



# Creating Life Stories

CLS Holdings plc  
Half-Yearly Report 2025

CLS

# Chief Executive's statement

## Strong progress made with strategic priorities of lettings, sales and refinancings

### OVERVIEW

We continue to make progress reshaping the business, creating a more focused portfolio of higher-quality, faster-growing properties to drive earnings growth. Our main priorities in the first half of 2025 included increasing letting momentum, reducing leverage through asset sales, meeting refinancing targets, and investing strategically in our properties to unlock their potential. We have completed or unconditionally exchanged on the sale of properties for £143 million and we are launching further sales in line with our stated disposal programme. Sales and refinancing have started to reduce Group leverage, and we will bring this down further in the second half of 2025.

Despite some large, expected lease expiries, our lettings in the first half were 17% ahead of the same period last year, highlighting that our greatest opportunity to unlock value is within our portfolio. Positive leasing momentum has accelerated post half-year and we expect this to carry on throughout the rest of the year.

The larger lease expiries in the first half resulted in an increase in vacancy to 15.1% (31 December 2024: 12.7%). This was mainly caused by the scheduled expiry of all leases at New Printing House Square in mid-June 2025. By end of June 2025, over half of the tenants had renewed their leases and we expect this rate to increase further by year-end with 4,242 sq. ft (393 sqm) about to be signed. In addition to these renewals, leasing momentum has picked up substantially since the half-year with leases signed at The Coade, Vauxhall for two floors for 6,170 sq. ft (573 sqm) and at Office Connect, Cologne for 23,304 sq. ft (2,165 sqm). We are currently under offer for a lease renewal at Pierre Valette, Paris for 116,013 sq. ft (10,778 sqm), and two and a half floors at Artesian, London for 32,659 sq. ft (3,034 sqm), and discussions are well-advanced for further government leases for over 161,000 sq. ft (15,000 sqm) in Germany. These leases represent £6.0 million of rent and would reduce vacancy on a pro forma basis by 2.2%.

Following the significant investments made in recent years to improve the quality of our portfolio, capital expenditure has reduced to £7.4 million for the first half.

Over the six months to 30 June 2025, EPRA NTA decreased by 2.6% to 209.5p per share (31 December 2024: 215.0p) mainly from a reduction in property values. Total accounting return per share for the six months was -1.3% (30 June 2024: -8.0%).

In the first half of 2025, the sales of Spring Mews Student, Vauxhall and Grafelfing, Munich for an aggregate of £119.1 million were completed. Spring Mews Student was sold for 8% more than 2023 book value which reduced Group LTV, cost of debt and 2025 refinancing risk, and will be marginally earnings accretive as the proceeds were used to pay off expensive debt whilst retaining lower cost debt. By the end of August 2025, two further sales for £24.3 million in Germany and France will have completed. To reduce loan-to-value further, we expect to make more disposals in the second half.

### RESULTS AND FINANCING

The loss after tax for the six months to 30 June 2025 was £24.4 million (30 June 2024: £61.1 million loss), equivalent to a statutory loss per share of 6.1p (30 June 2024: 15.4p loss). The improvement was as a result of: lower revaluation losses of £32.3 million (30 June 2024: £82.8 million); lower expenses £17.5 million (30 June 2024: £18.1 million); and lower net finance expense of £19.2 million (30 June 2024: £20.8 million), partly offset by lower net rental income of £53.3 million (30 June 2024: £58.9 million) due to sales and expiries; other and tax of £2.4 million debit (30 June 2024: £3.1 million credit) and loss on disposal of £6.3 million (30 June 2024: £1.4 million loss). EPRA earnings per share were 4.0p (30 June 2024: 4.8p), 16.7% down on last year.

Shareholders' funds decreased in the six months to 30 June 2025 by 2.4% to £765.4 million reflecting property valuation declines.

As at 30 June 2025, the Group had cash and cash equivalents of £63.9 million and £50.0 million of undrawn facilities, and our loan book remains substantially at fixed rates with 78% fixed/capped (31 December 2024: 84%). Our weighted average cost of debt decreased to 3.75% (31 December 2024: 3.77%) due to the repayment of higher cost debt following sales and lower interest rates on floating rate debt. Further marginal reduction in the cost of debt is expected in the second half from targeted sales which will be used to pay down higher cost debt. Good progress has been made in relation to 2025 debt maturities such that of the £364.1 million (excluding amortisation of £9.6 million) of debt expiring, only three loans totalling £28.2 million are yet to be refinanced or credit approved. Net debt excluding leasehold liabilities was down by £79.6 million to £859.1 million (31 December 2024: £938.7 million) with loan-to-value lower at 49.2% (31 December

2024: 50.7%) as a result of using disposal proceeds to reduce debt. Interest cover remained high at 1.9 times (30 June 2024: 2.0 times) demonstrating the Group's operating strength and ongoing ability to generate cash.

## PROPERTY PORTFOLIO

At 30 June 2025, the value of the property portfolio, including properties held for sale, was £1,746.2 million, £104.0 million lower than six months earlier. This decrease was as a result of: valuation decreases of £27.6 million excluding tenant incentives; and disposals of £121.6 million, partly offset by investment in the portfolio through capital expenditure of £7.4 million less depreciation of £0.1 million; and foreign exchange gains of £37.9 million.

In the first half of 2025, we completed the disposals of Spring Mews Student, Vauxhall and Grafelfing, Munich, and unconditionally exchanged on Les Reflets, Lille which completed in July and Jarrestrasse, Hamburg with completion expected later in August. The sale of Les Reflets marks our exit from Lille such that our French portfolio is focused in France's two largest cities, Paris and Lyon. In aggregate, the four properties had a net initial yield of 5.1% and sold for a total of £143.4 million, 3.5% below 31 December 2024 valuations.

As previously announced, to reduce our loan-to-value, we are targeting further disposals of up to £190 million, in addition to the disposals already completed or about to complete.

In the six months to 30 June 2025, the valuation of the property portfolio fell by 1.6% in local currency. There were local currency valuation decreases of 2.2% in the UK (0.4% excluding Spring Gardens), 0.5% in Germany and 3.5% in France. In Sterling, valuations increased 0.6% reflecting the weakening of Sterling in the period. Across the Group, like-for-like ERVs were up 0.4% with ERVs slightly up or flat on average per country. At 30 June 2025, the EPRA 'topped up' net initial yield of the portfolio was 5.4% (31 December 2024: 5.6%). The reduction in 'topped up' net initial yield from year-end was driven by lease expiries at New Printing House Square, London. Excluding New Printing House Square, the 'topped up' net initial yield was 5.7%. The EPRA 'topped up' net initial yield is at a 166 basis point margin over the Group's average cost of debt and demonstrates the Group's continuing ability to generate cash.

## DIVIDENDS

In October 2025, the Group will pay an interim dividend for the current financial year of 1.30 pence per share, a 50% reduction on the 2024 interim dividend, and in line with the revised dividend policy announced in April 2025 of 1.5x to 3.0x EPRA earnings dividend cover so as to retain cash to invest in the portfolio. The PID part of the dividend is 1.25 pence per share.

## ENVIRONMENT, SOCIAL AND GOVERNANCE

We have continued the implementation of technical and cost-effective Net Zero Carbon ("NZC") projects across all regions. In 2025, we expect to complete energy efficiency and carbon reduction projects, at a cost of around £6 million. In total, these projects will save an estimated 1,500 tonnes CO<sub>2</sub>e ("tCO<sub>2</sub>e") (per annum), keeping us on track to achieve our 2030 NZC targets. One of our largest projects at Radius House in Watford, which involves the replacement of a gas boiler with a heat pump solution, with tenants in-situ, is expected to achieve savings of c.28,000 tCO<sub>2</sub>e over the course of its estimated 15-year life span. Other projects include LED lighting and BMS upgrades across all three regions, window and façade refurbishments in France and Germany as well as a solar PV array installation in Germany. Furthermore, we have continued the roll out of our smart water meter programme in the UK, following the successful implementation in Germany. On completion later this year, both portfolios will be fully equipped with smart water meters including leak detection functionality.

We remain on track to meet future regulatory requirements, such as expected higher minimum EPC standards in the UK, and Décret Tertiaire targets in France. 85% of our managed portfolio is rated BREEAM In-Use "Good" or above and half of our UK portfolio is already EPC A or B, whilst 75% of our portfolio in France is already compliant with the 2030 Décret Tertiaire energy efficiency targets. Our focus on major decarbonisation projects will ensure we comply with evolving future regulation, minimising our exposure to climate-related transition risks, including the increasing demand from tenants for "net zero carbon ready" spaces.

As part of our biodiversity net-gain strategy, we have continued the roll out of re-wilding plans across the UK portfolio. Furthermore, as part of being a responsible and long-term investor in our local communities, we have maintained our support for local and industry-related charities and community organisations. Finally, CLS has maintained its Living Wage Employer accreditation, covering both UK employees and regular contractors.

## OUTLOOK

There are signs of improvement in the real estate investment market as the trend towards tenant downsizing appears to have peaked with occupiers now looking to expand their footprint and/or commit to new leases. Take up in Germany and the UK, our two largest markets, is up compared with the same period last year, and was reflected already in increased letting activity in Q2. This is encouraging as our biggest opportunities to drive rents are in the UK and Germany where we have higher vacancy due to recently refurbished space.

The investment market in the UK and France improved in the first half of the year compared with the same period last year. Conversely investment in Germany fell compared with the same period, however we have seen positive signs that the German economy has started to recover. The improvement in investment in our locations bodes well with buyers returning to the market. Our sales programme is more than 50% complete, with further sales progress is expected by the year-end.

We have successfully refinanced, repaid or had credit approved over 90% of the £364.1 million (excluding amortisation of £9.6 million) of debt expiring in 2025. Our debt maturity profile is now well spread with no more than £170 million of debt expiring in any given year.

There are considerable opportunities in the existing portfolio to drive long-term shareholder value and in the medium-term our focus is on: completing the works at The Brix in Essen and handing over the remaining space to the City of Essen by the end of October 2025; continuing works at The Yellow in Dortmund, which are also on track to be handed over the City of Dortmund in early 2026; converting Debussy, Paris into serviced apartments to be operated by Edgar Suites on a 12 year lease; progressing planning applications and PDR schemes for four residential conversions in the UK and moving forward with our residential development of Citadel Place in Vauxhall through a strategic partnership.

We enter the second half with clear strategic direction and cautious optimism, supported by improving market fundamentals, a robust leasing environment and a somewhat more stable macroeconomic outlook.

# Business review

## United Kingdom

Lettings progress at Artesian and the Coade and future interest rate cut support expected

	30 June 2025	31 December 2024
Value of properties	£692.7m	£807.0
Percentage of Group's property interests	40%	44%
Number of properties	33	34
Number of tenants	194	210
EPRA vacancy rate	21.5%	18.5%
Lettable space	1.6m sq. ft	1.8m sq. ft
Government and large companies	73.3%	75.2%
Weighted average lease length to end	3.9 years	3.5 years
Leases subject to indexation	34.7%	34.7%

The value of the UK portfolio decreased by £114.3 million as a result of: the disposal of Spring Mews Student, Vauxhall for £101.1 million; valuation decreases of £15.8 million or 2.2%; offset by capex additions of £2.6 million. As expected, the largest valuation decrease was at Spring Gardens, Vauxhall (also known as Citadel Place) due to the shortening lease with the NCA.

In the first half of the year, 15 lease extensions and 13 new leases were signed, adding a total of £5.3 million of rent, at slightly below 31 December 2024 ERVs. Whilst the occupational markets in London and the South East remain active, political and economic uncertainty has led many tenants to seek re-gears with existing landlords rather than relocate, which has slowed our attempts to reduce vacancy. However, we have also had some benefit from this trend, with over 100,000 sq. ft (9,290 sqm) of space at New Printing House Square re-let to existing tenants. Our most significant leasing transaction in 2025 was a renewal, as the London Borough of Hammersmith and Fulham extended their lease for 11,700 sq. ft (1,087 sqm) at the Clockwork Building in Hammersmith.

Interest in The Coade, our 27,723 sq. ft (2,575 sqm) new office development at Vauxhall Walk, London, has picked up with a further two floors now signed taking the occupancy to 50%. At Artesian, Prescott Street, we also now have a further two and a half floors under offer, which are expected to complete in the second half of the year.

EPRA vacancy increased from 18.5% at 31 December 2024 to 21.5% due to the scheduled expiry of all leases at New Printing House Square in mid-June 2025. We expect this to decrease by year-end as we complete leases at The Coade and Artesian, and let more space at New Printing House Square.

With respect to disposals, we completed the sale of Spring Mews Student, Vauxhall for £101.1 million. Having fully executed our business plan for the property and achieved record occupancy and profits, it was the right time to sell to reduce LTV and debt costs whilst reducing refinancing risk as well as being earnings accretive.

Progress also continues on Citadel Place, our 2.5 acre site in Vauxhall, where an all-residential scheme is being pursued. To support this strategy, we extended the leases on the site with the NCA for an additional seven months to September 2026, thus securing an additional £7 million of income during the planning process. We now aim to submit a planning application later in 2025 to accommodate potential development partners in the delivery of the site. Discussions have started and are progressing well.

In terms of the UK property market, commercial investment volumes were c.£24 billion in the first half of 2025 an increase of 17% on same period in 2024 (c.£21 billion).

Leasing take-up in London in the first half of 2025 was 3.2 million sq. ft, which is a notable increase compared to the same period last year while take-up across the South East office market reached 1.9 million sq. ft, which was also an increase compared to the same period last year. Vacancy in the London market is now 9.2% and 12.5% in the South East office market.

## Germany

### Government spending expected to boost business confidence and economic recovery

	30 June 2025	31 December 2024
Value of properties	£823.6m	£815.7m
Percentage of Group's property interests	47%	44%
Number of properties	30	31
Number of tenants	356	360
EPRA vacancy rate	9.4%	6.7%
Lettable space	3.6m sq. ft	3.6m sq. ft
Government and large companies	60.0%	56.1%
Weighted average lease length to end	7.0 years	5.6 years
Leases subject to indexation	76.2%	62.3%

The value of the German portfolio increased by £7.9 million as a result of: a foreign exchange gain of £29.5 million; and capex of £2.7 million, partially offset by a valuation decrease of £3.8 million or 0.5% in local currency; and disposals of £20.5 million. The valuation loss was due to yield expansion as like-for-like ERVs remained stable.

