

APEX TOWER

The return to the office

CLS Holdings plc

Full Year Results 2023

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CHIEF EXECUTIVE OFFICER



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CHIEF EXECUTIVE OFFICER



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Overview

Fredrik Widlund
Chief Executive Officer



PRESCOT STREET
LONDON, UK

Robust operational performance

Operational delivery continuing

- Strong leasing momentum with 89% more leases signed generating £15.5m (2022: £8.2m) of annual rent. New leases 6.9% above ERV
- Net rental income growth up 4.8% to £113m
- Underlying vacancy steady at 7.6% (2022: 7.4%)

Valuations reduced as expected but outperformed the market

- Valuations down by 12.5% in local currency driven by yield expansion

Good financing progress

- All 2023 refinancings successfully completed
- Well advanced with 2024 financings with over 70% completed

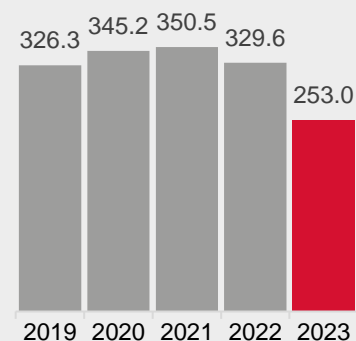
Disposals made and more to come

- £25m sold in 2023 and c.£270m targeted for 2024

Positive outlook

- Proposed full year dividend maintained at 7.95p per share
- Over 20% rental growth embedded in the portfolio

EPRA NTA (p)



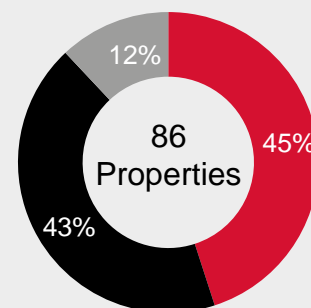
EPRA EPS

10.3p
(2022: 11.6p)

DPS

7.95p
(2022: 7.95p)

TOTAL PORTFOLIO (%)



■ UK ■ Germany ■ France
£920m £886m £257m

PROPERTY PORTFOLIO VALUE

£2.1bn
(2022: £2.4bn)

Securing income through strong leasing activity

130 deals

SECURED £15.5M OF ANNUAL RENT 6.9% ABOVE ERV
89% INCREASE IN LEASES BY VALUE VS 2022
 (31 DEC 2022: 106 DEALS SECURED £8.2M OF ANNUAL RENT 4.8% ABOVE ERV)

LEASE EXTENSIONS

54%

(31 DEC 2022: EXT 40%, NEW 60%)

NEW LEASES

46%

LIKE-FOR-LIKE CONTRACTED RENT

+5.1%

(31 DEC 2022: +2.9%)

LIKE- FOR- LIKE ERV

+1.6%

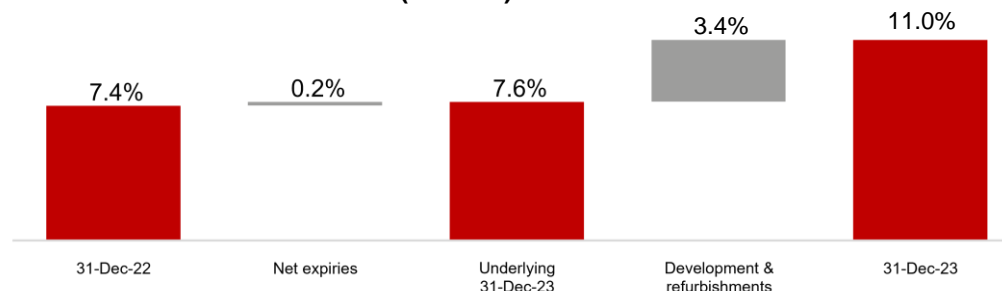
(31 DEC 2022: +1.1%)

