    | 6.5                                  | 33.5                                 | 9.1                                    |
| Other financial investments      | 11    | 120.1                                | 92.3                                 | 104.3                                  |
| Derivative financial instruments |       | 0.1                                  | 0.5                                  | 0.4                                    |
| Deferred tax                     | 6     | 5.0                                  | 6.6                                  | 6.4                                    |
|                                  |       | <b>1,305.0</b>                       | <b>1,138.5</b>                       | <b>1,257.0</b>                         |
| <b>Current assets</b>            |       |                                      |                                      |  |
| Trade and other receivables      |       | 10.9                                 | 13.2                                 | 12.7                                   |
| Derivative financial instruments |       | 0.6                                  | –                                    | 0.3                                    |
| Cash and cash equivalents        |       | 69.4                                 | 69.7                                 | 129.8                                  |
|                                  |       | <b>80.9</b>                          | <b>82.9</b>                          | <b>142.8</b>                           |
| <b>Total assets</b>              |       | <b>1,385.9</b>                       | <b>1,221.4</b>                       | <b>1,399.8</b>                         |
| <b>Current liabilities</b>       |       |                                      |                                      |  |
| Trade and other payables         |       | (37.1)                               | (35.1)                               | (40.3)                                 |
| Current tax                      | 6     | (6.6)                                | (5.1)                                | (3.5)                                  |
| Borrowings                       | 12    | (98.9)                               | (99.9)                               | (77.5)                                 |
| Derivative financial instruments |       | –                                    | (0.2)                                | –                                      |
|                                  |       | <b>(142.6)</b>                       | <b>(140.3)</b>                       | <b>(121.3)</b>                         |
| <b>Non-current liabilities</b>   |       |                                      |                                      |  |
| Deferred tax                     | 6     | (78.5)                               | (78.9)                               | (74.4)                                 |
| Borrowings                       | 12    | (628.2)                              | (557.3)                              | (717.3)                                |
| Derivative financial instruments |       | (5.5)                                | (7.1)                                | (5.9)                                  |
|                                  |       | <b>(712.2)</b>                       | <b>(643.3)</b>                       | <b>(797.6)</b>                         |
| <b>Total liabilities</b>         |       | <b>(854.8)</b>                       | <b>(783.6)</b>                       | <b>(918.9)</b>                         |
| <b>Net assets</b>                |       | <b>531.1</b>                         | <b>437.8</b>                         | <b>480.9</b>                           |
| <b>Equity</b>                    |       |                                      |                                      |  |
| Share capital                    | 13    | 11.5                                 | 11.8                                 | 11.7                                   |
| Share premium                    |       | 82.9                                 | 71.5                                 | 82.9                                   |
| Other reserves                   |       | 94.4                                 | 107.2                                | 96.0                                   |
| Retained earnings                |       | 342.3                                | 247.3                                | 290.3                                  |
| <b>Total equity</b>              |       | <b>531.1</b>                         | <b>437.8</b>                         | <b>480.9</b>                           |

## CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2014

| Unaudited  | Share capital<br>£m | Share premium<br>£m | Other reserves<br>£m | Retained earnings<br>£m | Total<br>£m  |
|--|---------------------|---------------------|----------------------|-------------------------|--------------|
| <b>Arising in the six months ended 30 June 2014:</b> |                     |                     |                      |                         |              |
| Total comprehensive income for the period            | –                   | –                   | (1.8)                | 62.0                    | 60.2         |
| Purchase of own shares                               | (0.2)               | –                   | 0.2                  | (10.0)                  | (10.0)       |
| <b>Total changes arising in the period</b>           | <b>(0.2)</b>        | <b>–</b>            | <b>(1.6)</b>         | <b>52.0</b>             | <b>50.2</b>  |
| <b>At 1 January 2014</b>                             | <b>11.7</b>         | <b>82.9</b>         | <b>96.0</b>          | <b>290.3</b>            | <b>480.9</b> |
| <b>At 30 June 2014</b>                               | <b>11.5</b>         | <b>82.9</b>         | <b>94.4</b>          | <b>342.3</b>            | <b>531.1</b> |

| Unaudited  | Share capital<br>£m | Share premium<br>£m | Other reserves<br>£m | Retained earnings<br>£m | Total<br>£m  |
|--|---------------------|---------------------|----------------------|-------------------------|--------------|
| <b>Arising in the six months ended 30 June 2013:</b> |                     |                     |                      |                         |              |
| Total comprehensive income for the period            | –                   | –                   | 5.2                  | 22.7                    | 27.9         |
| Purchase of own shares                               | (0.2)               | –                   | 0.2                  | (8.6)                   | (8.6)        |
| Exercise of share options                            | –                   | –                   | –                    | 1.4                     | 1.4          |
| <b>Total changes arising in the period</b>           | <b>(0.2)</b>        | <b>–</b>            | <b>5.4</b>           | <b>15.5</b>             | <b>20.7</b>  |
| <b>At 1 January 2013</b>                             | <b>12.0</b>         | <b>71.5</b>         | <b>101.8</b>         | <b>231.8</b>            | <b>417.1</b> |
| <b>At 30 June 2013</b>                               | <b>11.8</b>         | <b>71.5</b>         | <b>107.2</b>         | <b>247.3</b>            | <b>437.8</b> |

| Audited  | Share capital<br>£m | Share premium<br>£m | Other reserves<br>£m | Retained earnings<br>£m | Total<br>£m  |
|--|---------------------|---------------------|----------------------|-------------------------|--------------|
| <b>Arising in the year ended 31 December 2013:</b> |                     |                     |                      |                         |              |
| Total comprehensive income for the year            | –                   | –                   | (6.1)                | 63.2                    | 57.1         |
| Issue of share capital                             | –                   | 11.4                | –                    | 8.0                     | 19.4         |
| Expenses thereof                                   | –                   | –                   | –                    | (0.4)                   | (0.4)        |
| Exercise of share options                          | –                   | –                   | –                    | 1.4                     | 1.4          |
| Purchase of own shares                             | (0.3)               | –                   | 0.3                  | (13.6)                  | (13.6)       |
| Expenses thereof                                   | –                   | –                   | –                    | (0.1)                   | (0.1)        |
| <b>Total changes arising in 2013</b>               | <b>(0.3)</b>        | <b>11.4</b>         | <b>(5.8)</b>         | <b>58.5</b>             | <b>63.8</b>  |
| <b>At 1 January 2013</b>                           | <b>12.0</b>         | <b>71.5</b>         | <b>101.8</b>         | <b>231.8</b>            | <b>417.1</b> |
| <b>At 31 December 2013</b>                         | <b>11.7</b>         | <b>82.9</b>         | <b>96.0</b>          | <b>290.3</b>            | <b>480.9</b> |