Vacancy increased to 9.4%, compared with 6.7% at 31 December 2024, due to lease expiries during the year. 15 leases were signed adding £1.5 million of rent at an average of 10.0% above December 2024 ERVs. The most significant transaction in the first half was at The Yellow, Dortmund with the City of Dortmund for 41,300 sq. ft (3,930 sqm). This follows the 103,700 sq. ft (9,634 sqm) lease signed in December 2024, as the City will now occupy additional space that will be vacated by a current tenant in 2027. Vacancy in the second half of the year is expected to decrease as we are in advanced discussions with potential new tenants.

In June, we completed the €20.9 million sale of Gräfelting, Lochamer Schlag 1, a 42,900 sq. ft (3,986 sqm) office and light industrial building. We also unconditionally exchanged on the €20.4 million sale of Jarrestrasse 8-19, Hamburg, a 59,100 sq. ft (5,487 sqm) office building, with completion in late August. These disposals are in line with our previously announced strategy to reduce leverage and provide funds to invest in the portfolio.

In terms of ongoing development projects, we expect to complete our €20 million refurbishment at The Brix, Essen, in October 2025. Progress to date has been on track and 80% of the space has been handed over to the tenant. We also continue work at The Yellow, in association with our 20 year lease with the City of Dortmund, with 103,700 sq. ft (9,634 sqm) to be handed over in early 2026.

The outlook for the second half of the year is expected to be positively influenced by the approval of the German government's €500 billion infrastructure spending package, which should boost economic recovery. Additionally, if there were to be any resulting increase in inflation, this would enhance the performance of CLS' inflation-indexed rented portfolio. Whilst larger companies are cautious to commit to new space, due to geopolitical uncertainty and tariff increases, government and medium-sized businesses remain active.

The German commercial property investment market has been relatively stable over the last two years but softened in the first half of 2025 with c.€10 billion trading, which was around 18% lower than the previous year. Other real estate asset classes, such as retail and logistics, have gained market share; nevertheless, office investment has also grown its share by over 20% compared to the same period in 2024.

The German office market in the Top 7 cities recorded take-up of 1.4 million sqm in the first half of 2025, 9% above 2024 levels. The market is showing signs of recovery across the board with market momentum for small floorplates now increasingly being supplemented by leasing in the important medium-sized segment. The average market vacancy rate in the Top 7 office markets is now 7.6%, ranging from 4.6% in Cologne to 10.9% in Dusseldorf.

## France

High quality, sustainable offices remain attractive despite increased supply

	30 June 2025	31 December 2024
Value of properties	£229.9m	£227.5m
Percentage of Group's property interests	13%	12%
Number of properties	16	16
Number of tenants	144	149
EPRA vacancy rate	8.7%	8.3%
Lettable space	0.7m sq. ft	0.8m sq. ft
Government and major corporates	56.2%	62.7%
Weighted average lease length to end	5.3 years	5.7 years
Leases subject to indexation	100.0%	100.0%

The value of the French portfolio increased by £2.4 million as a result of: a foreign exchange gain of £8.4 million; and capex of £2.1 million, partly offset by a valuation decrease of £8.1 million or 3.5% in local currency. The valuation loss was due to vacancy.

Vacancy increased marginally to 8.7% from 8.3% as at 30 June 2025, as recent lease expiries are taking slightly longer than expected to re-let. Since 1 January 2025, 9 lease extensions and new leases have been signed adding £0.7 million of rent, at 3.3% below December 2024 ERVs. The largest transaction was a new lease with the IT company, Open Group, for 9,200 sq. ft (855 sqm) in Park Avenue, Lyon. Leasing momentum has increased in Q3, and we are currently under offer for a lease renewal for 116,000 sq. ft (10,777 sqm) on a 9/12 year extension at Pierre Valette, Paris. However, we are expecting increased vacancy at our property Inside in Paris as the tenant has served notice.

In July, we completed the sale of Les Reflets, Lille. The sale marks our exit from Lille such that that our French portfolio is focused in France's two largest cities, Paris and Lyon.

In the first quarter of the year, we completed the redevelopment of Petits Hotels, a 22,400 sq. ft (2,081 sqm) building in central Paris. This was a comprehensive refurbishment of one of the buildings and it is now fully let at ERV to tour operator Intermèdes. We are also progressing a €1.3 million refurbishment project at Bellevue, Paris, upgrading five floors, 14,000 sq. ft (1,301 sqm), to a high standard, including sustainability and modernisation enhancements. Completion is targeted for October 2025. Finally, works continue on the Debussy serviced apartment conversion, pre-let to Edgar Suites under a 12-year lease. Building permission was granted by the City of La Garenne-Colombes in February 2025 and we are in the process of finalising all the necessary associated permits. We aim to commence works by September, with completion due in early 2027.

On sustainability, we are making excellent progress towards the Décret Tertiaire 2030 target. 12 of our 16 properties are already compliant, pending final approval by the French authorities.

French economic growth in the second half of the year is expected to be modest, and is forecast to be approximately 0.6%. Growth is projected to be driven by household consumption but constrained by cuts to public spending to address the rising budget deficit.

Investment volume in commercial real estate over the first half of the year reached €5.8 billion, up 30% compared to last year. However, this growth mainly occurred in the first quarter, with growth of 8% in Q2. Investment volume is still expected to reach €14 billion by the end of 2025 (10% above 2024). Encouragingly, office is playing a larger role in commercial real estate in Paris accounting for 74% of market share, compared to 50% in H1 2024.

Office take-up in the first half of 2025 in the Greater Paris region reached 768,000 sqm, down 12% compared with the same period last year. Immediate office supply in the Greater Paris region was estimated to be 5.9 million sqm, resulting in a 10.8% vacancy rate at 30 June 2025. In the longer term, whilst the occupier market continues to adjust, Paris remains one of Europe's leading office rental markets.

# Key data

## Valuation Data

	H1 Valuation Movement			EPRA Net Initial Yield	EPRA Topped-up Net Initial Yield	Reversion	Over-vented	Equivalent Yield
	Market Value of Property (£m)	Underlying (£m)	Foreign Exchange (£m)					
<b>UK</b>	655.3	(15.8)	-	5.1%	6.1%	4.8%	9.3%	7.4%
<b>Germany</b>	822.0	(3.9)	29.5	4.5%	4.8%	4.3%	11.8%	5.3%
<b>France</b>	228.3	(8.2)	8.3	5.4%	5.8%	3.4%	5.9%	6.1%
<b>Total Portfolio</b>	<b>1,705.6</b>	<b>(27.9)</b>	<b>37.8</b>	<b>4.9%</b>	<b>5.4%</b>	<b>4.4%</b>	<b>9.9%</b>	<b>6.0%</b>

## Rental Data

	Rental Income for the Period (£m)	Net Rental Income for the Period (£m)	Lettable Space (sqm)	Contracted Rent at 30 June 2025 (£m)	ERV at 30 June 2025 (£m)	Contracted Rent Subject to Indexation (%)	EPRA Vacancy rate at 30 June 2025
<b>UK</b>	22.7	26.7	150,270	45.8	55.7	34.6	21.5%
<b>Germany</b>	19.1	17.8	332,207	44.9	45.8	76.2	9.4%
<b>France</b>	6.3	6.0	68,294	13.8	14.7	100.0	8.7%
<b>Total Portfolio</b>	<b>48.1</b>	<b>50.5</b>	<b>550,771</b>	<b>104.5</b>	<b>116.2</b>	<b>61.1</b>	<b>15.1%</b>

## Lease Data

	Average Lease Length		Contracted Rent of Lease Expiring In:				ERV of Lease Expiring In:			
	To Break (Years)	To Expiry (Years)	Year 1 (£m)	Year 2 (£m)	Years 3 - 5 (£m)	After 5 Years (£m)	Year 1 (£m)	Year 2 (£m)	Years 3 - 5 (£m)	After 5 Years (£m)
<b>UK</b>	2.8	3.9	4.5	15.7	16.9	8.7	4.6	13.4	17.5	8.2
<b>Germany</b>	7.0	7.0	5.3	8.4	15.6	15.7	5.6	7.8	14.2	13.9
<b>France</b>	2.3	5.3	0.9	0.6	4.7	7.5	0.9	0.6	4.8	7.1
<b>Total Portfolio</b>	<b>4.6</b>	<b>5.4</b>	<b>10.7</b>	<b>24.7</b>	<b>37.2</b>	<b>31.9</b>	<b>11.1</b>	<b>21.8</b>	<b>36.5</b>	<b>29.2</b>

Note: The above tables comprise data for our offices in investment property and properties held for sale. They exclude owner-occupied, student accommodation and hotel.

Tenant Industries by Contracted Rent	
<b>Government</b>	26.5%
<b>Commercial and Professional</b>	13.2%
<b>Information Technology</b>	9.6%
<b>Consumer Discretionary</b>	9.4%
<b>Communication Services</b>	8.5%
<b>Health Care</b>	7.7%
<b>Financials</b>	6.1%
<b>Other</b>	5.7%
<b>Industrials</b>	5.5%
<b>Consumer Staples</b>	4.6%
<b>Real Estate</b>	3.2%

Property use by revenue	
<b>Office Space</b>	81.5%
<b>Hospitality</b>	6.2%
<b>Light Industrial</b>	4.0%
<b>Education</b>	2.7%
<b>Retail</b>	2.1%
<b>Laboratory</b>	2.0%
<b>Health Care</b>	1.3%
<b>Residential</b>	0.2%

# Our investor proposition

## Strong and consistent long-term shareholder returns

Set out below are the key tenets of our investment proposition. A fuller description can be found on the inside front cover and page 1 of CLS' 2024 Annual Report and Accounts:

<b>A clear strategy</b>	<b>Active management</b>
<ul style="list-style-type: none"><li>• Diversified approach</li><li>• Focus on multi-let offices</li><li>• Selected development schemes</li></ul>	<ul style="list-style-type: none"><li>• Experienced in-house capabilities</li><li>• Secure rents and high occupancy</li><li>• Interest rate management</li></ul>
<b>Strong 30-year track record</b>	<b>A focus on sustainability</b>
<ul style="list-style-type: none"><li>• Disciplined approach to investment</li><li>• Cash-backed progressive dividend</li><li>• Financing headroom</li></ul>	<ul style="list-style-type: none"><li>• Responsible profit</li><li>• Strong ESG performance</li><li>• Climate risk mitigation</li></ul>

### DIVIDEND POLICY

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

As announced with our 2024 Full-year results in April 2025, we updated our dividend policy. The Company will maintain a progressive dividend policy, with a dividend cover of 1.5 to 3.0 times EPRA earnings (previously 1.2 to 1.6 times). Approximately one-third of the annual dividend is paid as an interim in October, with the balance paid as a final dividend in May.

### ANALYST COVERAGE

We are covered by three brokers which publish regular analyst research: Panmure Liberum; Berenberg and Peel Hunt. Contact details can be found on our website [www.clsholdings.com](http://www.clsholdings.com).

### 2025 INVESTOR ENGAGEMENT

<b>Events which have taken place</b>	<b>Events which are due to take place</b>
<b>April 2025</b> Annual Results presentation Annual Results investor calls and meetings	<b>August 2025</b> Half-Year Results presentation
<b>May 2025</b> Annual General Meeting	<b>August/September 2025</b> Half-Year Results investor calls and meetings
	<b>November 2025</b> Trading Update

# Financial review

## RESULTS FOR THE PERIOD

### HEADLINES

The loss after tax of £24.4 million (30 June 2024: £61.1 million) generated a basic statutory loss per share of 6.1 pence (30 June 2024: 15.4 pence loss). EPRA earnings per share, which exclude valuation movements, were 4.0 pence (30 June 2024: 4.8 pence), down 16.7% year on year. This was due to: lower net rental income from disposals and expiries; and higher other income in 2024 from the forfeited deposit on the failed completion of the sale of Westminster Tower, which was partially offset by lower finance expenses as net debt and our weighted average cost of debt reduced. There was also a positive benefit from lower expenses as a cost reduction programme was implemented in the first half from which we expect over £2 million per annum of savings. Gross property assets at 30 June 2025, including those in property, plant and equipment and those held for sale, decreased to £1,746.2 million (31 December 2024: £1,850.2 million) as a result of: disposals of £121.6 million; and net valuation decreases of £27.7 million, partly offset by foreign exchange gains of £37.9 million; and investment in the portfolio through capital expenditure of £7.5 million less depreciation of £0.1 million. Net assets per share fell by 2.5% to 192.3 pence (31 December 2024: 197.3 pence) and EPRA NTA per share fell by 2.6% to 209.5 pence (31 December 2024: 215.0 pence). Total accounting return per share including dividends paid in the period was -1.3% (30 June 2024: -8.0%).

CLS uses a number of Alternative Performance Measures (“APMs”) alongside statutory figures. We believe that these assist in providing stakeholders with additional useful information on the underlying trends, performance and position of the Group. Note 4 to these condensed set of Financial Statements gives a full description and reconciliation of our APMs, and sets out the full suite of EPRA measures.

### STATEMENT OF COMPREHENSIVE INCOME

Net rental income for the six months to 30 June 2025 of £53.3 million (30 June 2024: £58.9 million) was lower than last year by 9.5% as a result of disposals and expiries, partly offset by new lettings and renewals, and indexation. Rent collection remained at the same, consistently high levels with 99% of first half rent collected and 97% of third quarter contracted rent due collected to date.

The operating loss of £3.8 million (30 June 2024: £43.9 million loss) was due primarily to the 1.6% revaluation decline in local currency which was lower than the same period last year and equivalent to a loss of £32.3 million (30 June 2024: £82.8 million) largely offset by underlying results. Operating profit before revaluation and disposals of £34.5 million (30 June 2024: £40.8 million) was lower due to less net rental income.