WAULT

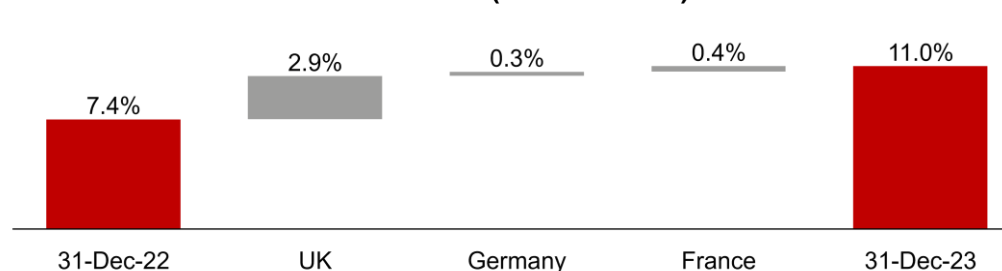
4.3 years

(31 DEC 2022: 4.5 YEARS)

CHANGE IN EPRA VACANCY (GROUP)



CONTRIBUTION TO EPRA VACANCY (BY COUNTRY)



2023 EPRA VACANCY BY COUNTRY

UK	Germany	France	Group
15.8%	6.8%	5.6%	11.0%

Valuations down 12.5% but outperformed the market

Group

- 12.5% decrease in valuations in local currency driven by yield expansion across all markets

UK

- 16.7% decline, ERV up 1.1%, EY up 79bps
- Adjusting for Spring Gardens, due to valuation methodology, results in 14.0% decline for the rest of the UK portfolio

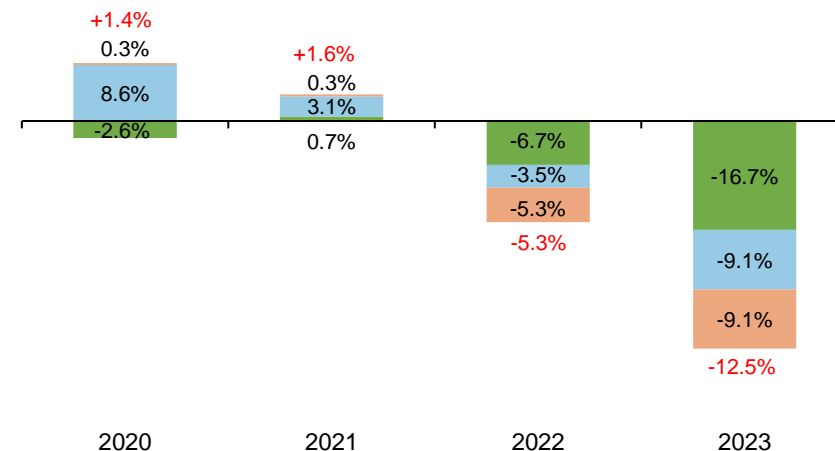
Germany

- 9.1% decline, ERV up 2.4%, EY up 36bps
- Similar declines across most cities with ERV increasing but offset by yield expansion
- Strong valuation increase for Kruppstrasse “The Brix” in Essen, from signing a 30-year lease with the City of Essen

France

- 9.1% decline, ERV up 1.3%, EY up 82bps
- Paris down 6.9% driven by yield expansion of 72 bps and Lyon down 12.3% due to 97 bps of yield expansion

Valuation movement in local currency ● UK ● Germany ● France



	UK	Germany	France	Group
Valuation movement ¹	-16.7%	-9.1%	-9.1%	-12.5%
Total valuation movement (GBP)	-16.7%	-11.0%	-11.0%	-13.6%
ERV movement ^{1 2}	+1.1%	+2.4%	+1.3%	+1.6%
Equivalent yield	6.45%	5.12%	5.96%	5.80%
Equivalent yield movement ^{1 2}	+79bps	+36bps	+82bps	+62bps
EPRA vacancy	15.8%	6.8%	5.6%	11.0%
Vacancy movement	+580bps	+70bps	+300bps	+360bps

¹ Local currency

² Like-for-like

Sales of £25.4m at 10% above pre-sale valuations



2023 Disposals

UK

- The Rose, London
- St Cloud Gate, Maidenhead

Germany

- Streiflacher Strasse, Germering
- Hyllinge, Sweden (vacant land)

France

- Quatour, Paris (unconditional exchange)