# CONDENSED GROUP STATEMENT OF CASH FLOWS

for the six months ended 30 June 2014

|  | Notes | Six months ended<br>30 June<br>2014<br>£m<br>(unaudited) | Six months ended<br>30 June<br>2013<br>£m<br>(unaudited) | Year ended<br>31 December<br>2013<br>£m<br>(audited) |
|--|-------|--|--|--|
| <b>Cash flows from operating activities</b>                  |       |  |  |  |
| Cash generated from operations                               | 14    | 30.4   | 26.2   | 63.4   |
| Interest paid  |       | (12.7)   | (9.1)  | (22.2)   |
| Income tax paid  |       | (0.3)  | (2.1)  | (5.4)  |
| <b>Net cash inflow from operating activities</b>             |       | <b>17.4</b>  | <b>15.0</b>  | <b>35.8</b>  |
| <b>Cash flows from investing activities</b>                  |       |  |  |  |
| Purchase of investment property                              |       | (0.6)  | (35.4)   | (165.3)  |
| Capital expenditure on investment property                   |       | (30.5)   | (12.1)   | (34.3)   |
| Proceeds from sale of investment property                    |       | 29.3   | —  | 13.2   |
| Proceeds from sale of joint venture                          |       | —  | 2.6  | 4.4  |
| Interest received  |       | 4.4  | 8.3  | 11.2   |
| Purchase of corporate bonds                                  |       | (58.3)   | (39.9)   | (110.6)  |
| Proceeds from sale of corporate bonds                        |       | 44.5   | 83.0   | 172.9  |
| Purchase of equity investments                               |       | (2.6)  | (2.8)  | (3.3)  |
| Dividends received from equity investments                   |       | 0.7  | 0.3  | 0.4  |
| Proceeds from sale of equity investments                     |       | 0.4  | 1.7  | 3.1  |
| Purchase of interests in associate undertakings              |       | —  | (0.3)  | (0.3)  |
| Loans (made to)/repaid from associate undertakings           |       | (1.1)  | 2.3  | (1.2)  |
| Distributions received from associate undertakings           |       | 0.8  | 0.3  | 0.3  |
| Income from/(costs of) foreign currency transactions         |       | 0.8  | (0.4)  | (1.7)  |
| Costs of corporate disposals                                 |       | —  | —  | (0.3)  |
| Purchases of property, plant and equipment                   |       | (0.3)  | —  | (0.3)  |
| <b>Net cash (outflow)/inflow from investing activities</b>   |       | <b>(12.5)</b>  | <b>7.6</b>   | <b>(111.8)</b>                                       |
| <b>Cash flows from financing activities</b>                  |       |  |  |  |
| Proceeds from issue of shares                                |       | —  | 1.4  | 20.4   |
| Purchase of own shares                                       |       | (10.0)   | (8.6)  | (13.7)   |
| New loans  |       | —  | 20.8   | 207.4  |
| Issue costs of new loans                                     |       | —  | (0.2)  | (1.9)  |
| Repayment of loans   |       | (53.6)   | (65.7)   | (103.4)  |
| Purchase or cancellation of derivative financial instruments |       | —  | (0.3)  | (0.3)  |
| <b>Net cash (outflow)/inflow from financing</b>              |       | <b>(63.6)</b>  | <b>(52.6)</b>  | <b>108.5</b>   |

|  |               |               |             |
|--|---------------|---------------|-------------|
| <b>activities</b>  |               |               |             |
| <b>Cash flow element of net (decrease)/increase in cash and cash equivalents</b> | <b>(58.7)</b> | <b>(30.0)</b> | <b>32.5</b> |
| Foreign exchange (loss)/gain   | (1.7)         | 2.1           | (0.3)       |
| <b>Net (decrease)/increase in cash and cash equivalents</b>                      | <b>(60.4)</b> | <b>(27.9)</b> | <b>32.2</b> |
| Cash and cash equivalents at the beginning of the period                         | <b>129.8</b>  | 97.6          | 97.6        |
| <b>Cash and cash equivalents at the end of the period</b>                        | <b>69.4</b>   | 69.7          | 129.8       |

# NOTES TO THE CONDENSED GROUP FINANCIAL STATEMENTS

30 June 2014

## 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 2013 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 Cood Investments AB, 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        | London                 |
| Property –        | Rest of United Kingdom |
|                   | France                 |
|                   | Germany                |
|                   | Sweden                 |
| Other Investments |                        |

There are no transactions between the operating segments.

In order to reflect the significant number of UK properties outside London acquired in late 2013, and the way in which they are now managed, the United Kingdom segment has been sub-divided between London and Rest of UK for the first time, and the comparative results have been restated accordingly.

The Group's results for the six months ended 30 June 2014 by operating segment were as follows:

|   | Investment Property |                     |              |               |              | Other Investments<br>£m | Total<br>£m |
|---|---------------------|---------------------|--------------|---------------|--------------|-------------------------|-------------|
|   | London<br>£m        | Rest of<br>UK<br>£m | France<br>£m | Germany<br>£m | Sweden<br>£m |                         |             |
| Rental income   | 15.5                | 6.6                 | 9.0          | 7.8           | 3.2          | –                       | 42.1        |
| Other property-related income                                       | 0.6                 | –                   | 0.1          | 0.1           | –            | –                       | 0.8         |
| Service charge income   | 2.8                 | –                   | 2.7          | 1.3           | 0.1          | –                       | 6.9         |
| Service charges and similar expenses                                | (3.5)               | –                   | (3.0)        | (1.7)         | (0.8)        | –                       | (9.0)       |
| <b>Net rental income</b>  | <b>15.4</b>         | <b>6.6</b>          | <b>8.8</b>   | <b>7.5</b>    | <b>2.5</b>   | <b>–</b>                | <b>40.8</b> |
| Administration expenses   | (1.3)               | (0.1)               | (0.7)        | (0.6)         | (0.2)        | (0.2)                   | (3.1)       |
| Other expenses  | (0.7)               | (0.2)               | (0.5)        | (0.4)         | –            | –                       | (1.8)       |
| <b>Group revenue less costs</b>                                     | <b>13.4</b>         | <b>6.3</b>          | <b>7.6</b>   | <b>6.5</b>    | <b>2.3</b>   | <b>(0.2)</b>            | <b>35.9</b> |
| Profit on sale of investment properties                             | 6.8                 | –                   | 0.2          | –             | –            | –                       | 7.0         |
| Net loss on sale of corporate bonds and other financial investments | –                   | –                   | –            | –             | –            | (0.9)                   | (0.9)       |
| Net movements on revaluation of investment properties               | 43.9                | 0.7                 | (2.6)        | 3.0           | 0.2          | –                       | 45.2        |
| <b>Segment operating profit/(loss)</b>                              | <b>64.1</b>         | <b>7.0</b>          | <b>5.2</b>   | <b>9.5</b>    | <b>2.5</b>   | <b>(1.1)</b>            | <b>87.2</b> |
| Finance income  | –                   | –                   | –            | –             | –            | 4.6                     | 4.6         |
| Finance costs   | (5.2)               | (1.7)               | (1.6)        | (1.3)         | (0.5)        | (4.4)                   | (14.7)      |
| Share of loss of associates after tax                               | –                   | –                   | –            | –             | –            | (1.4)                   | (1.4)       |
| <b>Segment profit/(loss) before tax</b>                             | <b>58.9</b>         | <b>5.3</b>          | <b>3.6</b>   | <b>8.2</b>    | <b>2.0</b>   | <b>(2.3)</b>            | <b>75.7</b> |
| Central administration expenses                                     |                     |                     |              |               |              |                         | (3.1)       |
| <b>Profit before tax</b>  |                     |                     |              |               |              |                         | <b>72.6</b> |