Net interest expense of £20.7 million (30 June 2024: £21.5 million), which improved £0.8 million, comprises three elements: interest costs of £19.9 million (30 June 2024: £21.3 million) were down year-on-year as a result of lower net debt and a reduction in our weighted average cost of debt; the movement in the fair value of derivatives was £1.5 million negative (30 June 2024: £0.7 million negative) as these are closer to expiry; and interest income was marginally higher at £0.7 million (30 June 2024: £0.5 million).

The tax charge of £0.1 million (30 June 2024: tax credit £4.6 million) represented an effective rate of 0.4% (30 June 2024: 7.7%). Despite the loss before taxation, the charge was principally driven by the effect of the UK REIT regime and non-recognition of tax losses in France and Germany, reducing the tax credit on revaluation losses.

### EPRA NET TANGIBLE ASSETS PER SHARE

EPRA NTA per share fell from 215.0p to 209.5p in the six months to 30 June 2025, a decrease of 5.5p per share or 2.6%. On a per share basis, the decrease comprised: the decrease in property values of 8.0p; loss on sale of investment property of 1.9p; the final 2024 dividend of 2.68p; and other negative movements of 1.6p, partly offset by foreign exchange gains of 4.7p; and EPRA earnings of 4.0p.

## CASH FLOW, NET DEBT AND FINANCING

In the six months to 30 June 2025, gross borrowings decreased by £76.2 million to £923.0 million (31 December 2024: £999.2 million), principally due to the repayment of higher interest rate debt by utilising the proceeds from the disposal of Spring Mews Student, Vauxhall.

As at 30 June 2025, the Group had cash and cash equivalents of £63.9 million (31 December 2024: £60.5 million) and £50.0 million (31 December 2024: £60.0 million) of undrawn facilities. The cash balance increased by £3.4 million from 31 December 2024 given property sales. During the period, we invested £11.2 million of capital expenditure in our properties which was funded by net receipts from disposals of £114.6 million, as was the net repayment of loans of £96.7 million. Net cash flow from operating activities was £6.0 million (30 June 2024: £19.9 million) with the decline being mostly due to tenant incentives for new leases in Germany. Cash used to pay the 2024 final dividend was £9.7 million (net of withholding tax which was paid in July).

Net debt excluding leasehold liabilities was down by £79.6 million to £859.1 million (31 December 2024: £938.7 million) with loan-to-value lower at 49.2% (31 December 2024: 50.7%) as a result of using disposal proceeds to reduce debt. We are seeking to reduce LTV to within our target range of 35% to 45% at year-end from further sales. CLS has no loan-to-value or interest cover covenants at a Group level.

The weighted average cost of debt decreased to 3.75% (31 December 2024: 3.77%) as we used sale proceeds to repay higher cost debt. Based on the current swap rate and expected refinancings and sales, we would expect the rate to slightly decrease in the second half of 2025. Weighted average debt maturity was 3.3 years (31 December 2024: 3.4 years).

The proportions of fixed, capped and unhedged debt were 74%, 4% and 22% (31 December 2024: 80%, 4%, 16%) respectively. The proportion of fixed rate debt has decreased in the first half of the year due to refinancing Spring Gardens on floating rate debt and the sale of properties. The 4% of total debt subject to interest rate caps are all for French and German loans which are at a range of 0.5% to 1.5%, being on average 113 basis points below the average 3-month EURIBOR of 2.33%.

CLS has 42 different loans secured by individual, or small portfolios of, properties. The loans vary in terms of the number of covenants with the three main covenants being ratios relating to loan-to-value, interest cover and debt service cover. However, some loans only have one or two of these covenants, some have other covenants and some have none. The loans also vary in terms of the level of these covenants and the headroom to these covenants.

On average across the 42 loans, CLS has between 22% and 36% headroom for these three main covenants. In the event of an actual or forecast covenant breach, all of the loans have equity cure mechanisms to repair the breach which allow CLS to either repay part of the loan or deposit cash for the period the loan is in breach, after which the cash can be released.

In the first half of 2025, or shortly thereafter, CLS completed or had credit approved the major refinancings for 2025 accounting for over 90% of the £364.1 million of debt (excluding amortisation of £9.6 million) maturing across 12 loans. As at 30 June 2025, we had refinanced or repaid £192.3 million of debt across four loans, and by 12 August 2025 a further £118.5 million across two loans was refinanced or repaid and £25.1 million was credit approved across three loans. The £25.1 million which was credit approved will be completed in September and the remaining £28.2 million across three loans, which expires in Q4 2025, will be refinanced or repaid by year-end. As a result of these actions, we have no more than £170 million of debt expiring in any given year.

## PRINCIPAL RISKS AND UNCERTAINTIES

A detailed explanation of the principal risks and uncertainties affecting the Group, and the steps it takes to mitigate these risks, can be found on pages 56 to 62 of the annual report and financial statements for the year ended 31 December 2024, which is available at [www.cls Holdings.com/investors](http://www.cls Holdings.com/investors).

The Group's principal risks and uncertainties are grouped into six categories: property; sustainability; business interruption; financing; political and economic; and people. These risks and uncertainties are expected to remain relevant for the remaining six months of the financial year, and these are discussed further below.

The Board has reviewed the risk status of each of the six risk categories, particularly with regard to the ongoing economic and geopolitical risks including: higher but reducing interest rates given moderating inflation; global political uncertainty; changing trade relations; and conflicts in Ukraine and the Middle East. The overall risk landscape remains heightened but with an increased likelihood of risk levels moderating in future although not yet sufficient to alter any of the risk ratings. Both property and financing risks remain as high risks and we continue to monitor vigilantly the risks focused around; vacancy; disposals and loan to value; and refinancings, as well as the accompanying mitigations.

Work continues on refining our approach to testing material controls in advance of the Board's declaration of the effectiveness of these as at 31 December 2026 as prescribed by the Corporate Governance Code.

Principal risk	Status at year-end	Change since year-end	Commentary
Property	High	No change	The office market remains bifurcated in two ways. The occupational market remains healthy with tenants seeking out, and paying more for, higher quality offices. CLS is responding by investing in its properties to provide the best offices in our locations as well as divesting properties that no longer align with our long-term strategy. However, the investment market remains sluggish given higher interest rates, valuation uncertainty and lingering concerns about future office demand. In addition, we continue to monitor changes in the regulatory environment, particularly in relation to the Building Safety Act 2022 which may impact the permitted uses and viability of future schemes.
Sustainability	Medium	No change	CLS believes that providing sustainable buildings not only accords with regulatory demands but also meets changing office trends. We remain committed to our Sustainability (and wider ESG) Strategy but keep under review the proposed timing and targets for our Net Zero Carbon Pathway.
Business interruption	Low	No change	We prioritise investing in our IT and other equipment to give our employees the tools to perform their roles effectively. We have enhanced our resilience to the threat of cyber attacks with the aid of our Email Gateway and have identified staff education gaps through surveys specifically relating to cyber security. We have maintained our Cyber Essential Plus standard certification.
Financing	High	No change	Financing risk remains high despite inflation and interest rates reducing. This is reflected in higher interest costs with some increases in bank margins and lower LTV ratios. Through ongoing selected disposals CLS has reduced Group LTV. CLS also maintains banking relationships, monitors covenants and engages early with upcoming refinancings. CLS has made significant progress in relation to debt expiring in 2025 with £335.9 million of the £364.1 million (excluding amortisation of £9.6 million) either refinanced, credit approved or repaid as planned. Furthermore, our weighted average cost of debt has reduced by 2 basis points since 2024 year-end. CLS also continues to monitor and ensure its compliance with the UK REIT rules.
Political and economic	Medium	No change	As noted, economic conditions remain challenging with higher interest costs and property valuation declines, and slower growth. These have been mitigated through CLS' high levels of inflation-indexed rent and higher replacement values for existing buildings. Geopolitical risks are heightened but CLS' diversified business model in Europe's three largest economies provides mitigation.
People	Low	No change	To reduce duplication and achieve process efficiencies, an organisational restructure was implemented during the first half of the year resulting in a number of targeted redundancies. As a result, two internal promotions were made within affected teams to develop and therefore retain key talent. A review of UK employee benefits was undertaken and a benefits promotion campaign will be completed to ensure we remain an attractive employer for current and future employees. Voluntary turnover remains low.

## GOING CONCERN

The Directors' assessment of going concern uses the same methodology as for the preparation and validation of the year-end going concern (and viability) statement(s) (see pages 63 to 65 of the 2024 Annual Report and Accounts). This assessment uses forecasts that have been adjusted for the impacts of the current economic, property and financing markets. A more detailed description of the approach is set out in note 2 to these condensed Group financial statements.

The Group is reliant in the Base case and Severe but plausible case upon its ability to both refinance the debt maturing and to complete a number of investment property disposals in the going concern period in more challenging market conditions.

Whilst the Directors remain confident that a combination of sufficient refinancings and property disposals will be achieved, the timing and value of both the planned refinancing of facilities falling due within the going concern review period, and planned property disposals, is outside of management's control and consequently a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Notwithstanding this material uncertainty on the going concern assumption, given our track-record and reputation, and the progress made since 31 December 2024 in terms of refinancing, the Directors are confident that the debt falling due for repayment in the going concern period will be refinanced or settled in line with their plans for the reasons set out above, rather than requiring repayment on maturity, or will be extinguished as part of property disposals in the period. Therefore, the Directors continue to adopt the going concern basis in preparing these Group financial statements.

The financial statements do not contain the adjustments that would result if the Group were unable to continue as a going concern.

## RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

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

On behalf of the Board

**Fredrik Widlund**  
Chief Executive Officer  
12 August 2025

**Andrew Kirkman**  
Chief Financial Officer

## Financial statements

### Condensed Group income statement for the six months ended 30 June 2025

	Notes	Six months ended 30 June 2025 £m (unaudited)	Six months ended 30 June 2024 £m (unaudited)	Year ended 31 December 2024 £m (audited)
Revenue	3	71.9	77.8	151.9
Service charges and similar expenses	3	(18.6)	(18.9)	(37.9)
Net rental income		53.3	58.9	114.0
Administration expenses		(8.7)	(9.0)	(17.7)
Other property expenses		(8.8)	(9.1)	(18.1)
Non-recurring items <sup>1</sup>		(1.3)	–	–
Operating profit before revaluation and disposals		34.5	40.8	78.2
Net revaluation movements on investment property	9, 11	(32.3)	(82.8)	(127.7)
Net revaluation movements on equity investments		0.3	(0.4)	(0.6)
Loss on sale of investment property		(6.3)	(1.4)	(2.3)
Loss on sale of equity investments		–	(0.1)	(0.1)
<b>Operating loss</b>		<b>(3.8)</b>	<b>(43.9)</b>	<b>(52.5)</b>
Finance income	5	0.7	0.5	1.4
Finance costs	6	(21.4)	(22.0)	(45.7)
Foreign exchange gain / (loss)		0.2	(0.3)	(0.6)
<b>Loss before tax</b>		<b>(24.3)</b>	<b>(65.7)</b>	<b>(97.4)</b>
Taxation	7	(0.1)	4.6	3.8
<b>Loss for the period attributable to equity shareholders</b>		<b>(24.4)</b>	<b>(61.1)</b>	<b>(93.6)</b>
<b>Basic and diluted earnings per share</b>	14	<b>(6.1)p</b>	<b>(15.4)p</b>	<b>(23.6)p</b>

<sup>1</sup> During the first half of the year, we conducted a review of staffing and financial structuring. This resulted in non-recurring costs including redundancy costs being incurred. This was substantially complete by the half-year and we do not expect further significant costs to be incurred in the second half of 2025.

**Condensed Group statement of comprehensive income**  
for the six months ended 30 June 2025

	Note	Six months ended 30 June 2025 £m (unaudited)	Six months ended 30 June 2024 £m (unaudited)	Year ended 31 December 2024 £m (audited)
<b>Loss for the period</b>		<b>(24.4)</b>	(61.1)	(93.6)
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit or loss</b>				
Revaluation of property, plant and equipment	10	–	0.6	1.3
Foreign exchange differences		16.3	(10.7)	(21.6)
Deferred tax on revaluation of property, plant and equipment		–	(0.1)	(0.1)
<b>Total items that may be reclassified to profit or loss</b>		<b>16.3</b>	(10.2)	(20.4)
<b>Total other comprehensive income/(expense)</b>		<b>16.3</b>	(10.2)	(20.4)
<b>Total comprehensive expense for the period attributable to equity shareholders</b>		<b>(8.1)</b>	(71.3)	(114.0)

**Condensed Group balance sheet**  
at 30 June 2025

	Notes	30 June 2025 £m (unaudited)	30 June 2024 £m (unaudited)	31 December 2024 £m (audited)
<b>Non-current assets</b>				
Investment properties	9	1,518.5	1,737.5	1,676.5
Property, plant and equipment	10	42.4	42.2	42.5
Intangible assets		2.7	2.7	2.7
Equity investments		0.9	1.0	0.6
Derivative financial instruments		0.6	3.3	0.7
		<b>1,565.1</b>	<b>1,786.7</b>	<b>1,723.0</b>
<b>Current assets</b>				
Trade and other receivables		10.6	32.5	14.2
Derivative financial instruments		0.1	0.7	1.1
Cash and cash equivalents	16	63.9	68.5	60.5
		<b>74.6</b>	<b>101.7</b>	<b>75.8</b>
Assets held for sale	11	187.0	132.7	133.0
<b>Total assets</b>		<b>1,826.7</b>	<b>2,021.1</b>	<b>1,931.8</b>
<b>Current liabilities</b>				
Trade and other payables		(54.5)	(70.7)	(65.7)
Current tax		(0.8)	(2.2)	(0.9)
Borrowings	12	(298.0)	(247.9)	(372.4)
		<b>(353.3)</b>	<b>(320.8)</b>	<b>(439.0)</b>
<b>Non-current liabilities</b>				
Deferred tax		(79.0)	(79.4)	(78.1)
Borrowings	12	(625.0)	(780.6)	(626.8)
Leasehold liabilities		(3.4)	(3.4)	(3.3)
Derivative financial instruments		(0.6)	–	(0.4)
		<b>(708.0)</b>	<b>(863.4)</b>	<b>(708.6)</b>
<b>Total liabilities</b>		<b>(1,061.3)</b>	<b>(1,184.2)</b>	<b>(1,147.6)</b>
<b>Net assets</b>		<b>765.4</b>	<b>836.9</b>	<b>784.2</b>
<b>Equity</b>				
Share capital	13	11.0	11.0	11.0
Share premium		83.1	83.1	83.1
Other reserves		103.2	96.8	86.9
Retained earnings		568.1	646.0	603.2
<b>Total equity</b>		<b>765.4</b>	<b>836.9</b>	<b>784.2</b>