2024 Planned Disposals

- Six properties for £173m across our three countries held for sale at year-end including Westminster Tower (which has planning for a residential conversion)
- Agreement in principle for two sales for over £70m at small discount to valuation
- Further sales of over £100m are being targeted including Spring Mews student accommodation (total of over £270m of disposals)

Financials & Occupiers

Andrew Kirkman
Chief Financial Officer

SPRING MEWS
LONDON, UK



FINANCIALS

Summary of key metrics

EPRA EPS

10.3p

(31 DEC 2022: 11.6p)
(11.2%)

EPRA NTA per share

253.0p

(31 DEC 2022: 329.6p)
(23.2%)

COST OF DEBT

3.61%

(31 DEC 2022: 2.69%)
+92BPS

% OF DEBT FIXED AND CAPPED

80%

(31 DEC 2022: 76%)
+4%

PROPOSED TOTAL DIVIDEND

7.95p

(31 DEC 2022: 7.95p)
MAINTAINED

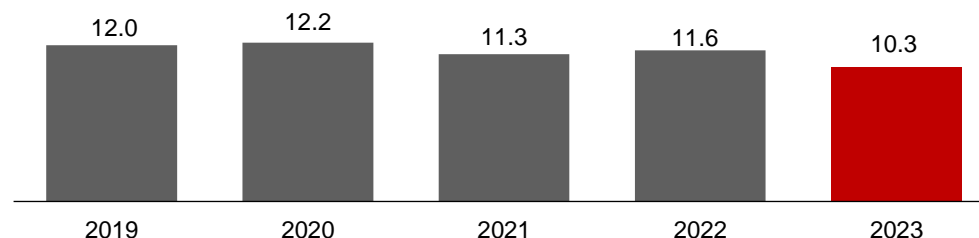
TOTAL ACCOUNTING RETURN

-20.8%

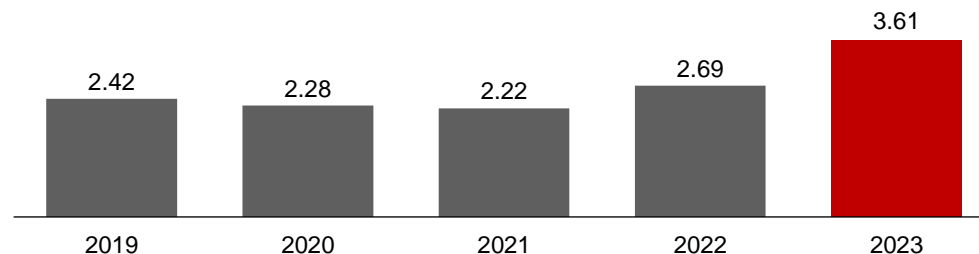
(31 DEC 2022: -3.7%)
N/M¹

¹ Movement between two negative numbers is not meaningful

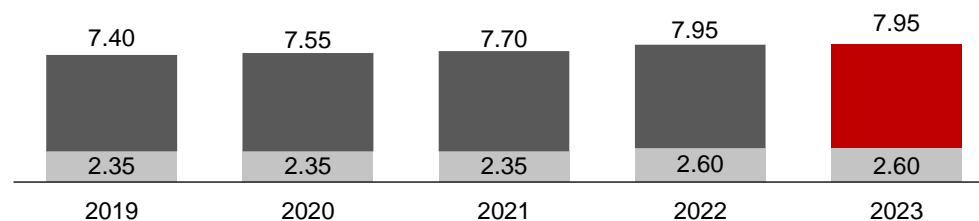
EPRA EPS (PENCE)



COST OF DEBT (%)