The Group's results for the six months ended 30 June 2013 by operating segment were as follows:

|   | London<br>£m | Rest of<br>UK<br>£m | France<br>£m | Germany<br>£m | Sweden<br>£m | Other<br>Investments<br>£m | Total<br>£m |
|---|--------------|---------------------|--------------|---------------|--------------|----------------------------|-------------|
| Rental income   | 15.2         | —                   | 10.0         | 7.3           | 3.4          | —                          | 35.9        |
| Other property-related income                             | 0.3          | —                   | 0.3          | 0.1           | —            | —                          | 0.7         |
| Service charge income                                     | 2.3          | —                   | 3.1          | 1.1           | 0.2          | —                          | 6.7         |
| Service charges and similar expenses                      | (2.9)        | —                   | (3.1)        | (1.5)         | (0.8)        | —                          | (8.3)       |
| <b>Net rental income</b>                                  | <b>14.9</b>  | <b>—</b>            | <b>10.3</b>  | <b>7.0</b>    | <b>2.8</b>   | <b>—</b>                   | <b>35.0</b> |
| Administration expenses                                   | (1.2)        | —                   | (0.7)        | (0.6)         | (0.2)        | (0.3)                      | (3.0)       |
| Other expenses  | (0.7)        | —                   | (0.3)        | (0.7)         | (0.1)        | —                          | (1.8)       |
| <b>Group revenue less costs</b>                           | <b>13.0</b>  | <b>—</b>            | <b>9.3</b>   | <b>5.7</b>    | <b>2.5</b>   | <b>(0.3)</b>               | <b>30.2</b> |
| Profit on sale of joint venture                           | 1.8          | —                   | —            | —             | —            | —                          | 1.8         |
| Net gain on sale of corporate bonds and other investments | —            | —                   | —            | —             | —            | 7.2                        | 7.2         |
| Net movements on revaluation of investment properties     | 0.6          | —                   | (4.1)        | 0.7           | (0.7)        | —                          | (3.5)       |
| <b>Segment operating profit</b>                           | <b>15.4</b>  | <b>—</b>            | <b>5.2</b>   | <b>6.4</b>    | <b>1.8</b>   | <b>6.9</b>                 | <b>35.7</b> |
| Finance income  | —            | —                   | —            | —             | —            | 6.2                        | 6.2         |
| Finance costs   | (4.1)        | —                   | (1.6)        | (1.5)         | (0.4)        | (2.6)                      | (10.2)      |
| Share of loss of associates after tax                     | —            | —                   | —            | —             | —            | (1.1)                      | (1.1)       |
| <b>Segment profit before tax</b>                          | <b>11.3</b>  | <b>—</b>            | <b>3.6</b>   | <b>4.9</b>    | <b>1.4</b>   | <b>9.4</b>                 | <b>30.6</b> |
| Central administration expenses                           |              |                     |              |               |              |                            | (2.7)       |
| <b>Profit before tax</b>                                  |              |                     |              |               |              |                            | <b>27.9</b> |

The Group's results for the year ended 31 December 2013 were as follows:

|                                      | Investment Property |                     |              |               |              | Other<br>Investments<br>£m | Total<br>£m |
|--------------------------------------|---------------------|---------------------|--------------|---------------|--------------|----------------------------|-------------|
|                                      | London<br>£m        | Rest of<br>UK<br>£m | France<br>£m | Germany<br>£m | Sweden<br>£m |                            |             |
| Rental income                        | 30.8                | 3.9                 | 19.2         | 15.5          | 6.6          | —                          | 76.0        |
| Other property-related income        | 0.7                 | —                   | 0.4          | 0.1           | —            | —                          | 1.2         |
| Service charge income                | 5.1                 | —                   | 5.4          | 3.1           | 0.4          | —                          | 14.0        |
| Service charges and similar expenses | (6.5)               | (0.1)               | (5.7)        | (3.4)         | (2.4)        | —                          | (18.1)      |
| <b>Net rental income</b>             | <b>30.1</b>         | <b>3.8</b>          | <b>19.3</b>  | <b>15.3</b>   | <b>4.6</b>   | <b>—</b>                   | <b>73.1</b> |



|  |             |              |             |             |            |              |             |
|--|-------------|--------------|-------------|-------------|------------|--------------|-------------|
| Administration expenses  | (3.0)       | –            | (1.4)       | (1.3)       | (0.6)      | (0.5)        | (6.8)       |
| Other expenses   | (1.5)       | (0.1)        | (0.6)       | (1.1)       | (0.2)      | –            | (3.5)       |
| <b>Group revenue less costs</b>                                      | <b>25.6</b> | <b>3.7</b>   | <b>17.3</b> | <b>12.9</b> | <b>3.8</b> | <b>(0.5)</b> | <b>62.8</b> |
| Profit on sale of investment property                                | 4.5         | –            | –           | –           | –          | –            | 4.5         |
| Profit on sale of joint venture                                      | 1.8         | –            | –           | –           | –          | –            | 1.8         |
| Net gain on sale of corporate bonds and other financial instruments  | –           | –            | –           | –           | –          | 14.1         | 14.1        |
| Net movements on revaluation of investment properties                | 15.3        | (4.3)        | (9.2)       | (0.6)       | (1.4)      | –            | (0.2)       |
| Fair value gain on reclassification of an associate as an investment | –           | –            | –           | –           | –          | 14.9         | 14.9        |
| <b>Segment operating profit/(loss)</b>                               | <b>47.2</b> | <b>(0.6)</b> | <b>8.1</b>  | <b>12.3</b> | <b>2.4</b> | <b>28.5</b>  | <b>97.9</b> |
| Finance income   | –           | –            | –           | –           | –          | 7.6          | 7.6         |
| Finance costs  | (9.1)       | (0.5)        | (3.2)       | (2.9)       | (0.8)      | (7.2)        | (23.7)      |
| Share of loss of associates after tax                                | –           | –            | –           | –           | –          | (4.8)        | (4.8)       |
| <b>Segment profit/(loss) before tax</b>                              | <b>38.1</b> | <b>(1.1)</b> | <b>4.9</b>  | <b>9.4</b>  | <b>1.6</b> | <b>24.1</b>  | <b>77.0</b> |
| Central administration expenses                                      |             |              |             |             |            |              | (5.6)       |
| <b>Profit before tax</b>   |             |              |             |             |            |              | <b>71.4</b> |

### Segment assets and liabilities

|                     | Assets             |                    |                        | Liabilities        |                    |                        |
|---------------------|--------------------|--------------------|------------------------|--------------------|--------------------|------------------------|
|                     | 30 June 2014<br>£m | 30 June 2013<br>£m | 31 December 2013<br>£m | 30 June 2014<br>£m | 30 June 2013<br>£m | 31 December 2013<br>£m |
| Investment Property |                    |                    |                        |                    |                    |                        |
| London              | 578.3              | 493.6              | 542.2                  | 345.7              | 366.4              | 374.9                  |
| Rest of UK          | 99.5               | –                  | 98.7                   | 81.4               | –                  | 82.2                   |
| France              | 235.6              | 258.5              | 245.1                  | 196.0              | 215.1              | 206.2                  |
| Germany             | 214.9              | 232.0              | 220.3                  | 140.1              | 158.4              | 147.7                  |
| Sweden              | 63.4               | 65.6               | 67.5                   | 42.7               | 40.5               | 44.5                   |
| Other investments   | 194.2              | 171.7              | 226.0                  | 48.9               | 3.2                | 63.4                   |
|                     | <b>1,385.9</b>     | <b>1,221.4</b>     | <b>1,399.8</b>         | <b>854.8</b>       | <b>783.6</b>       | <b>918.9</b>           |