**Condensed Group statement of changes in equity**  
for the six months ended 30 June 2025

Unaudited	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m
<b>At 1 January 2025</b>	<b>11.0</b>	<b>83.1</b>	<b>86.9</b>	<b>603.2</b>	<b>784.2</b>
<b>Arising in the six months ended 30 June 2025:</b>					
Total comprehensive income/(expense) for the period	-	-	16.3	(24.4)	(8.1)
Share-based payments	-	-	-	-	-
Dividends to shareholders	-	-	-	(10.7)	(10.7)
<b>Total changes arising in the period</b>	<b>-</b>	<b>-</b>	<b>16.3</b>	<b>(35.1)</b>	<b>(18.8)</b>
<b>At 30 June 2025</b>	<b>11.0</b>	<b>83.1</b>	<b>103.2</b>	<b>568.1</b>	<b>765.4</b>

Unaudited	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m
<b>At 1 January 2024</b>	<b>11.0</b>	<b>83.1</b>	<b>106.7</b>	<b>728.4</b>	<b>929.2</b>
<b>Arising in the six months ended 30 June 2024:</b>					
Total comprehensive expense for the period	-	-	(10.2)	(61.1)	(71.3)
Share-based payments	-	-	0.3	-	0.3
Dividends to shareholders	-	-	-	(21.3)	(21.3)
<b>Total changes arising in the period</b>	<b>-</b>	<b>-</b>	<b>(9.9)</b>	<b>(82.4)</b>	<b>(92.3)</b>
<b>At 30 June 2024</b>	<b>11.0</b>	<b>83.1</b>	<b>96.8</b>	<b>646.0</b>	<b>836.9</b>

Audited	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m
<b>At 1 January 2024</b>	<b>11.0</b>	<b>83.1</b>	<b>106.7</b>	<b>728.4</b>	<b>929.2</b>
<b>Arising in the year ended 31 December 2024:</b>					
Total comprehensive expense for the year	-	-	(20.4)	(93.6)	(114.0)
Share-based payments	-	-	0.6	-	0.6
Dividends to shareholders	-	-	-	(31.6)	(31.6)
<b>Total changes arising in 2024</b>	<b>-</b>	<b>-</b>	<b>(19.8)</b>	<b>(125.2)</b>	<b>(145.0)</b>
<b>At 31 December 2024</b>	<b>11.0</b>	<b>83.1</b>	<b>86.9</b>	<b>603.2</b>	<b>784.2</b>

**Condensed Group statement of cash flows**  
for the six months ended 30 June 2025

		<b>30 June 2025 £m (unaudited)</b>	30 June 2024 £m (unaudited)	31 December 2024 £m (audited)
	Notes			
<b>Cash flows from operating activities</b>				
Cash generated from operations	15	<b>27.2</b>	40.8	71.2
Interest received		<b>0.7</b>	0.5	1.4
Interest paid		<b>(19.9)</b>	(20.6)	(40.6)
Income tax paid on operating activities		<b>(2.0)</b>	(0.8)	(2.5)
<b>Net cash inflow from operating activities</b>		<b>6.0</b>	19.9	29.5
<b>Cash flows from investing activities</b>				
Capital expenditure on investment properties		<b>(11.2)</b>	(9.3)	(22.3)
Proceeds from sale of properties		<b>114.6</b>	30.9	63.8
VAT timing difference on sale of property		–	8.2	–
Purchases of property, plant and equipment		–	(0.1)	(0.2)
Purchase of intangibles		–	–	(0.2)
<b>Net cash inflow from investing activities</b>		<b>103.4</b>	29.7	41.1
<b>Cash flows from financing activities</b>				
Dividends paid		<b>(9.7)</b>	(20.3)	(31.6)
Cash received on settlement of derivative financial instrument		<b>0.1</b>	0.7	0.7
Purchase of derivative financial instrument		<b>(0.4)</b>	(1.2)	(1.2)
Proceeds from borrowings		<b>36.6</b>	26.9	8.8
Transaction costs related to borrowings		<b>(0.5)</b>	(0.1)	(1.0)
Repayment of borrowings		<b>(132.8)</b>	(56.8)	(55.5)
<b>Net cash outflow from financing activities</b>		<b>(106.7)</b>	(50.8)	(79.8)
<b>Cash flow element of net increase / (decrease) in cash and cash equivalents</b>				
Foreign exchange gain / (loss)		<b>0.7</b>	(0.9)	(0.9)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>3.4</b>	(2.1)	(10.1)
Cash and cash equivalents at the beginning of the period		<b>60.5</b>	70.6	70.6
<b>Cash and cash equivalents at the end of the period</b>		<b>63.9</b>	68.5	60.5

## Notes to the condensed Group financial statements 30 June 2025

### 1 BASIS OF PREPARATION

The financial information contained in this half-yearly financial report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The results disclosed for the year ended 31 December 2024 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 but did draw attention to material uncertainty related to going concern 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 United Kingdom adopted International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs). The condensed financial statements included in this half-yearly financial report have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the United Kingdom.

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. Amendments to IFRSs have become effective for the financial year beginning on 1 January 2025. These new amendments are listed below:

- Amendments to IAS 21 – Lack of exchangeability

The adoption of these new standards and amendments to IFRSs did not materially impact the condensed Group financial statements for the six months ended 30 June 2025 and are not expected to materially impact the full year financial statements for the 12 months ended 31 December 2025.

### 2 GOING CONCERN – BASIS OF PREPARATION

#### Background

CLS' strategy and business model include regular secured loan refinancings, and capital deployment and recycling through acquisitions, capital expenditure and disposals. Over the last thirty years, the Group has successfully navigated several periods of economic uncertainty, including the recent economic stress resulting from the Covid-19 pandemic, Russia's invasion of Ukraine and the cost-of-living crisis.

The Group continues to have a very high rent collection and low bad debts, and has a long-term track record in financing and refinancing debt including £192.3 million completed in the six months to 30 June 2025 and a further £143.6 million has been completed or well advanced subsequent to the half-year, whereby terms sheets have been obtained or they have reached a first stage credit review.

The Directors note that the Group financial statements for the year ended 31 December 2024 contained disclosure of a Material Uncertainty related to going concern due to the timing and amounts of the planned refinancing of debt and disposals of property being then outside of Management's control. In this context the Directors set out their considerations and conclusions in respect of going concern for these financial statements below.

#### Going concern period and basis

The Group's going concern assessment covers the period to 30 September 2026 ("the going concern period"). The period chosen takes into consideration the maturity date of loans totalling £263.6 million that expire by September 2026. The going concern assessment uses the forecast approved by the Board at its May 2025 meeting as the Base case. The assessment also considers a Severe but plausible case. The Directors have considered the period between the date of Board approval and the date of signing the accounts. Based on a review of events since Board approval in May 2025, the Directors conclude that there have been no significant changes since the forecast was approved.

#### Forecast cash flows – Base case

The forecast cash flows prepared for the Base case take account of the Group's principal risks and uncertainties, and reflect the challenging economic backdrop. The forecast cashflows have been updated using assumptions regarding forecast forward interest curves, inflation and foreign exchange, and include revenue growth, principally from contractual increases in rent, and increasing cost levels in line with forecast inflation.

The Base case is focused on the cash and working capital position of the Group throughout the going concern period. In this regard, the Base case assumes continued access to lending facilities in the UK, Germany and France, and specifically that debt facilities of £263.6 million with 10 lenders expiring within the going concern period will be refinanced as expected (£177.1 million) or will be repaid (£86.5 million), some of which are linked to forecast property disposals. The Board acknowledges that these refinancings are not fully within its control; however, they remain confident that refinancings or extensions of these loans will be executed within the required timeframe, having taken into account:

- existing banking relationships and ongoing discussions with the lenders in relation to these refinancings;
- CLS' track record of prior refinancings, particularly in the six months to 30 June 2025 when £192.3 million was successfully refinanced or extended; and
- recent refinancings subsequent to 30 June 2025 that have been completed or reached an initial credit committee review stage by lenders, or where term sheets have been obtained, totalling £118.5 million of the £177.1 million noted above.

The Base case includes property disposals in the going concern period in line with the Group's business model and the forecast cash flows approved by the Board in May 2025. The Board acknowledges that property disposals are not fully within its control; however, they are confident these transactions will be completed within the going concern period, based on their history of achieving disposals (with disposals of £119.1 million achieved in the six months to 30 June 2025). The value of the properties available for disposal is significantly in excess of the value of the debt maturing during the going concern period.

The Group's financing arrangements, which utilise ring-fenced property loans, contain Loan to Value ("LTV"), Interest Cover Ratio ("ICR") and Debt Service Coverage Ratio ("DSCR") covenants. In the Base case, minimal cure payments have been forecast given that the Group expects to maintain its compliance with the covenant requirements.

The near-term impacts of climate change risks within the going concern period are expected to be immaterial following an assessment of potential significant inflation resulting from climate change, in the context of increased property and administrative costs, as part of the reverse stress testing performed by CLS. Furthermore, the forecast cash flows prepared for the Base case include all necessary capital expenditure to meet the minimum energy efficiency standards required in the countries where CLS operates.

#### **Forecast cash flows – Severe but plausible case**

A Severe but plausible case has been assessed which has been produced by flexing key assumptions further including: lower rents, increased service charges, higher property and administration expenses, falling property values, higher interest rates and reduced achievements of refinancings and disposals.

These flexed assumptions are more severe than CLS experienced during the 2007-2009 global financial crisis and other downturns such as that experienced in 2020-2022 during the Covid-19 pandemic. A key assumption in this scenario is a further reduction to the Base case in property values of 10% until September 2026, impacting forecast refinancings, sales and cash cures. This is in addition to the reduction experienced of 1.6% in 2025 and cumulative c. 25.5% decline from 30 June 2022 to 30 June 2025.

Assumptions around refinancing and investment property disposals are adjusted to incorporate the higher interest rates and lower property values noted above. A reduction in property values of 10% results in additional cure payments of £4.0 million being necessary for the Group to remain in compliance with its covenant requirements.

#### **Mitigating actions**

In both the Base case and the Severe but plausible case, if refinancings and sales are assumed to occur as per the forecast then CLS has sufficient liquidity. However, if CLS refinancings and sales are assumed to be outside management's control, CLS can take mitigating actions in terms of depositing cash to equity cure some loans, scaling back uncommitted capital expenditure (without impacting revenue streams over the going concern period) and reducing the dividend to the Property Income Distribution required under the UK REIT rules as well as drawing the currently available £42.9 million of its existing £80.0 million revolving credit and overdraft facilities. If no refinancings or sales occur then CLS' liquidity would be exhausted in the Base case and Severe but plausible case even after putting in place controllable mitigating actions as described above.

If needed, further disposals could be considered as there are no sale restrictions on CLS' £1.75 billion of properties, albeit the timing and the amount of these potential disposals are not in the Group's control. In terms of refinancings, as noted above, £118.5 million of refinancings have been secured since the half-year and the Directors are confident further refinancings will be executed successfully.

Additionally, the Directors note that the loans that require refinancing in the going concern period are all through ring-fenced SPV borrower structures. Accordingly, in extremis, the lender could enforce their security on an individual property with no claim on the rest of the Group's assets apart from certain limited guarantees and limited recourse security granted by the Company and certain Group companies.

#### **Material Uncertainty related to going concern**

As described above, the Group is reliant in the Base case and Severe but plausible case upon its ability to both refinance the debt maturing and to complete a number of investment property disposals in the going concern period in challenging market conditions.

Whilst the Directors remain confident that a combination of sufficient refinancings and property disposals will be achieved, the timing and value of both the planned refinancing of facilities falling due within the going concern review period, and planned property disposals, is outside of Management's control and consequently a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Notwithstanding this material uncertainty on the going concern assumption, given our track-record and reputation, the Directors are confident that the debt falling due for repayment in the going concern period will be refinanced or settled in line with their plans for the reasons set out above, rather than requiring repayment on maturity, or will be extinguished as part of property disposals in the period. In extremis, the loans requiring refinancing are all through ring-fenced SPV structures, save for certain limited guarantees and limited recourse security granted by the Company and certain other Group companies. Therefore, the Directors continue to adopt the going concern basis in preparing these Group financial statements.

The financial statements do not contain the adjustments that would result if the Group and Company were unable to continue as a going concern.