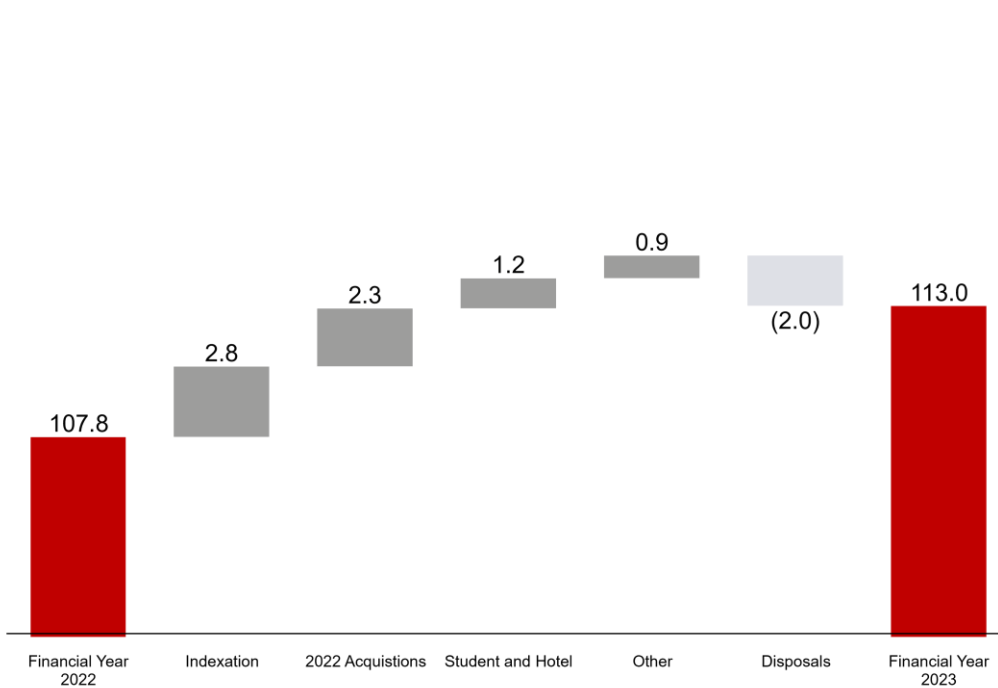


DIVIDEND/SHARE (PENCE)

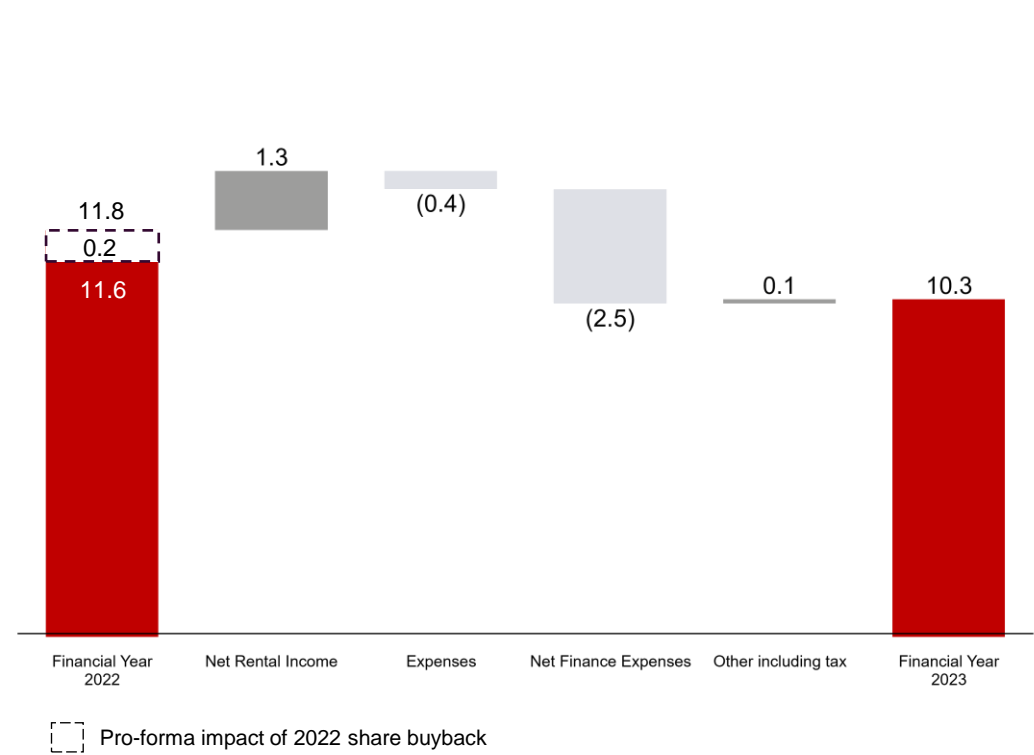


4.8% increase in net rental income; EPRA earnings down 11.2% due to increased finance costs