## Segment capital expenditure

|                     | Six months<br>ended<br>30 June<br>2014<br>£m | Six months<br>ended<br>30 June<br>2013<br>£m | Year<br>ended<br>31 December<br>2013<br>£m |
|---------------------|--|--|--|
| Investment Property |  |  |  |
| London              | 29.1   | 33.2   | 78.9                                       |
| Rest of UK          | —  | —  | 101.5                                      |
| France              | 1.3  | 1.4  | 4.7  |
| Germany             | 0.5  | 12.7   | 13.2                                       |
| Sweden              | 3.1  | 0.6  | 2.1  |
|                     | <b>34.0</b>                                  | <b>47.9</b>                                  | <b>200.4</b>                               |

## 4 FINANCE INCOME

|                            | Six months<br>ended<br>30 June<br>2014<br>£m | Six months<br>ended<br>30 June<br>2013<br>£m | Year<br>ended<br>31 December<br>2013<br>£m |
|----------------------------|--|--|--|
| Interest income            | 3.9  | 5.5  | 7.2  |
| Other finance income       | 0.7  | 0.3  | 0.4  |
| Foreign exchange variances | —  | 0.4  | —  |
|                            | <b>4.6</b>                                   | <b>6.2</b>                                   | <b>7.6</b>                                 |

## 5 FINANCE COSTS

|  | Six months<br>ended<br>30 June<br>2014<br>£m | Six months<br>ended<br>30 June<br>2013<br>£m | Year<br>ended<br>31 December<br>2013<br>£m |
|--|--|--|--|
| Interest expense   |  |  |  |
| Bank loans   | 7.0  | 7.1  | 13.9                                       |
| Debenture loan   | 1.6  | 1.6  | 3.3  |
| Zero-coupon note   | 0.7  | 0.7  | 1.4  |
| Secured notes  | 1.7  | —  | 0.3  |
| Unsecured bonds  | 2.4  | 2.5  | 5.1  |
| Amortisation of loan issue costs                           | 0.9  | 0.8  | 2.1  |
| Total interest costs                                       | 14.3   | 12.7   | 26.1                                       |
| Less interest capitalised on development projects          | (1.3)  | (0.3)  | (0.9)                                      |
|  | <b>13.0</b>                                  | <b>12.4</b>                                  | <b>25.2</b>                                |
| Movement in fair value of derivative financial instruments |  |  |  |
| Interest rate swaps: transactions not qualifying as hedges | (0.3)  | (2.2)  | (3.4)                                      |
| Interest rate caps: transactions not qualifying as hedges  | 0.3  | —  | 0.1  |
| Foreign exchange variances                                 | 1.7  | —  | 1.8  |
|  | <b>14.7</b>                                  | <b>10.2</b>                                  | <b>23.7</b>                                |

## 6 TAXATION

|              | Six months<br>ended<br>30 June<br>2014<br>£m | Six months<br>ended<br>30 June<br>2013<br>£m | Year<br>ended<br>31 December<br>2013<br>£m |
|--------------|--|--|--|
| Current tax  | 3.5  | 3.5  | 5.3  |
| Deferred tax | 7.1  | 1.7  | 2.9  |
|              | <b>10.6</b>                                  | <b>5.2</b>                                   | <b>8.2</b>                                 |

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

|   | Current tax<br>Liability<br>£m | Deferred tax<br>Asset<br>£m | Deferred tax<br>Liability<br>£m | Total Net<br>Liability<br>£m |
|---|--------------------------------|-----------------------------|---------------------------------|------------------------------|
| <b>At 1 January 2014</b>                | <b>(3.5)</b>                   | <b>6.4</b>                  | <b>(74.4)</b>                   | <b>(71.5)</b>                |
| Charged in arriving at profit after tax | (3.5)                          | (1.2)                       | (5.9)                           | (10.6)                       |
| Charged to other comprehensive income   | –                              | (0.1)                       | (0.7)                           | (0.8)                        |
| Net tax paid                            | 0.3                            | –                           | –                               | 0.3                          |
| Foreign exchange variances              | 0.1                            | (0.1)                       | 2.5                             | 2.5                          |
| <b>At 30 June 2014</b>                  | <b>(6.6)</b>                   | <b>5.0</b>                  | <b>(78.5)</b>                   | <b>(80.1)</b>                |

## 7 EARNINGS PER SHARE

Management has chosen to disclose the European Public Real Estate Association (EPRA) measure of earnings per share, 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 and of 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.

|  | Six months<br>ended<br>30 June<br>2014<br>£m | Six months<br>ended<br>30 June<br>2013<br>£m | Year<br>ended<br>31 December<br>2013<br>£m |
|--|--|--|--|
| <b>Earnings</b>  |  |  |  |
| Profit for the period  | 62.0   | 22.7   | 63.2                                       |
| Profit on sale of investment property                                      | (7.0)  | –  | (4.5)                                      |
| Profit on sale of joint venture  | –  | (1.8)  | (1.8)                                      |
| Net loss/(gain) on sale of corporate bonds and other financial investments | 0.9  | (7.2)  | (14.1)                                     |
| Net movements on investment properties                                     | (45.2)                                       | 3.5  | 0.2  |
| Fair value gain on reclassification of an associate as an investment       | –  | –  | (14.9)                                     |
| Impairment of carrying value of associate                                  | –  | –  | 4.0  |
| Change in fair value of derivative financial instruments                   | –  | (2.2)  | (3.3)                                      |
| Deferred tax relating to the above adjustments                             | 5.6  | (0.1)  | (0.3)                                      |

|                                      |             |             |             |
|--------------------------------------|-------------|-------------|-------------|
| Adjustments in respect of associates | –           | (0.7)       | –           |
| <b>EPRA earnings</b>                 | <b>16.3</b> | <b>14.2</b> | <b>28.5</b> |

|   | Six months<br>ended<br>30 June<br>2014<br>Number | Six months<br>ended<br>30 June<br>2013<br>Number | Year<br>ended<br>31 December<br>2013<br>Number |
|---|--|--|--|
| Weighted average number of ordinary shares in circulation |  |  |  |
| Weighted average number of ordinary shares in circulation | <b>43,733,028</b>                                | 43,058,195                                       | 43,026,586                                     |
| Dilutive share options <sup>1</sup>                       | –  | 98,031   | 59,992   |
| Diluted weighted average number of ordinary shares        | <b>43,733,028</b>                                | 43,156,226                                       | 43,086,578                                     |

|                           | Six months<br>ended<br>30 June<br>2014<br>Pence | Six months<br>ended<br>30 June<br>2013<br>Pence | Year<br>ended<br>31 December<br>2013<br>Pence |
|---------------------------|---|---|---|
| <b>Earnings per Share</b> |   |   |   |
| Basic                     | <b>141.8</b>                                    | 52.7  | 146.9   |
| Diluted                   | <b>141.8</b>                                    | 52.6  | 146.7   |
| EPRA                      | <b>37.3</b>                                     | 33.0  | 66.2  |

1. 300,000 share options were granted on 11 March 2010 at an exercise price of 470 pence, and exercised on 17 May 2013.