### 3 SEGMENT INFORMATION

Each property represents an operating segment which the Group aggregates into two reporting segments with similar characteristics – investment properties and other investments. Other investments comprise the hotel at Spring Mews and other small corporate investments. Central administration relates to the operating costs of the Group's headquarters and are not allocated to any reporting segment. The Group manages the investment properties division on a geographical basis due to its size and geographical diversity. Consequently, the Group's principal reporting segments are:

Investment properties:     United Kingdom  
                                       Germany  
                                       France

Other investments

The Group's results for the six months ended 30 June 2025 by operating segment were as follows:

	Investment properties			Other investments £m	Central administration £m	Total £m
	United Kingdom £m	Germany £m	France £m			
Rental income	22.7	19.1	6.3	–	–	48.1
Other property-related income	4.9	–	0.1	2.8	–	7.8
Service charge income	8.1	5.4	2.5	–	–	16.0
Revenue	35.7	24.5	8.9	2.8	–	71.9
Service charges and similar expenses	(9.0)	(6.7)	(2.9)	–	–	(18.6)
Net rental income	26.7	17.8	6.0	2.8	–	53.3
Administration expenses	(3.9)	(1.5)	(0.8)	–	(2.5)	(8.7)
Other property expenses	(4.2)	(2.5)	(0.3)	(1.8)	–	(8.8)
Non-recurring items	(0.2)	–	–	–	(1.1)	(1.3)
Revenue less costs	18.4	13.8	4.9	1.0	(3.6)	34.5
Net revaluation movements on investment property	(15.9)	(8.2)	(8.2)	–	–	(32.3)
Net revaluation movements on equity investments	–	–	–	0.3	–	0.3
Loss on sale of investment property	(3.0)	(3.3)	–	–	–	(6.3)
Segment operating (loss)/profit	(0.5)	2.3	(3.3)	1.3	(3.6)	(3.8)
Finance income	0.6	–	–	0.1	–	0.7
Finance costs	(11.9)	(7.0)	(2.4)	–	(0.1)	(21.4)
Foreign exchange gain	–	–	–	0.2	–	0.2
Segment (loss)/profit before tax	(11.8)	(4.7)	(5.7)	1.6	(3.7)	(24.3)

### 3 SEGMENT INFORMATION (continued)

The Group's results for the six months ended 30 June 2024 by operating segment were as follows:

	Investment properties			Other investments £m	Central administration £m	Total £m
	United Kingdom £m	Germany £m	France £m			
Rental income	23.3	21.3	6.5	–	–	51.1
Other property-related income	7.5	–	0.1	2.8	–	10.4
Service charge income	7.5	6.0	2.8	–	–	16.3
Revenue	38.3	27.3	9.4	2.8	–	77.8
Service charges and similar expenses	(8.7)	(7.1)	(3.1)	–	–	(18.9)
Net rental income	29.6	20.2	6.3	2.8	–	58.9
Administration expenses	(3.8)	(1.7)	(0.8)	(0.1)	(2.6)	(9.0)
Other property expenses	(5.1)	(2.0)	(0.3)	(1.7)	–	(9.1)
Revenue less costs	20.7	16.5	5.2	1.0	(2.6)	40.8
Net revaluation movements on investment property	(38.9)	(31.4)	(12.5)	–	–	(82.8)
Net revaluation movements on equity investments	–	–	–	(0.4)	–	(0.4)
Loss on sale of equity instruments	–	–	–	(0.1)	–	(0.1)
Loss on sale of investment property	(1.3)	(0.1)	–	–	–	(1.4)
Segment operating (loss)/profit	(19.5)	(15.0)	(7.3)	0.5	(2.6)	(43.9)
Finance income	0.2	–	–	0.3	–	0.5
Finance costs	(13.5)	(6.7)	(1.6)	–	(0.2)	(22.0)
Foreign exchange loss	–	–	–	(0.3)	–	(0.3)
Segment (loss)/profit before tax	(32.8)	(21.7)	(8.9)	0.5	(2.8)	(65.7)

### 3 SEGMENT INFORMATION (continued)

The Group's results for the year ended 31 December 2024 were as follows:

	Investment properties						
	United Kingdom £m	Germany £m	France £m	Other investments £m	Central administration £m	Total £m	
Rental income	47.1	40.3	12.8	–	–	100.2	
Other property-related income <sup>1</sup>	13.2	0.3	0.3	6.0	0.1	19.9	
Service charge income	15.8	11.0	5.0	–	–	31.8	
Revenue	76.1	51.6	18.1	6.0	0.1	151.9	
Service charges and similar expenses	(18.6)	(13.6)	(5.7)	–	–	(37.9)	
Net rental income	57.5	38.0	12.4	6.0	0.1	114.0	
Administration expenses	(7.4)	(3.2)	(1.4)	(0.1)	(5.6)	(17.7)	
Other property expenses	(9.7)	(4.1)	(0.8)	(3.5)	–	(18.1)	
Revenue less costs	40.4	30.7	10.2	2.4	(5.5)	78.2	
Net revaluation movements on investment properties	(73.7)	(41.5)	(12.5)	–	–	(127.7)	
Net revaluation movements on equity investments	–	–	–	(0.6)	–	(0.6)	
(Loss)/Profit on sale of investment property	(1.6)	(0.8)	–	–	0.1	(2.3)	
Loss on sale of other equity investments	–	–	–	(0.1)	–	(0.1)	
Segment operating (loss)/profit	(34.9)	(11.6)	(2.3)	1.7	(5.4)	(52.5)	
Finance income	1.0	–	–	0.4	–	1.4	
Finance costs	(26.9)	(14.2)	(4.3)	–	(0.3)	(45.7)	
Foreign exchange gain/(loss)	–	–	–	(0.6)	–	(0.6)	
Segment loss before tax	(60.8)	(25.8)	(6.6)	1.5	(5.7)	(97.4)	

<sup>1</sup> Other property-related income includes an amount of £2.9 million in the United Kingdom segment which is the forfeited deposit, net of costs, from the original purchaser upon their failure to complete on the sale of Westminster Tower.

### SEGMENT ASSETS AND LIABILITIES

	Assets			Liabilities			Capital expenditure		
	30 June 2025 £m	30 June 2024 £m	31 Dec 2024 £m	30 June 2025 £m	30 June 2024 £m	31 Dec 2024 £m	30 June 2025 £m	30 June 2024 £m	31 Dec 2024 £m
<i>Investment properties</i>									
United Kingdom	<b>702.4</b>	857.0	825.1	<b>418.2</b>	532.9	510.5	<b>2.6</b>	2.5	9.4
Germany	<b>836.5</b>	858.5	828.8	<b>478.7</b>	495.3	477.4	<b>2.7</b>	4.5	8.3
France	<b>235.2</b>	237.4	233.2	<b>160.6</b>	153.2	158.4	<b>2.1</b>	1.8	3.4
<i>Other investments</i>	<b>52.6</b>	68.2	44.7	<b>3.8</b>	2.8	1.3	–	–	–
	<b>1,826.7</b>	2,021.1	1,931.8	<b>1,061.3</b>	1,184.2	1,147.6	<b>7.4</b>	8.8	21.1

## 4 ALTERNATIVE PERFORMANCE MEASURES (“APMs”)

Alternative Performance Measures (“APMs”) should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

### Introduction

The Group has applied the October 2015 European Securities and Markets Authority (“ESMA”) guidelines on APMs and the October 2021 Financial Reporting Council (“FRC”) thematic review of APMs in these results, whilst noting the International Organization of Securities Commissions (“IOSCO”) 2016 guidance and ESMA’s December 2019 report on the use of APMs. An APM is a financial measure of historical or future financial performance, position or cash flows of the Group which is not a measure defined or specified in IFRS.

### Overview of our use of APMs

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

APMs are not defined by IFRS and therefore may not be directly comparable with other companies’ APMs, including peers in the real estate industry. There are two sets of APMs which we utilise (European Public Real Estate Association (“EPRA”) APMs and similar CLS APMs) which are reconciled where possible to statutory measures on the following pages.

#### 1. EPRA APMs

CLS monitors the Group’s financial performance using APMs which are EPRA measures as these are a set of standard disclosures for the property industry and thus aid comparability for our stakeholder users. CLS considers the two measures below to be the most relevant as we believe that these will continue to reflect the long-term nature of our property investments most accurately:

- EPRA earnings; and
- EPRA net tangible asset value (“NTA”).

Whilst CLS primarily uses the measures referred to above, we have also disclosed other EPRA metrics being:

- EPRA net realisable value (“NRV”);
- EPRA net development value (“NDV”);
- EPRA net initial yield;
- EPRA ‘topped-up’ net initial yield;
- EPRA vacancy;
- EPRA capital expenditure;
- EPRA cost ratio;
- EPRA LTV; and
- EPRA like-for-like gross rental income growth.

#### 2. Other APMs

CLS uses a number of other APMs, many of which are commonly used by industry peers:

- Total accounting return;
- Net debt and gearing;
- Balance sheet loan-to-value;
- Administration cost ratio;
- Dividend cover; and
- Interest cover.

### Changes to APMs

The Group adopted the EPRA Best Practice Recommendations (“BPRs”) September 2024 in the current reporting period. This has not had a material impact on the Group’s reported EPRA earnings and there has been no change to the Group’s APMs in the year with the same APMs utilised by the business being defined, calculated and used on a consistent basis.

#### 4 ALTERNATIVE PERFORMANCE MEASURES (“APMs”) (continued)

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

##### 1) EPRA APMs

	30 June 2025 Number	30 June 2024 Number	31 December 2024 Number
<b>For use in earnings per share calculations</b>			
Weighted average number of ordinary shares in circulation	398,056,562	397,410,268	397,410,268
Diluted number of ordinary shares	402,916,907	402,916,907	402,916,907
<b>For use in net asset per share calculations</b>			
Number of ordinary shares in circulation	398,110,742	397,410,268	397,410,268

##### i) EPRA Earnings

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Loss for the period	(24.4)	(61.1)	(93.6)
Non-recurring items <sup>1</sup>	1.3	–	–
Net revaluation movement on investment property	32.3	82.8	127.7
Deferred taxation on revaluations	(1.9)	(7.5)	(6.6)
Net movement on revaluation of equity investments	(0.3)	0.4	0.6
Loss on sale of equity investments	–	0.1	0.1
Loss on sale of investment property	6.3	1.4	2.3
Current tax thereon	1.1	2.1	2.1
Movement in fair value of derivative financial instruments	1.5	0.7	3.4
Amortisation of intangible assets	0.2	0.2	0.4
<b>EPRA earnings</b>	<b>16.1</b>	<b>19.1</b>	<b>36.4</b>
<b>Basic and diluted earnings per share</b>	<b>(6.1)p</b>	<b>(15.4)p</b>	<b>(23.6)p</b>
<b>EPRA earnings per share</b>	<b>4.0p</b>	<b>4.8p</b>	<b>9.2p</b>

<sup>1</sup> During the first half of the year, we conducted a review of staffing and financial structuring. This resulted in non-recurring costs including redundancy costs being incurred. This was substantially complete by the half-year and we do not expect further significant costs to be incurred in the second half of 2025.

##### ii) Net asset value measures

30 June 2025	IFRS NAV £m	EPRA NTA £m	EPRA NRV £m	EPRA NDV £m
IFRS net assets	765.4	765.4	765.4	765.4
Other intangibles	–	(2.7)	–	–
Fair value of fixed interest debt	–	–	–	40.3
- tax thereon	–	–	–	(1.3)
Deferred tax on revaluation surplus	–	79.7	79.7	–
Adjustment for short-term disposals	–	(8.1)	–	–
Fair value of financial instruments	–	(0.1)	(0.1)	–
Purchasers' costs <sup>1</sup>	–	–	118.7	–
	765.4	834.2	963.7	804.4
<b>Per share</b>	<b>192.3p</b>	<b>209.5p</b>	<b>242.1p</b>	<b>202.1p</b>

<sup>1</sup> Purchasers costs have been calculated using the regional market rates

#### 4 ALTERNATIVE PERFORMANCE MEASURES (“APMs”) (continued)

30 June 2024

	IFRS NAV £m	EPRA NTA £m	EPRA NRV £m	EPRA NDV £m
IFRS net assets	836.9	836.9	836.9	836.9
Other intangibles	–	(2.7)	–	–
Fair value of fixed interest debt	–	–	–	63.1
- tax thereon	–	–	–	(3.4)
Deferred tax on revaluation surplus	–	80.7	80.7	–
Adjustment for short-term disposals	–	(7.2)	–	–
Fair value of financial instruments	–	(4.0)	(4.0)	–
Purchasers’ costs	–	–	136.9	–
	836.9	903.7	1,050.5	896.6
Per share	210.6p	227.4p	264.3p	225.6p

31 December 2024

	IFRS NAV £m	EPRA NTA £m	EPRA NRV £m	EPRA NDV £m
IFRS net assets	784.2	784.2	784.2	784.2
Other intangibles	–	(2.7)	–	–
Fair value of fixed interest debt	–	–	–	50.4
Tax thereon	–	–	–	(1.7)
Deferred tax on revaluation surplus	–	79.8	79.8	–
Adjustment for short-term disposals	–	(5.5)	–	–
Fair value of financial instruments	–	(1.4)	(1.4)	–
Purchasers’ costs	–	–	132.6	–
	784.2	854.4	995.2	832.9
Per share	197.3p	215.0p	250.4p	209.6p

#### iii) Yield

##### EPRA Net Initial Yield (“NIY”)

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

	Six months ended 30 June 2025			
	United Kingdom £m	Germany £m	France £m	Total £m
Rent passing	39.2	42.3	12.9	94.4
Adjusted for properties in development	(0.1)	–	–	(0.1)
Forecast non-recoverable service charge	(3.7)	(2.5)	(0.3)	(6.5)
<b>Annualised net rents (A)</b>	<b>35.4</b>	<b>39.8</b>	<b>12.6</b>	<b>87.8</b>
Property portfolio <sup>1</sup>	655.3	822.0	228.2	1,705.5
Adjusted for properties in development	(11.4)	(1.7)	(8.6)	(21.7)
Purchasers’ costs at 6.8%	43.8	55.8	14.9	114.5
<b>Property portfolio valuation including purchasers’ costs (B)</b>	<b>687.7</b>	<b>876.1</b>	<b>234.5</b>	<b>1,798.3</b>
<b>EPRA NIY (A/B)</b>	<b>5.1%</b>	<b>4.5%</b>	<b>5.4%</b>	<b>4.9%</b>

<sup>1</sup> The above table comprise data of the investment properties and properties held for sale. They exclude owner-occupied, student accommodation and hotel.

#### 4 ALTERNATIVE PERFORMANCE MEASURES (“APMs”) (continued)

	Six months ended 30 June 2024			
	United Kingdom £m	Germany £m	France £m	Total £m
Rent passing	43.8	46.8	13.0	103.6
Adjusted for properties in development	–	–	–	–
Forecast non-recoverable service charge	(3.2)	(1.6)	(0.6)	(5.4)
<b>Annualised net rents (A)</b>	<b>40.6</b>	<b>45.2</b>	<b>12.4</b>	<b>98.2</b>
Property portfolio	695.8	837.4	230.0	1,763.2
Adjusted for properties in development	(15.9)	(2.1)	–	(18.0)
Purchasers’ costs at 6.8%	46.2	56.8	15.6	118.6
<b>Property portfolio valuation including purchasers’ costs (B)</b>	<b>726.1</b>	<b>892.1</b>	<b>245.6</b>	<b>1,863.8</b>
<b>EPRA NIY (A/B)</b>	<b>5.6%</b>	<b>5.1%</b>	<b>5.0%</b>	<b>5.3%</b>

	Year ended 31 December 2024			
	United Kingdom £m	Germany £m	France £m	Total £m
Rent passing	46.6	41.6	12.9	101.1
Adjusted for properties in development	(0.1)	–	(0.3)	(0.4)
Forecast non-recoverable service charge	(3.9)	(2.5)	(0.5)	(6.9)
<b>Annualised net rents (A)</b>	<b>42.6</b>	<b>39.1</b>	<b>12.1</b>	<b>93.8</b>
Property portfolio	668.4	814.1	225.9	1,708.4
Adjusted for properties in development	(11.4)	(2.0)	(8.3)	(21.7)
Purchasers’ costs at 6.8%	44.7	55.2	14.8	114.7
<b>Property portfolio valuation including purchasers’ costs (B)</b>	<b>701.7</b>	<b>867.3</b>	<b>232.4</b>	<b>1,801.4</b>
<b>EPRA NIY (A/B)</b>	<b>6.1%</b>	<b>4.5%</b>	<b>5.2%</b>	<b>5.2%</b>

#### EPRA ‘topped-up’ NIY

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

	Six months ended 30 June 2025			
	United Kingdom £m	Germany £m	France £m	Total £m
Contracted rent	<b>45.8</b>	<b>44.9</b>	<b>13.8</b>	<b>104.5</b>
Adjusted for properties in development	<b>(0.1)</b>	–	–	<b>(0.1)</b>
Forecast non-recoverable service charge	<b>(3.7)</b>	<b>(2.5)</b>	<b>(0.3)</b>	<b>(6.5)</b>
<b>‘Topped-up’ annualised net rents (A)</b>	<b>42.0</b>	<b>42.4</b>	<b>13.5</b>	<b>97.9</b>
Property portfolio <sup>1</sup>	<b>655.3</b>	<b>822.0</b>	<b>228.2</b>	<b>1,705.5</b>
Adjusted for properties in development	<b>(11.4)</b>	<b>(1.7)</b>	<b>(8.6)</b>	<b>(21.7)</b>
Purchasers’ costs at 6.8%	<b>43.8</b>	<b>55.8</b>	<b>14.9</b>	<b>114.5</b>
<b>Property portfolio valuation including purchasers’ costs (B)</b>	<b>687.7</b>	<b>876.1</b>	<b>234.5</b>	<b>1,798.3</b>
<b>EPRA ‘topped-up’ NIY (A/B)</b>	<b>6.1%</b>	<b>4.8%</b>	<b>5.8%</b>	<b>5.4%</b>

<sup>1</sup> The above table comprise data of the investment properties and properties held for sale. They exclude owner-occupied, student accommodation and hotel.

#### 4 ALTERNATIVE PERFORMANCE MEASURES (“APMs”) (continued)

	Six months ended 30 June 2024			
	United Kingdom £m	Germany £m	France £m	Total £m
Contracted rent	50.1	47.7	13.9	111.7
Adjusted for properties in development	–	–	–	–
Forecast non-recoverable service charge	(3.2)	(1.6)	(0.6)	(5.4)
‘Topped-up’ annualised net rents (A)	46.9	46.1	13.3	106.3
Property portfolio	695.8	837.4	230.0	1,763.2
Adjusted for properties in development	(15.9)	(2.1)	–	(18.0)
Purchasers’ costs at 6.8%	46.2	56.8	15.6	118.6
Property portfolio valuation including purchasers’ costs (B)	726.1	892.1	245.6	1,863.8
EPRA ‘topped-up’ NIY (A/B)	6.5%	5.2%	5.4%	5.7%

	Year ended 31 December 2024			
	United Kingdom £m	Germany £m	France £m	Total £m
Contracted rent	50.1	44.9	13.9	108.9
Adjusted for properties in development	(0.1)	–	(0.3)	(0.4)
Forecast non-recoverable service charge	(3.9)	(2.5)	(0.5)	(6.9)
Annualised net rents (A)	46.1	42.4	13.1	101.6
Property portfolio	668.4	814.1	225.9	1,708.4
Adjusted for properties in development	(11.4)	(2.0)	(8.3)	(21.7)
Purchasers’ costs at 6.8%	44.7	55.2	14.8	114.7
Property portfolio valuation including purchasers’ costs (B)	701.7	867.3	232.4	1,801.4
EPRA NIY (A/B)	6.6%	4.9%	5.6%	5.6%

#### iv) EPRA vacancy

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
ERV of vacant space (A)	17.6	16.2	15.1
ERV of let space	98.7	107.0	103.9
ERV of lettable space (B)	116.3	123.2	119.0
<b>EPRA vacancy rate (A/B)</b>	<b>15.1%</b>	13.2%	12.7%

#### 4 ALTERNATIVE PERFORMANCE MEASURES (“APMs”) (continued)

##### v) EPRA capital expenditure

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Acquisitions	–	–	–
Amounts spent on the completed investment property portfolio			
Creation of incremental space	–	–	–
Creation of no incremental space	7.4	8.8	21.1
<b>EPRA capital expenditure</b>	<b>7.4</b>	<b>8.8</b>	<b>21.1</b>
Conversion from accrual to cash basis	3.8	0.5	1.2
<b>EPRA capital expenditure on a cash basis</b>	<b>11.2</b>	<b>9.3</b>	<b>22.3</b>

##### vi) EPRA cost ratio

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Administration expenses	8.7	9.0	17.7
Other expenses	8.8	9.1	18.1
Less: investment segment and student operating costs	(3.0)	(3.3)	(6.8)
	<b>14.5</b>	<b>14.8</b>	<b>29.0</b>
Net service charge costs	2.6	2.6	6.1
Service charge costs recovered through rents but not separately invoiced	(0.3)	(0.1)	(0.3)
Dilapidations receipts	(0.9)	(0.3)	(1.2)
EPRA costs (including direct vacancy costs) (A)	<b>15.9</b>	<b>17.0</b>	<b>33.6</b>
Direct vacancy costs	<b>(4.5)</b>	<b>(3.9)</b>	<b>(8.2)</b>
EPRA costs (excluding direct vacancy costs) (B)	<b>11.4</b>	<b>13.1</b>	<b>25.4</b>
Gross rental income	<b>48.1</b>	<b>51.1</b>	<b>100.2</b>
Service charge components of rental income	<b>(0.3)</b>	<b>(0.1)</b>	<b>(0.3)</b>
Adjusted gross rental income (C)	<b>47.8</b>	<b>51.0</b>	<b>99.9</b>
<b>EPRA cost ratio (including direct vacancy costs) (A/C)</b>	<b>33.3%</b>	<b>33.3%</b>	<b>33.6%</b>
<b>EPRA cost ratio (excluding direct vacancy costs) (B/C)</b>	<b>23.8%</b>	<b>25.7%</b>	<b>25.4%</b>

#### 4 ALTERNATIVE PERFORMANCE MEASURES (“APMs”) (continued)

##### vii) EPRA LTV

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Borrowings from financial institutions	923.0	1,028.5	999.2
Net payables	44.7	40.4	52.4
Cash and cash equivalents	(63.9)	(68.5)	(60.5)
<b>Net debt (A)</b>	<b>903.8</b>	<b>1,000.4</b>	<b>991.1</b>
Properties held as property, plant and equipment	40.7	40.2	40.7
Investment properties	1,518.5	1,737.5	1,676.5
Properties held for sale	187.0	132.7	133.0
Financial assets – equity investments	0.9	1.0	0.6
<b>Total property value (B)</b>	<b>1,747.1</b>	<b>1,911.4</b>	<b>1,850.8</b>
<b>EPRA LTV (A/B)</b>	<b>51.7%</b>	<b>52.3%</b>	<b>53.5%</b>

##### viii) EPRA like-for-like gross rental income growth

	Six months ended 30 June 2025 %	Six months ended 30 June 2024 %	Year ended 31 December 2024 %
<b>(Decrease)/increase in gross rental income (%)</b>	<b>(4.8)</b>	<b>0.3</b>	<b>1.2</b>

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
<b>(Decrease)/increase in gross rental income (£m)</b>	<b>(2.4)</b>	<b>0.2</b>	<b>1.1</b>

## 2. Other APMs

### i) Total accounting return per share

	Six months ended 30 June 2025 p	Six months ended 30 June 2024 p	Year ended 31 December 2024 p
EPRA closing net tangible assets	209.5	227.4	215.0
Add back: prior year final dividend paid <sup>1</sup>	2.7	5.4	5.4
Add back: interim dividend paid	–	–	2.6
Less: EPRA opening net tangible assets (A)	(215.0)	(253.0)	(253.0)
Return before dividends (B)	(2.8)	(20.2)	(30.0)
<b>Total accounting return (NTA) (B/A)</b>	<b>(1.3)%</b>	<b>(8.0)%</b>	<b>(11.9)%</b>

<sup>1</sup> The 2024 final dividend was 2.68 pence but has been rounded to 2.7 pence for the purpose of this note.

#### 4 ALTERNATIVE PERFORMANCE MEASURES (“APMs”) (continued)

##### ii) Net debt and gearing

	Notes	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Borrowings short-term	12	298.0	247.9	372.4
Borrowings long-term	12	625.0	780.6	626.8
Add back: unamortised issue costs	12	3.7	4.4	4.3
Gross debt	12	926.7	1,032.9	1,003.5
Cash	16	(63.9)	(68.5)	(60.5)
<b>Net debt (A)</b>		<b>862.8</b>	<b>964.4</b>	<b>943.0</b>
Net assets (B)		765.4	836.9	784.2
<b>Net gearing (A/B)</b>		<b>112.7%</b>	<b>115.2%</b>	<b>120.2%</b>

##### iii) Balance sheet loan-to-value

	Notes	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Borrowings short-term	12	298.0	247.9	372.4
Borrowings long-term	12	625.0	780.6	626.8
Less: cash	16	(63.9)	(68.5)	(60.5)
<b>Net debt (A)</b>		<b>859.1</b>	<b>960.0</b>	<b>938.7</b>
Investment properties	9	1,518.5	1,737.5	1,676.5
Properties in PPE	8	40.7	40.2	40.7
Properties held for sale	11	187.0	132.7	133.0
<b>Total property portfolio (B)</b>		<b>1,746.2</b>	<b>1,910.4</b>	<b>1,850.2</b>
<b>Balance sheet loan-to-value (A/B)</b>		<b>49.2%</b>	<b>50.3%</b>	<b>50.7%</b>

##### iv) Dividend cover

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Interim dividend <sup>1</sup>	5.2	10.3	10.3
Final dividend	–	–	10.7
<b>Total dividend (A)</b>	<b>5.2</b>	<b>10.3</b>	<b>21.0</b>
<b>EPRA earnings (B)</b>	<b>16.1</b>	<b>19.1</b>	<b>36.4</b>
<b>Dividend cover (B/A)</b>	<b>3.10</b>	<b>1.85</b>	<b>1.73</b>

<sup>1</sup> The 30 June 2025 amount represents the proposed interim 2025 dividend

#### 4 ALTERNATIVE PERFORMANCE MEASURES (“APMs”) (continued)

##### v) Interest cover

	Notes	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Net rental income	3	53.3	58.9	114.0
Administration expenses	3	(8.7)	(9.0)	(17.7)
Other property expenses	3	(8.8)	(9.1)	(18.1)
<b>Revenue less costs (A)</b>		<b>35.8</b>	40.8	78.2
Finance income (excluding dividends and derivatives)	5	0.7	0.5	1.4
Finance costs (excluding derivatives)	6	(19.9)	(21.3)	(42.3)
<b>Net interest (B)</b>		<b>(19.2)</b>	(20.8)	(40.9)
<b>Interest cover (-A/B)</b>		<b>1.86</b>	1.96	1.91

##### vi) CLS administration cost ratio

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Administration expenses	8.7	9.0	17.7
Less: Other investment segment	–	(0.1)	(0.1)
Underlying administration expenses (A)	8.7	8.9	17.6
Net rental income (B)	53.3	58.9	114.0
<b>Administration cost ratio (A/B)</b>	<b>16.3%</b>	15.1%	15.4%

#### 5 FINANCE INCOME

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Interest income			
Financial instruments carried at amortised cost	0.7	0.5	1.4
Movement in fair value of derivative financial instruments	–	–	–
	<b>0.7</b>	0.5	1.4

## 6 FINANCE COSTS

	<b>Six months ended 30 June 2025 £m</b>	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Interest expense			
Secured bank loans	<b>19.1</b>	20.4	40.6
Amortisation of loan issue costs	<b>0.8</b>	0.9	1.7
Total interest costs	<b>19.9</b>	21.3	42.3
Movement in fair value of derivative financial instruments	<b>1.5</b>	0.7	3.4
Total finance costs	<b>21.4</b>	22.0	45.7

## 7 TAXATION

	<b>Six months ended 30 June 2025 £m</b>	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Deferred tax			
Origination and reversal of temporary differences	<b>(1.9)</b>	(7.5)	(6.9)
	<b>(1.9)</b>	(7.5)	(6.9)
Current tax	<b>2.0</b>	2.9	3.1
<b>Tax charge / (credit)</b>	<b>0.1</b>	(4.6)	(3.8)

Tax for the six months ended 30 June 2025 has been recorded at an effective rate of 0.4% (six months ended 30 June 2024: 7.7%; year ended 31 December 2024: 2.2%), representing the best estimate of the average annual effective tax rate expected for the full year adjusted for the tax effect of one-off items, applied to the pre-tax income of the six month period. The effective tax rate for the period of 0.4% is lower than the weighted average tax rate of 23.0%. This is primarily due to the revaluation loss arising from the UK property rental business which is exempt from UK Corporation Tax under the REIT regime and tax losses not recognised in Germany and France.