## 8 NET ASSETS PER SHARE

Management has chosen to disclose the two European Public Real Estate Association (EPRA) measures of net assets per share: 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 deferred tax on the fair value of investment properties. 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.

|   | 30 June<br>2014<br>£m | 30 June<br>2013<br>£m | 31 December<br>2013<br>£m |
|---|-----------------------|-----------------------|---------------------------|
| Net Assets  |                       |                       |                           |
| Basic net assets  | <b>531.1</b>          | 437.8                 | 480.9                     |
| Adjustment to increase fixed rate debt to fair value,<br>net of tax | <b>(22.2)</b>         | (19.7)                | (21.1)                    |
| Goodwill as a result of deferred tax                                | <b>(1.1)</b>          | (1.1)                 | (1.1)                     |
| <b>EPRA triple net assets</b>                                       | <b>507.8</b>          | 417.0                 | 458.7                     |
| Deferred tax on property and other non-current<br>assets            | <b>76.4</b>           | 75.9                  | 72.5                      |
| Fair value of derivative financial instruments                      | <b>4.8</b>            | 6.8                   | 5.2                       |
| Adjustment to decrease fixed rate debt to book value,<br>net of tax | <b>22.2</b>           | 19.7                  | 21.1                      |
| Adjustments in respect of associates                                | –                     | 3.4                   | –                         |
| <b>EPRA net assets</b>  | <b>611.2</b>          | 522.8                 | 557.5                     |

|  | 30 June<br>2014<br>Number | 30 June<br>2013<br>Number | 31 December<br>2013<br>Number |
|--|---------------------------|---------------------------|-------------------------------|
| Number of ordinary shares in circulation | <b>43,287,824</b>         | 42,722,083                | 43,953,790                    |

| Net Assets per Share | 30 June<br>2014<br>Pence | 30 June<br>2013<br>Pence | 31 December<br>2013<br>Pence |
|----------------------|--------------------------|--------------------------|------------------------------|
| Basic                | <b>1,226.9</b>           | 1,024.8                  | 1,094.1                      |
| EPRA                 | <b>1,412.0</b>           | 1,223.7                  | 1,268.4                      |
| EPRA triple net      | <b>1,173.1</b>           | 976.0                    | 1,043.6                      |

## 9 INVESTMENT PROPERTIES

|            | 30 June<br>2014<br>£m | 30 June<br>2013<br>£m | 31 December<br>2013<br>£m |
|------------|-----------------------|-----------------------|---------------------------|
| London     | <b>570.3</b>          | 468.6                 | 519.9                     |
| Rest of UK | <b>98.7</b>           | —                     | 97.9                      |
| France     | <b>230.8</b>          | 249.7                 | 240.6                     |
| Germany    | <b>209.9</b>          | 221.4                 | 214.4                     |
| Sweden     | <b>59.1</b>           | 62.1                  | 60.1                      |
|            | <b>1,168.8</b>        | 1,001.8               | 1,132.9                   |

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

|   | London<br>£m | Rest of UK<br>£m | France<br>£m | Germany<br>£m | Sweden<br>£m | Total<br>£m    |
|---|--------------|------------------|--------------|---------------|--------------|----------------|
| <b>At 1 January 2014</b>                              | <b>519.9</b> | <b>97.9</b>      | <b>240.6</b> | <b>214.4</b>  | <b>60.1</b>  | <b>1,132.9</b> |
| Acquisitions  | —            | —                | —            | —             | 2.0          | 2.0            |
| Capital expenditure                                   | 28.8         | —                | 1.3          | 0.5           | 1.1          | 31.7           |
| Disposals   | (22.4)       | —                | —            | —             | —            | (22.4)         |
| Net movements on revaluation of investment properties | 43.9         | 0.8              | (2.5)        | 2.9           | 0.1          | 45.2           |
| Rent-free period debtor adjustments                   | 0.1          | —                | 0.1          | (0.1)         | —            | 0.1            |
| Exchange rate variances                               | —            | —                | (8.7)        | (7.8)         | (4.2)        | (20.7)         |
| <b>At 30 June 2014</b>                                | <b>570.3</b> | <b>98.7</b>      | <b>230.8</b> | <b>209.9</b>  | <b>59.1</b>  | <b>1,168.8</b> |

The investment properties were revalued at 30 June 2014 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, Savills or Knight Frank  
Rest of UK: Savills or Lambert Smith Hampton

France: Jones Lang LaSalle  
Germany: Colliers International  
Sweden: CB Richard Ellis

Investment properties include leasehold properties with a carrying value of £56.6 million (30 June 2013: £19.4 million; 31 December 2013: £57.4 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 are secured against debt.

## 10 INVESTMENTS IN ASSOCIATES

| At 30 June 2014                                | Bulgarian Land Development Plc<br>£m | Other associates<br>£m | Total<br>£m  |
|--|--------------------------------------|------------------------|--------------|
| <i>Interest held in ordinary share capital</i> | <b>48.3%</b>                         | <b>various</b>         |              |
| Revenues                                       | –                                    | 2.5                    | 2.5          |
| <b>Share loss of associates after tax</b>      | <b>(0.2)</b>                         | <b>(1.2)</b>           | <b>(1.4)</b> |
| Assets   | 6.6                                  | 17.0                   | 23.6         |
| Liabilities                                    | (0.4)                                | (10.5)                 | (10.9)       |
| Net assets                                     | 6.2                                  | 6.5                    | 12.7         |
| Goodwill                                       | –                                    | 1.4                    | 1.4          |
| Impairment                                     | (3.9)                                | (3.7)                  | (7.6)        |
| <b>Investments in associates</b>               | <b>2.3</b>                           | <b>4.2</b>             | <b>6.5</b>   |

| At 30 June 2013                                | Catena AB<br>£m | Bulgarian Land Development Plc<br>£m | Other associates<br>£m | Total<br>£m |
|--|-----------------|--------------------------------------|------------------------|-------------|
| <i>Interest held in ordinary share capital</i> | 29.9%           | 48.3%                                | various                |             |
| Revenues                                       | 0.4             | 0.1                                  | 1.8                    | 2.3         |
| Share of profit/(loss) of associates after tax | 0.9             | (0.2)                                | (1.8)                  | (1.1)       |
| Assets   | 27.9            | 8.6                                  | 20.0                   | 56.5        |
| Liabilities                                    | (13.2)          | (0.6)                                | (17.3)                 | (31.1)      |
| Net assets                                     | 14.7            | 8.0                                  | 2.7                    | 25.4        |
| Goodwill                                       | 5.4             | –                                    | 2.7                    | 8.1         |
| <b>Investments in associates</b>               | <b>20.1</b>     | <b>8.0</b>                           | <b>5.4</b>             | <b>33.5</b> |

| At 31 December 2013   | Catena AB<br>£m | Bulgarian<br>Land<br>Development<br>Plc<br>£m | Other<br>associates<br>£m | Total<br>£m |
|---|-----------------|---|---------------------------|-------------|
| <i>Interest held in ordinary share capital</i>                    | <i>13.8%</i>    | <i>48.3%</i>                                  | <i>various</i>            |             |
| Revenues  | 0.6             | 0.2   | 6.4                       | 7.2         |
| Share of profit/(loss) of associates after tax, before impairment | 1.0             | (0.6)   | (1.2)                     | (0.8)       |
| Impairment  | –               | (4.0)   | –                         | (4.0)       |
| Share of profit/(loss) of associates after tax                    | 1.0             | (4.6)   | (1.2)                     | (4.8)       |
| Assets  | –               | 7.8   | 17.6                      | 25.4        |
| Liabilities   | –               | (0.4)   | (9.4)                     | (9.8)       |
| Net assets  | –               | 7.4   | 8.2                       | 15.6        |
| Goodwill  | –               | –   | 1.5                       | 1.5         |
| Impairment  | –               | (4.0)   | (4.0)                     | (8.0)       |
| Investments in associates   | –               | 3.4   | 5.7                       | 9.1         |

On 30 September 2013, Catena AB issued new shares in payment for an acquisition, reducing the Group's interest in Catena from 29.9% to 13.8%. Consequently, the investment in Catena was reclassified as an available-for-sale financial investment and held at fair value by reference to Catena's share price.

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

|                                       | Net assets<br>£m | Goodwill<br>£m | Impairment<br>£m | Total<br>£m |
|---------------------------------------|------------------|----------------|------------------|-------------|
| <b>At 1 January 2014</b>              | <b>15.6</b>      | <b>1.5</b>     | <b>(8.0)</b>     | <b>9.1</b>  |
| Share of loss of associates after tax | (1.4)            | –              | –                | (1.4)       |
| Dividends received                    | (0.8)            | –              | –                | (0.8)       |
| Exchange rate differences             | (0.7)            | (0.1)          | 0.4              | (0.4)       |
| <b>At 30 June 2014</b>                | <b>12.7</b>      | <b>1.4</b>     | <b>(7.6)</b>     | <b>6.5</b>  |

## 11 OTHER FINANCIAL INVESTMENTS

| Investment type                                 | Destination of<br>Investment | 30 June<br>2014<br>£m | 30 June<br>2013<br>£m | 31 December<br>2013<br>£m |
|---|------------------------------|-----------------------|-----------------------|---------------------------|
| <b>Available-for-sale financial investments</b> |                              |                       |                       |                           |
| Listed corporate bonds carried at fair value    | UK                           | <b>30.2</b>           | 50.4                  | 28.4                      |
|   |                              | <b>9.5</b>            | 13.5                  | 10.8                      |
|   | Eurozone Other               | <b>44.6</b>           | 25.0                  | 30.2                      |
|   |                              | <b>84.3</b>           | 88.9                  | 69.4                      |
| Listed equity securities                        | UK                           | <b>0.2</b>            | 0.2                   | 0.2                       |

|                       |        |              |      |       |
|-----------------------|--------|--------------|------|-------|
|                       | Sweden | <b>32.7</b>  | 2.8  | 34.1  |
|                       | Other  | –            | –    | 0.3   |
| Unlisted investments  | Sweden | <b>2.9</b>   | 0.3  | 0.3   |
| Government securities | UK     | –            | 0.1  | –     |
|                       |        | <b>120.1</b> | 92.3 | 104.3 |

The movement of other investments since the last reported balance sheet, based on the methods used to measure their fair value, is given below:

|   | Level 1<br>Quoted<br>Market price<br>£m | Level 2<br>Observable<br>Market data<br>£m | Level 3<br>Other<br>Valuation<br>methods*<br>£m | Total<br>£m   |
|---|---|--|---|---------------|
| <b>At 1 January 2014</b>  | <b>34.6</b>                             | <b>69.4</b>                                | <b>0.3</b>                                      | <b>104.3</b>  |
| Additions   | –                                       | <b>58.3</b>                                | <b>2.6</b>                                      | <b>60.9</b>   |
| Disposals   | <b>(0.5)</b>                            | <b>(45.2)</b>                              | <b>(0.1)</b>                                    | <b>(45.8)</b> |
| Fair value movements recognised in reserves on available-for-sale assets          | <b>1.1</b>                              | <b>3.5</b>                                 | –   | <b>4.6</b>    |
| Fair value movements recognised in profit before tax on available-for-sale assets | <b>0.1</b>                              | <b>(0.1)</b>                               | <b>0.1</b>                                      | <b>0.1</b>    |
| Exchange rate variations  | <b>(2.4)</b>                            | <b>(1.6)</b>                               | –   | <b>(4.0)</b>  |
| <b>At 30 June 2014</b>  | <b>32.9</b>                             | <b>84.3</b>                                | <b>2.9</b>                                      | <b>120.1</b>  |

\* Unlisted equity shares valued using multiples from comparable listed organisations.

The net (loss)/gain on sale of corporate bonds and other investments for the six months ended 30 June 2014 included a valuation impairment of £nil (30 June 2013: £0.3 million; 31 December 2013: £0.3 million).

### Corporate Bond Portfolio

At 30 June 2014

| Sector        | Banking  | Insurance                          | Travel and Tourism                                 | Food Producers        | Other  | Total  |
|---------------|--|------------------------------------|--|-----------------------|--|--------|
| Value         | £36.6m   | £5.3m                              | £10.7m   | £4.9m                 | £26.8m   | £84.3m |
| Running yield | 10.5%  | 6.7%                               | 6.8%   | 9.0%                  | 7.4%   | 7.5%   |
| Issuers       | Societe Generale<br>Bank of Ireland<br>Deutsche Bank<br>Commerzbank<br>Credit Agricole<br><br>Rothschild<br>SNS Bank | Brit Insurance<br><br>Phoenix Life | British Airways<br><br>Stena<br><br>SAS<br><br>TUI | Boparan<br><br>Findus | Vedanta<br>Resources<br>Telecom Italia<br>Arcelor Mittal<br>Corral<br>Finans Manutencoop<br>Century Link<br>Stora Enso |        |



## 12 BORROWINGS

### Maturity profile

| At 30 June 2014                                       | Bank<br>loans<br>£m | Debenture<br>loans<br>£m | Zero coupon<br>note<br>£m | Unsecured<br>bonds<br>£m | Secured<br>notes<br>£m | Total<br>£m |
|---|---------------------|--------------------------|---------------------------|--------------------------|------------------------|-------------|
| Within one year or<br>on demand                       | 94.8                | 1.6                      | —                         | —                        | 4.2                    | 100.6       |
| More than one but<br>not more than two<br>years       | 221.5               | 1.7                      | —                         | 26.2                     | 4.2                    | 253.6       |
| More than two but<br>not more than five<br>years      | 171.8               | 6.4                      | —                         | —                        | 12.5                   | 190.7       |
| More than five<br>years                               | 30.5                | 20.0                     | 14.2                      | 65.0                     | 57.0                   | 186.7       |
|   | 518.6               | 29.7                     | 14.2                      | 91.2                     | 77.9                   | 731.6       |
| Unamortised issue<br>costs                            | (2.5)               | —                        | —                         | (1.1)                    | (0.9)                  | (4.5)       |
| Borrowings  | 516.1               | 29.7                     | 14.2                      | 90.1                     | 77.0                   | 727.1       |
| Less amount due<br>for settlement<br>within 12 months | (93.7)              | (1.6)                    | —                         | 0.4                      | (4.0)                  | (98.9)      |
| Amount due for<br>settlement after 12<br>months       | 422.4               | 28.1                     | 14.2                      | 90.5                     | 73.0                   | 628.2       |