The total tax charge for the period ended 30 June 2025 of £0.1 million is lower than the £4.6 million tax credit for the six months ended 30 June 2024 and lower than the £2.1 million tax credit recognised for the year ended 31 December 2024 primarily due to lower revaluation losses in Germany and France and tax losses not recognised in Germany and France.

## 8 PROPERTY PORTFOLIO

	United Kingdom £m	Germany £m	France £m	Total £m
Investment property	622.0	675.2	221.3	1,518.5
Property held as property, plant and equipment	37.4	1.6	1.7	40.7
Properties held for sale	33.3	146.8	6.9	187.0
<b>Property portfolio at 30 June 2025</b>	<b>692.7</b>	<b>823.6</b>	<b>229.9</b>	<b>1,746.2</b>

	United Kingdom £m	Germany £m	France £m	Total £m
Investment property	699.7	807.8	230.0	1,737.5
Property held as property, plant and equipment	36.8	1.7	1.7	40.2
Properties held for sale	103.2	29.5	–	132.7
<b>Property portfolio at 30 June 2024</b>	<b>839.7</b>	<b>839.0</b>	<b>231.7</b>	<b>1,910.4</b>

	United Kingdom £m	Germany £m	France £m	Total £m
Investment property	657.0	793.6	225.9	1,676.5
Property held as property, plant and equipment	37.5	1.6	1.6	40.7
Properties held for sale	112.5	20.5	–	133.0
<b>Property portfolio at 31 December 2024</b>	<b>807.0</b>	<b>815.7</b>	<b>227.5</b>	<b>1,850.2</b>

The property portfolio which comprises investment properties detailed in note 9, the hotel and owner-occupied property detailed in note 10 and properties held for sale detailed in note 11 was revalued at 30 June 2025 to its fair value. Valuations were based on current prices in an active market for all properties. The property valuations were carried out by external independent valuers as follows:

	30 June 2025			30 June 2024			31 December 2024		
	Investment property £m	Other property £m	Property portfolio £m	Investment property £m	Other property £m	Property portfolio £m	Investment property £m	Other property £m	Property portfolio £m
Cushman and Wakefield	622.0	70.7	692.7	699.7	140.0	839.7	657.0	150.0	807.0
Jones Lang LaSalle	896.5	157.0	1,053.5	1,037.8	32.9	1,070.7	1,019.5	23.7	1,043.2
	<b>1,518.5</b>	<b>227.7</b>	<b>1,746.2</b>	<b>1,737.5</b>	<b>172.9</b>	<b>1,910.4</b>	<b>1,676.5</b>	<b>173.7</b>	<b>1,850.2</b>

The total fees, including the fees for this assignment, earned by each of the valuers from the Group is less than 5% of their total revenues in each jurisdiction. See note 9 and note 10 for details on valuation technique and fair value measurement.

## 9 INVESTMENT PROPERTIES

	United Kingdom £m	Germany £m	France £m	Total £m
<b>At 1 January 2025</b>	<b>657.0</b>	<b>793.6</b>	<b>225.9</b>	<b>1,676.5</b>
Capital expenditure	2.6	2.7	2.1	7.4
Net revaluation movement	(15.8)	(8.3)	(8.2)	(32.3)
Lease incentive adjustments <sup>1</sup>	0.1	4.5	0.1	4.7
Exchange rate variances	–	29.5	8.3	37.8
Transfer to properties held for sale	(21.9)	(146.8)	(6.9)	(175.6)
<b>At 30 June 2025</b>	<b>622.0</b>	<b>675.2</b>	<b>221.3</b>	<b>1,518.5</b>

	United Kingdom £m	Germany £m	France £m	Total £m
At 1 January 2024	836.3	768.2	246.0	1,850.5
Capital expenditure	2.5	4.5	1.8	8.8
Disposals	(3.1)	–	–	(3.1)
Net revaluation movement	(38.9)	(30.9)	(12.5)	(82.3)
Lease incentive adjustments	(0.4)	0.2	0.1	(0.1)
Exchange rate variances	–	(18.0)	(5.4)	(23.4)
Transfer to property, plant and equipment	–	(0.1)	–	(0.1)
Transfer (to)/from properties held for sale	(96.7)	83.9	–	(12.8)
At 30 June 2024	699.7	807.8	230.0	1,737.5

	United Kingdom £m	Germany £m	France £m	Total £m
At 1 January 2024	836.3	768.2	246.0	1,850.5
Capital expenditure	9.4	8.3	3.4	21.1
Disposals	(8.2)	–	–	(8.2)
Net revaluation movement	(73.7)	(41.5)	(12.5)	(127.7)
Lease incentives adjustments <sup>1</sup>	(0.8)	11.2	–	10.4
Exchange rate variances	–	(36.8)	(11.0)	(47.8)
Reclassification to property, plant and equipment	–	(0.1)	–	(0.1)
Transfer (to)/from properties held for sale	(106.0)	84.3	–	(21.7)
At 31 December 2024	657.0	793.6	225.9	1,676.5

<sup>1</sup> Increase in the lease incentive adjustments in Germany primarily relates to the tenant incentive works conducted at the Brix, Essen in advance of a 30 year lease with the City of Essen.

Investment properties include leasehold properties with a carrying value of £41.0 million (30 June 2024: £63.0 million; 31 December 2024: £62.4 million).

Interest capitalised within capital expenditure in the period amounted to £nil (30 June 2024: £nil; 31 December 2024: £nil)

### Valuation process

The Group's property portfolio was valued by external valuers on the basis of fair value using information provided to them by the Group such as current rents, terms and conditions of lease agreements, service charges and capital expenditure. This information is derived from the Group's property management systems and is subject to the Group's overall control environment. The valuation reports are based on assumptions and valuation models used by the external valuers. The assumptions are typically market related, such as yields and discount rates, and are based on professional judgement and market evidence of transactions for similar properties on arm's length terms. The valuations are prepared in accordance with RICS Valuation – Global standards.

## 9 INVESTMENT PROPERTIES (continued)

Each Country Head, who reports to the Chief Executive Officer, verifies all major inputs to the external valuation reports, assesses the individual property valuation changes from the prior year valuation report and holds discussions with the external valuers. When the process is complete, the valuation report is recommended to the Audit Committee and the Board, which considers it as part of its overall responsibilities.

### Valuation techniques

The fair value of the property portfolio (excluding ongoing developments, see below) has been determined using the following approaches in accordance with International Valuation Standards:

United Kingdom:	an income capitalisation approach whereby contracted and market rental values are capitalised with a market capitalisation rate
Germany:	a 10 year discounted cash flow model with an assumed exit thereafter
France:	both the market capitalisation approach and a 10 year discounted cash flow approach

The resulting valuations are cross-checked against the equivalent yields and the fair market values per square foot derived from comparable recent market transactions on arm's length terms. Other factors taken into account in the valuations include the tenure of the property, tenancy details, and ground and structural conditions.

Ongoing developments are valued under the 'residual method' of valuation, which is the same method as the income capitalisation approach to valuation described above, with a deduction for all costs necessary to complete the development, including a notional finance cost, together with a further allowance for remaining risk. As the development approaches completion, the valuer may consider the income capitalisation approach to be more appropriate.

All valuations have considered the environmental, social and governance credentials of the properties and the potential cost of improving them to local regulatory standards along with the broader potential impact of climate change.

These techniques are consistent with the principles in IFRS 13 Fair Value Measurement and use significant unobservable inputs such that the fair value measurement of each property within the portfolio has been classified as Level 3 in the fair value hierarchy.

There were no transfers between any of the Levels in the fair value hierarchy during either 2025 or 2024. The Group determines whether transfers have occurred between levels in the fair value hierarchy by re-assessing categorisation at the end of each reporting period.

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to a loss of £32.3 million (30 June 2024: £82.8 million; 31 December 2024: £127.7 million) and are presented in the income statement in the line item 'Net revaluation movements on investment property'. The revaluation surplus for the property, plant and equipment of £nil (30 June 2024: £0.6 million gain; 31 December 2024: £1.3 million gain) was included within the revaluation reserve via other comprehensive income.

All gains and losses recorded in profit or loss in 2025 and 2024 for recurring fair value measurements categorised within Level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property held at 30 June 2025 and 30 June 2024 respectively.

9 INVESTMENT PROPERTIES (continued)

**Quantitative information about fair value measurement using unobservable inputs (Level 3)**

ERV						
	Average £ per sq. ft			Range £ per sq. ft		
	<b>30-Jun-25</b>	30-Jun-24	31-Dec-24	<b>30-Jun-25</b>	30-Jun-24	31-Dec-24
	UK	<b>37.37</b>	37.75	38.08	<b>10.00–52.72</b>	10.00–56.24
Germany	<b>14.47</b>	13.78	13.41	<b>9.57–28.62</b>	9.70–28.26	9.19–27.59
France	<b>22.93</b>	21.65	21.42	<b>12.86–47.00</b>	12.69–44.25	12.40–45.25

Equivalent yield						
	Average %			Range %		
	<b>30-Jun-25</b>	30-Jun-24	31-Dec-24	<b>30-Jun-25</b>	30-Jun-24	31-Dec-24
	UK	<b>7.55</b>	7.19	7.39	<b>6.23–10.04</b>	3.44–10.50
Germany	<b>5.39</b>	5.25	5.23	<b>4.65–6.40</b>	4.10–6.40	4.30–6.40
France	<b>6.12</b>	6.12	6.13	<b>4.80–7.75</b>	4.86–7.50	4.82–7.50

**Sensitivity of measurement to variations in the significant unobservable inputs**

All other factors remaining constant, an increase in estimated rental value “ERV” would increase valuations, whilst an increase in the equivalent yield would result in a fall in value, and vice versa. There are inter-relationships between these inputs as they are partially determined by market conditions. An increase in the reversionary yield may accompany an increase in ERV and would mitigate its impact on the fair value measurement.

A decrease in the equivalent yield by 25 basis points would result in an increase in the fair value of the Group’s investment property by £70.7 million (30 June 2024: £81.6 million; 31 December 2024: £79.3 million) whilst a 25 basis point increase would reduce the fair value by £69.8 million (30 June 2024: £81.2 million; 31 December 2024: £79.2million). A decrease in the ERV by 5% would result in a decrease in the fair value of the Group’s investment property by £68.8 million (30 June 2024: £74.8 million; 31 December 2024: £70.7 million) whilst an increase in the ERV by 5% would result in an increase in the fair value of the Group’s investment property by £64.1 million (30 June 2024: £68.3 million; 31 December 2024: £64.4 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 prior year.

Although not a key valuation assumption, in the absence of a financial instruments note and disclosure on foreign exchange risk, the table below shows how the investment property values would be impacted by a 5% movement in the sterling/euro exchange rate at 30 June 2025.

	£m
5% increase in value of sterling against the euro	<b>(42.7)</b>
5% fall in value of sterling against the euro	<b>47.2</b>

## 10 PROPERTY, PLANT AND EQUIPMENT

	30 June 2025 £m	30 June 2024 £m	31 December 2024 £m	
Hotel	31.0	30.8	31.4	
Owner-occupied property	9.7	9.4	9.3	
Fixtures and fittings	1.7	2.0	1.8	
<b>Total</b>	<b>42.4</b>	<b>42.2</b>	<b>42.5</b>	
	Hotel £m	Owner- occupied property £m	Fixtures and fittings £m	Total £m
At 1 January 2025	31.4	9.3	4.0	44.7
Additions	–	–	0.1	0.1
Disposals	–	–	–	–
Revaluation	(0.4)	0.3	–	(0.1)
Exchange rate variances	–	0.1	–	0.1
<b>At 30 June 2025</b>	<b>31.0</b>	<b>9.7</b>	<b>4.1</b>	<b>44.8</b>
<b>Comprising:</b>				
<b>At cost</b>	–	–	4.1	4.1
<b>At valuation</b>	31.0	9.7	–	40.7
	31.0	9.7	4.1	44.8
<b>Accumulated depreciation and impairment</b>				
At 1 January 2025	–	–	(2.2)	(2.2)
Depreciation charge	–	(0.1)	(0.2)	(0.3)
Disposals	–	–	–	–
Revaluation	–	0.1	–	0.1
<b>At 30 June 2025</b>	<b>–</b>	<b>–</b>	<b>(2.4)</b>	<b>(2.4)</b>
<b>Net book value</b>				
<b>At 30 June 2025</b>	<b>31.0</b>	<b>9.7</b>	<b>1.7</b>	<b>42.4</b>
At 31 December 2024	31.4	9.3	1.8	42.5

### Valuation techniques

The fair values of the hotel and owner-occupied property have been determined using the following approach in accordance with International Valuation Standards:

Hotel:	a 10 year discounted cash flow model with an assumed exit thereafter. The projected EBITDA in the 11th year is capitalised at a market yield before being brought back to present day values
Owner – occupied property:	an income capitalisation approach whereby contracted and market rental values are capitalised with a market capitalisation rate

This technique is consistent with the principles in IFRS 13 Fair Value Measurement and use significant unobservable inputs such that the fair value measurement of the hotel within the portfolio has been classified as Level 3 in the fair value hierarchy.

## 11 ASSETS HELD FOR SALE

	United Kingdom £m	Germany £m	France £m	Total £m
At 1 January 2025	112.5	20.5	–	133.0
Disposals	(101.1)	(20.5)	–	(121.6)
Transfer from investment property	21.9	146.8	6.9	175.6
Revaluation	–	–	–	–
Exchange rate variances	–	–	–	–
At 30 June 2025	33.3	146.8	6.9	187.0

The balance above comprises 7 properties (31 Dec 2024: 4 properties; 30 June 2024: 3 properties) that at 30 June 2025 were being marketed for sale and are expected to be disposed of within 12 months via an open market process. The properties are situated in the UK, Germany and France. The Directors expect that the sale proceeds achieved to be similar to their carrying amounts.