  

| At 30 June 2013                                  | Bank<br>loans<br>£m | Debenture<br>loans<br>£m | Zero coupon<br>note<br>£m | Unsecured<br>bonds<br>£m | Secured<br>notes<br>£m | Total<br>£m |
|--|---------------------|--------------------------|---------------------------|--------------------------|------------------------|-------------|
| Within one year or<br>on demand                  | 99.9                | 1.4                      | —                         | —                        | —                      | 101.3       |
| More than one but<br>not more than two<br>years  | 39.9                | 1.6                      | —                         | —                        | —                      | 41.5        |
| More than two but<br>not more than five<br>years | 340.0               | 5.8                      | —                         | 29.4                     | —                      | 375.2       |
| More than five<br>years                          | 43.8                | 22.4                     | 12.8                      | 65.0                     | —                      | 144.0       |
|  | 523.6               | 31.2                     | 12.8                      | 94.4                     | —                      | 662.0       |
| Unamortised issue<br>costs                       | (3.5)               | —                        | —                         | (1.3)                    | —                      | (4.8)       |
| Borrowings                                       | 520.1               | 31.2                     | 12.8                      | 93.1                     | —                      | 657.2       |
| Less amount due                                  | (98.8)              | (1.4)                    | —                         | 0.3                      | —                      | (99.9)      |

for settlement  
within 12 months

Amount due for  
settlement after 12  
months

|       |      |      |      |   |       |
|-------|------|------|------|---|-------|
| 421.3 | 29.8 | 12.8 | 93.4 | – | 557.3 |
|-------|------|------|------|---|-------|

|   | Bank<br>loans<br>£m | Debenture<br>loans<br>£m | Zero coupon<br>note<br>£m | Unsecured<br>bonds<br>£m | Secured<br>notes<br>£m | Total<br>£m |
|---|---------------------|--------------------------|---------------------------|--------------------------|------------------------|-------------|
| At 31 December 2013                                   |                     |                          |                           |                          |                        |             |
| Within one year or<br>on demand                       | 73.7                | 1.5                      | –                         | –                        | 4.2                    | 79.4        |
| More than one but<br>not more than two<br>years       | 155.4               | 1.7                      | –                         | –                        | 4.2                    | 161.3       |
| More than two but<br>not more than five<br>years      | 321.3               | 6.1                      | –                         | 28.2                     | 12.5                   | 368.1       |
| More than five<br>years                               | 32.8                | 21.2                     | 13.4                      | 65.0                     | 59.1                   | 191.5       |
|   | 583.2               | 30.5                     | 13.4                      | 93.2                     | 80.0                   | 800.3       |
| Unamortised issue<br>costs                            | (3.1)               | –                        | –                         | (1.5)                    | (0.9)                  | (5.5)       |
| Borrowings  | 580.1               | 30.5                     | 13.4                      | 91.7                     | 79.1                   | 794.8       |
| Less amount due<br>for settlement<br>within 12 months | (72.6)              | (1.5)                    | –                         | 0.6                      | (4.0)                  | (77.5)      |
| Amount due for<br>settlement after 12<br>months       | 507.5               | 29.0                     | 13.4                      | 92.3                     | 75.1                   | 717.3       |

## Currency profile

|                 | Fixed rate<br>financial<br>liabilities<br>£m | Floating rate<br>financial<br>liabilities<br>£m | Total<br>£m |
|-----------------|--|---|-------------|
| At 30 June 2014 |  |   |             |
| Sterling        | 202.7  | 180.2   | 382.9       |
| Euro            | 26.6   | 244.4   | 271.0       |
| Swedish krona   | –  | 73.2  | 73.2        |
|                 | 229.3  | 497.8   | 727.1       |

|                 | Fixed rate<br>financial<br>liabilities<br>£m | Floating rate<br>financial<br>liabilities<br>£m | Total<br>£m |
|-----------------|--|---|-------------|
| At 30 June 2013 |  |   |             |
| Sterling        | 121.8  | 173.8   | 295.6       |
| Euro            | 47.2   | 254.7   | 301.9       |
| Swedish krona   | –  | 59.7  | 59.7        |
|                 | 169.0  | 488.2   | 657.2       |

| At 31 December 2013 | Fixed rate<br>financial<br>liabilities<br>£m | Floating rate<br>financial<br>liabilities<br>£m | Total<br>£m  |
|---------------------|--|---|--------------|
| Sterling            | 200.6  | 213.9   | 414.5        |
| Euro                | 28.1   | 260.3   | 288.4        |
| Swedish krona       | —  | 81.1  | 81.1         |
| Other               | —  | 10.8  | 10.8         |
|                     | <b>228.7</b>                                 | <b>566.1</b>                                    | <b>794.8</b> |

## Fair values

|                        | Carrying amounts      |                       |                           | Fair values           |                       |                           |
|------------------------|-----------------------|-----------------------|---------------------------|-----------------------|-----------------------|---------------------------|
|                        | 30 June<br>2014<br>£m | 30 June<br>2013<br>£m | 31 December<br>2013<br>£m | 30 June<br>2014<br>£m | 30 June<br>2013<br>£m | 31 December<br>2013<br>£m |
| Current borrowings     | <b>98.9</b>           | 99.9                  | 77.5                      | <b>98.9</b>           | 100.0                 | 77.5                      |
| Non-current borrowings | <b>628.2</b>          | 557.3                 | 717.3                     | <b>655.9</b>          | 582.9                 | 743.7                     |
|                        | <b>727.1</b>          | <b>657.2</b>          | <b>794.8</b>              | <b>754.8</b>          | <b>682.9</b>          | <b>821.2</b>              |

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.

## 13 SHARE CAPITAL

|   | Number                               |                    |                          | Ordinary<br>shares in<br>circulation<br>£m | Treasury<br>shares<br>£m | Total<br>ordinary<br>shares<br>£m |
|---|--------------------------------------|--------------------|--------------------------|--|--------------------------|-----------------------------------|
|   | Ordinary<br>shares in<br>circulation | Treasury<br>shares | Total ordinary<br>shares |  |                          |                                   |
| <b>At 1 January 2014</b>                      | <b>43,953,790</b>                    | <b>2,903,103</b>   | <b>46,856,893</b>        | <b>11.0</b>                                | <b>0.7</b>               | <b>11.7</b>                       |
| Cancelled following tender offer <sup>1</sup> | (665,966)                            | —                  | (665,966)                | (0.2)                                      | —                        | (0.2)                             |
| <b>At 30 June 2014</b>                        | <b>43,287,824</b>                    | <b>2,903,103</b>   | <b>46,190,927</b>        | <b>10.8</b>                                | <b>0.7</b>               | <b>11.5</b>                       |