One property classified as held for sale at 31 December 2024 was transferred back into investment property during the period. Despite the Directors determining this property met the threshold of held for sale as at 31 December 2024, a suitable purchaser was not identified for this property and it is no longer classified as held for sale, as it was not being actively marketed at 30 June 2025. As held for sale properties are held at fair value, the change in classification has no material impact on the financial statements.

	United Kingdom £m	Germany £m	France £m	Total £m
At 1 January 2024	47.3	115.6	9.8	172.7
Disposals	(40.8)	–	(9.8)	(50.6)
Transfer from/(to) investment property	96.7	(83.9)	–	12.8
Revaluation	–	(0.5)	–	(0.5)
Exchange rate variances	–	(1.7)	–	(1.7)
At 30 June 2024	103.2	29.5	–	132.7

	United Kingdom £m	Germany £m	France £m	Total £m
At 1 January 2024	47.3	115.6	9.8	172.7
Disposals	(40.8)	(8.3)	(9.8)	(58.9)
Transfer from/(to) investment property	106.0	(84.3)	–	21.7
Revaluation	–	–	–	–
Exchange rate variances	–	(2.5)	–	(2.5)
At 31 December 2024	112.5	20.5	–	133.0

## 12 BORROWINGS

### MATURITY PROFILE

	Secured bank loans £m
<b>At 30 June 2025</b>	
<b>Maturing in:</b>	
<b>Within one year or on demand</b>	<b>299.2</b>
<b>One to two years</b>	<b>109.3</b>
<b>Two to five years</b>	<b>271.5</b>
<b>More than five years</b>	<b>246.7</b>
	<b>926.7</b>
<b>Unamortised issue costs</b>	<b>(3.7)</b>
<b>Borrowings</b>	<b>923.0</b>
<b>Due within one year</b>	<b>(298.0)</b>
<b>Due after one year</b>	<b>625.0</b>

At the year ended 31 December 2024, £373.7 million of borrowings were due for repayment within one year and £98.9 million was due within one to two years including unamortised issue costs (see 2024 Annual Report and Accounts, note 19). During the six-month period, CLS has refinanced or repaid £192.3 million.

	Secured bank loans £m
<b>At 30 June 2024</b>	
<b>Maturing in:</b>	
<b>Within one year or on demand</b>	<b>249.4</b>
<b>One to two years</b>	<b>247.9</b>
<b>Two to five years</b>	<b>315.4</b>
<b>More than five years</b>	<b>220.2</b>
	<b>1,032.9</b>
<b>Unamortised issue costs</b>	<b>(4.4)</b>
<b>Borrowings</b>	<b>1,028.5</b>
<b>Due within one year</b>	<b>(247.9)</b>
<b>Due after one year</b>	<b>780.6</b>

	Secured bank loans £m
<b>At 31 December 2024</b>	
<b>Maturing in:</b>	
<b>Within one year or on demand</b>	<b>373.7</b>
<b>One to two years</b>	<b>98.9</b>
<b>Two to five years</b>	<b>326.8</b>
<b>More than five years</b>	<b>204.1</b>
	<b>1,003.5</b>
<b>Unamortised issue costs</b>	<b>(4.3)</b>
<b>Borrowings</b>	<b>999.2</b>
<b>Due within one year</b>	<b>(372.4)</b>
<b>Due after one year</b>	<b>626.8</b>

## 12 BORROWINGS (continued)

### FAIR VALUES

	Carrying amounts			Fair values		
	30 June 2025 £m	30 June 2024 £m	31 December 2024 £m	30 June 2025 £m	30 June 2024 £m	31 December 2024 £m
Current borrowings	298.0	247.9	372.4	298.0	247.9	372.4
Non-current borrowings	625.0	780.6	626.8	585.0	719.3	629.8
	<b>923.0</b>	1,028.5	999.2	<b>883.0</b>	967.2	1,002.2

The valuation methods used to measure the fair values of the Group's fixed rate borrowings were derived from inputs which were either observable as prices or derived from prices taken from Bloomberg (Level 2).

### 13 SHARE CAPITAL

	Number of shares authorised, issued and fully paid					
	Ordinary shares in circulation Number	Treasury shares Number	Total ordinary shares Number	Ordinary shares in circulation £m	Treasury shares £m	Total ordinary shares £m
At 1 January 2024, 30 June 2024 and 31 December 2024	397,410,268	41,367,512	438,777,780	9.9	1.1	11.0
Issue of shares	700,474	(700,474)	–	–	–	–
<b>At 30 June 2025</b>	<b>398,110,742</b>	<b>40,667,038</b>	<b>438,777,780</b>	<b>9.9</b>	<b>1.1</b>	<b>11.0</b>

### 14 EARNINGS PER SHARE

The calculation of earnings per ordinary share is based on earnings after tax and the weighted average number of ordinary shares in issue during the year.

	30 June 2025 Number	30 June 2024 Number	31 December 2024 Number
<b>Weighted average number of ordinary shares in circulation</b>	<b>398,056,562</b>	397,410,268	397,410,268
<b>Number of ordinary shares in circulation</b>	<b>398,110,742</b>	397,410,268	397,410,268

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The diluted earnings per share does not assume conversion of potential ordinary shares that would have an antidilutive effect on earnings per share. The diluted loss per share for the period to 30 June 2025 was restricted to a loss of 6.1 pence per share, as the loss per share cannot be reduced by dilution in accordance with IAS 33 Earnings Per Share.

The Group has three types of dilutive potential ordinary shares, being: unvested shares granted under the Long Term Incentive Plan for executive directors and senior management; unvested shares granted under the Element B plan for executive directors and senior management; and unvested shares granted under the Special Share Award plan to key management. The issue of all these unvested shares is contingent upon satisfying specified conditions such as length of service and company performance.

Employee share plan	30 June 2025 Number	30 June 2024 Number	31 December 2024 Number
Element B / Special Share Award	–	694,695	694,695
LTIP	6,892,410	4,811,944	4,811,944
<b>Total potential dilutive shares</b>	<b>6,892,410</b>	5,506,639	5,506,639

## 15 CASH GENERATED FROM OPERATIONS

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Operating loss	(3.8)	(43.9)	(52.5)
Adjustments for:			
Net movements on revaluation of investment properties	32.3	82.8	127.7
Net movements on revaluation of equity investments	(0.3)	0.4	0.6
Depreciation and amortisation	0.3	0.5	1.0
Loss on sale of investment property	6.3	1.4	2.3
Lease incentive debtor adjustments	(4.7)	0.1	(10.4)
Share-based payment charge	–	0.3	0.6
Loss on sale of other equity investments	–	–	0.1
Changes in working capital:			
Decrease/(increase) in receivables	3.2	4.6	2.5
(Decrease)/increase in payables	(6.1)	(5.4)	(0.7)
<b>Cash generated from operations</b>	<b>27.2</b>	<b>40.8</b>	<b>71.2</b>

## 16 CASH AND CASH EQUIVALENTS

	Six months ended 30 June 2025 £m	Six months ended 30 June 2024 £m	Year ended 31 December 2024 £m
Cash at bank	63.9	68.5	60.5

At 30 June 2025, cash at bank included £42.6 million (31 Dec 2024: £41.4 million; 30 June 2024: £24.7 million) which was restricted by a third-party charge. £10.2 million of the restricted cash related to tenant deposits (31 Dec 2024: £10.1 million; 30 June 2024: £9.7 million).

## 17 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.

## 18 POST BALANCE SHEET EVENTS

The Group completed on the sale of Les Reflets, Lille on 25 July 2025 and unconditionally exchanged on the sale of Jarrestrasse, Hamburg, with completion in late August for a combined total of £24.3 million. At the balance sheet date these were all classified as assets held for sale on the balance sheet.

There were no other material events after 30 June 2025 which have a bearing on the understanding of the financial statements and require disclosure.

## **GLOSSARY**

### **Administration cost ratio**

Recurring administration expenses of the investment property operating segment expressed as a percentage of net rental income.

### **Balance sheet loan-to-value**

Net debt expressed as a percentage of property assets.

### **Building Research Establishment Environmental Assessment Method (BREEAM)**

An environmental impact assessment method for non-domestic buildings. Their standards cover new construction, In-Use as well as refurbishment and fit-out. BREEAM In-Use enables property investors, owners, managers and occupiers to determine and drive sustainable improvements in the operational performance of their buildings. It provides sustainability benchmarking and assurance for all building types and assesses performance in a number of areas; management, health & wellbeing, energy, transport, water, resources, resilience, land use & ecology, and pollution. Performance is measured across a series of ratings; Good, Very Good, Excellent and Outstanding.

### **Carbon emissions Scopes 1, 2 and 3**

Scope 1 – direct emissions;

Scope 2 – indirect emissions; and

Scope 3 – other indirect emissions.

### **CDP**

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

### **Contracted rent**

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

### **Dividend cover**

The ratio of EPRA earnings over the dividend paid to shareholders.

### **Earnings per share**

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

### **Energy Performance Certificate (EPC)**

An EPC is an asset rating detailing how energy efficient a building is, rated by carbon dioxide emission on a scale of A-G, where an A rating is the most energy efficient. They are legally required for any building that is to be put on the market for sale or rent.

### **European Public Real Estate Association (EPRA)**

A not-for-profit association with a membership of Europe's leading property companies, investors and consultants which strives to establish best practices in accounting, reporting and corporate governance and to provide high-quality information to investors. EPRA's Best Practices Recommendations includes guidelines for the calculation of the following performance measures which the Group has adopted.

### **EPRA capital expenditure**

Investment property acquisitions and expenditure split between amounts used for the creation of additional lettable area ("incremental lettable space") and enhancing existing space ("no incremental space") both on an accrual and cash basis.

### **EPRA cost ratio**

Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income. A measure to enable meaningful measurement of the changes in a company's operating costs.

**EPRA earnings per share (EPS)**

Earnings from operational activities. A measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.

**EPRA like-for-like rental growth**

Like-for-like net rental growth compares the growth of the net rental income of the portfolio that has been consistently in operation, and not under development, during the two full preceding periods that are described.

**EPRA net reinstatement value (NRV)**

NAV adjusted to reflect the value required to rebuild the entity and assuming that entities never sell assets. Assets and liabilities, such as fair value movements on financial derivatives are not expected to crystallise in normal circumstances and deferred taxes on property valuation surpluses are excluded.

**EPRA net tangible assets (NTA)**

Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.

**EPRA net disposal value (NDV)**

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

**EPRA net initial yield (NIY)**

Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the EPRA property portfolio, increased by estimated purchasers' costs.

**EPRA LTV**

The aim of EPRA LTV is to assess the gearing of the shareholder equity within a real estate company by adjusting IFRS reporting. The main overarching concepts are: any capital which is not equity is considered as debt irrespective of its IFRS classification; it is calculated on proportional consolidation; and assets are included at fair value and net debt at nominal value.

**EPRA 'topped-up' net initial yield**

This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

**EPRA vacancy rate**

Estimated rental value (ERV) of immediately available space divided by the ERV of the lettable portfolio.

**Estimated rental value (ERV)**

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

**GRESB**

GRESB assesses and benchmarks the environmental, social and governance (ESG) performance of real assets, providing standardised and validated data to the capital markets.

**Interest cover**

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

**Key performance indicators**

(KPIs) Activities and behaviours, aligned to both business objectives and individual goals, against which the performance of the Group is annually assessed. Performance measured against them is referenced in the annual report.

**Liquid resources**

Cash and short-term deposits.

**Net assets per share or net asset value (NAV)**

Equity attributable to the owners of the Company divided by the number of ordinary shares.

**Net debt**

Total borrowings less liquid resources.

**Net gearing**

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

**Net initial yield**

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

**Net rent**

Passing rent less net service charge costs.

**Over-rented**

The amount by which ERV falls short of the aggregate of contracted rent.

**Passing rent**

Contracted rent before any rent-free periods have expired.

**Property loan-to-value**

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

**Real Estate Investment Trust (REIT)**

A Real Estate Investment Trust (REIT) is a vehicle that allows an investor to obtain broadly similar returns from their investment, as they would have, had they invested directly in property. In the UK a REIT is exempt from UK tax on the income and gains of its property rental business. A REIT in the UK is required to invest mainly in property (75% of total Group's assets and profits must be in the tax exempt business) and to pay out 90% of the profits from its property rental business as measured for tax purposes as dividends to shareholders (property income distributions). In the hands of the shareholder, property income distributions (PID) are taxable as profits of a UK property rental business. The PID is received net of withholding tax, unless it is to a recipient entitled to gross payment.

**Rent reviews**

Rent reviews take place at intervals agreed in the lease (typically every five years) and their purpose is usually to adjust the rent to the current market level at the review date. For upwards only rent reviews, the rent will either remain at the same level or increase (if market rents are higher) at the review date.

**Rent roll**

Contracted rent.

**Return on equity**

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

**Reversion**

The amount by which ERV exceeds contracted rent.

**Streamlined energy and carbon reporting (SECR)**

The SECR regulations were introduced in April 2019 and require companies incorporated in the UK to undertake enhanced disclosures of their energy and carbon emissions in their financial reporting.

**The Task Force on Climate-related Financial Disclosures (TCFD)**

Set up by the Financial Stability Board (FSB) in response to the G20 Finance Ministers and Central Bank Governors request for greater levels of decision-useful, climate-related information; the TCFD was asked to develop climate-related disclosures that could promote more informed investment, credit (or lending), and insurance underwriting decisions. In turn, this would enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks.

**Total Accounting Return – basic**

The change in IFRS net assets before the payment of dividends.

**Total Accounting Return**

The change in EPRA NTA before the payment of dividends.

**Total Shareholder Return (TSR)**

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

**True equivalent yield**

The capitalisation rate applied to future cash flows to calculate the gross property value, as determined by the Group's external valuers.

**UN Sustainable Development Goals (SDGs)**

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries – developed and developing – in a global partnership. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.