|   | Number                               |                    |                          | Ordinary<br>shares in<br>circulation<br>£m | Treasury<br>shares<br>£m | Total<br>ordinary<br>shares<br>£m |
|---|--------------------------------------|--------------------|--------------------------|--|--------------------------|-----------------------------------|
|   | Ordinary<br>shares in<br>circulation | Treasury<br>shares | Total ordinary<br>shares |  |                          |                                   |
| <b>At 1 January 2013</b>                      | <b>43,305,876</b>                    | <b>4,803,103</b>   | <b>48,108,979</b>        | <b>10.8</b>                                | <b>1.2</b>               | <b>12.0</b>                       |
| Cancelled following tender offer <sup>2</sup> | (883,793)                            | —                  | (883,793)                | (0.2)                                      | —                        | (0.2)                             |
| Exercise of share options                     | 300,000                              | (300,000)          | —                        | 0.1  | (0.1)                    | —                                 |
| <b>At 30 June 2013</b>                        | <b>42,722,083</b>                    | <b>4,503,103</b>   | <b>47,225,186</b>        | <b>10.7</b>                                | <b>1.1</b>               | <b>11.8</b>                       |

|   | Number                         |                 |                       | Ordinary shares in circulation<br>£m | Treasury shares<br>£m | Total ordinary shares<br>£m |
|---|--------------------------------|-----------------|-----------------------|--------------------------------------|-----------------------|-----------------------------|
|   | Ordinary shares in circulation | Treasury shares | Total ordinary shares |                                      |                       |                             |
| At 1 January 2013                                     | 43,305,876                     | 4,803,103       | 48,108,979            | 10.8                                 | 1.2                   | 12.0                        |
| Cancelled following tender offer <sup>2 &amp; 3</sup> | (1,252,086)                    | –               | (1,252,086)           | (0.3)                                | –                     | (0.3)                       |
| Exercise of share options                             | 300,000                        | (300,000)       | –                     | 0.1                                  | (0.1)                 | –                           |
| Ordinary shares issued from treasury shares           | 1,600,000                      | (1,600,000)     | –                     | 0.4                                  | (0.4)                 | –                           |
| At 31 December 2013                                   | 43,953,790                     | 2,903,103       | 46,856,893            | 11.0                                 | 0.7                   | 11.7                        |

1. A tender offer by way of a Circular dated 14 March 2014 for the purchase of 1 in 66 shares at 1,495 pence per share was completed in April 2014. It returned £10.0 million to shareholders, equivalent to 22.65 pence per share.
2. A tender offer by way of a Circular dated 15 March 2013 for the purchase of 1 in 49 shares at 970 pence per share was completed in April 2013. It returned £8.6 million to shareholders, equivalent to 19.80 pence per share.
3. A tender offer by way of a Circular dated 23 August 2013 for the purchase of 1 in 116 shares at 1,360 pence per share was completed in September 2013. It returned £5.0 million to shareholders, equivalent to 11.72 pence per share.

## 14 CASH GENERATED FROM OPERATIONS

|  | Six months ended<br>30 June<br>2014<br>£m | Six months ended<br>30 June<br>2013<br>£m | Year ended<br>31 December<br>2013<br>£m |
|--|---|---|---|
| Operating profit   | 84.1                                      | 33.0                                      | 92.3                                    |
| Adjustments for:   |   |   |   |
| Net movements on revaluation of investment properties                      | (45.2)                                    | 3.5                                       | 0.2                                     |
| Depreciation and amortisation  | 0.1                                       | –   | 0.3                                     |
| Profit on sale of investment property                                      | (7.0)                                     | –   | (4.5)                                   |
| Profit on sale of joint venture  | –   | (1.8)                                     | (1.8)                                   |
| Net loss/(gain) on sale of corporate bonds and other financial investments | 0.9                                       | (7.2)                                     | (14.1)                                  |
| Fair value gain on reclassification of an associate as an investment       | –   | –   | (14.9)                                  |
| Non-cash rental income   | (0.1)                                     | (0.1)                                     | (0.5)                                   |
| Changes in working capital:  |   |   |   |
| Decrease/(increase) in debtors   | 0.6                                       | (1.1)                                     | 1.2                                     |
| (Decrease)/increase in creditors   | (3.0)                                     | (0.1)                                     | 5.2                                     |
| <b>Cash generated from operations</b>                                      | <b>30.4</b>                               | <b>26.2</b>                               | <b>63.4</b>                             |

## 15 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.

## **GLOSSARY OF TERMS**

### **ADJUSTED NET ASSETS OR ADJUSTED SHAREHOLDERS' FUNDS**

Net assets excluding the fair value of financial derivatives, deferred tax on revaluations and goodwill arising as a result of deferred tax

### **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

### **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 total assets less cash and short-term deposits

### **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

**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

**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

**EPRA TRIPLE NET ASSETS PER SHARE**

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

**ERV (ESTIMATED RENTAL VALUE)**

The market rental value of lettable space as estimated by the Group's valuers

**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 shareholders' funds divided by the number of ordinary shares in circulation at the balance sheet date

**NET DEBT**

Total borrowings less liquid resources

**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 passing 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

**REVERSIONARY**

The amount by which the ERV exceeds the passing 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 and Acting Chief Executive Officer) |
| John Whiteley          | (Chief Financial Officer)                                    |
| Malcolm Cooper * † ‡   | (Non-Executive Director)                                     |
| Joseph Crawley         | (Non-Executive Director)                                     |
| Elizabeth Edwards      | (Non-Executive Director)                                     |
| Christopher Jarvis † ‡ | (Non-Executive Director)                                     |
| Thomas Lundqvist       | (Non-Executive Director)                                     |
| Jennica Mortstedt      | (Non-Executive Director)                                     |
| Lennart Sten           | (Non-Executive Director)                                     |

\* Senior Independent Director

† member of Remuneration Committee

‡ member of Audit Committee

### **Company Secretary**

David Fuller BA, FCIS

### **Registered Office**

86 Bondway

London

SW8 1SF

### **Registered Number**

2714781

### **Registrars and Transfer Office**

Computershare Investor Services Plc

PO Box 82

The Pavilions

Bridgwater Road

Bristol

BS99 7NH

Shareholder Helpline: 0870 889 3286

### **CLS Holdings plc online:**

[www.clsholdings.com](http://www.clsholdings.com)

### **email:**

[enquiries@clsholdings.com](mailto:enquiries@clsholdings.com)

### **Clearing Bank**

Royal Bank of Scotland Plc

24 Grosvenor Place

London

SW1X 7HP



**Financial Advisers**

Kinmont Limited  
5 Clifford Street  
London  
W1S 2LJ

**Stockbrokers**

Liberum Capital  
Ropemaker Place, Level 12  
25 Ropemaker Street  
London  
EC2Y 9LY

Charles Stanley Securities  
131 Finsbury Pavement  
London  
EC2A INT

**Registered Auditor**

Deloitte LLP  
Chartered Accountants  
2 New Street Square  
London  
EC4A 3BZ

**Financial and Corporate Public Relations**

Smithfield Consultants Limited  
10 Aldersgate Street  
London  
EC1A 4HJ

[www.clsholdings.com](http://www.clsholdings.com)

**CLS Holdings plc**

86 Bondway  
London  
SW8 1SF

Tel: +44 (0)20 7582 7766  
Fax: +44 (0)20 7828 0960  
email: [enquiries@clsholdings.com](mailto:enquiries@clsholdings.com)