MOVEMENT IN NET RENTAL INCOME (£M)

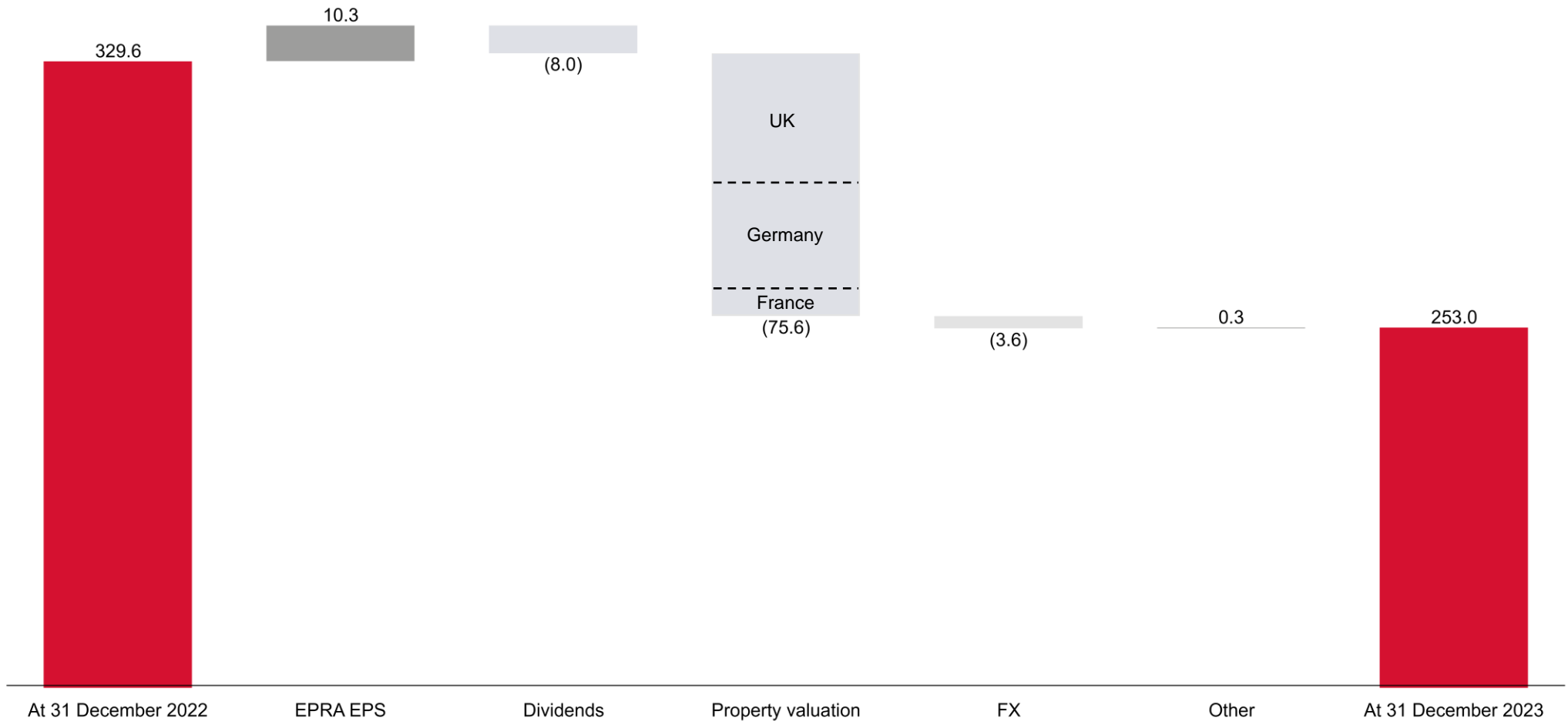


MOVEMENT IN EPRA EPS (PENCE PER SHARE)



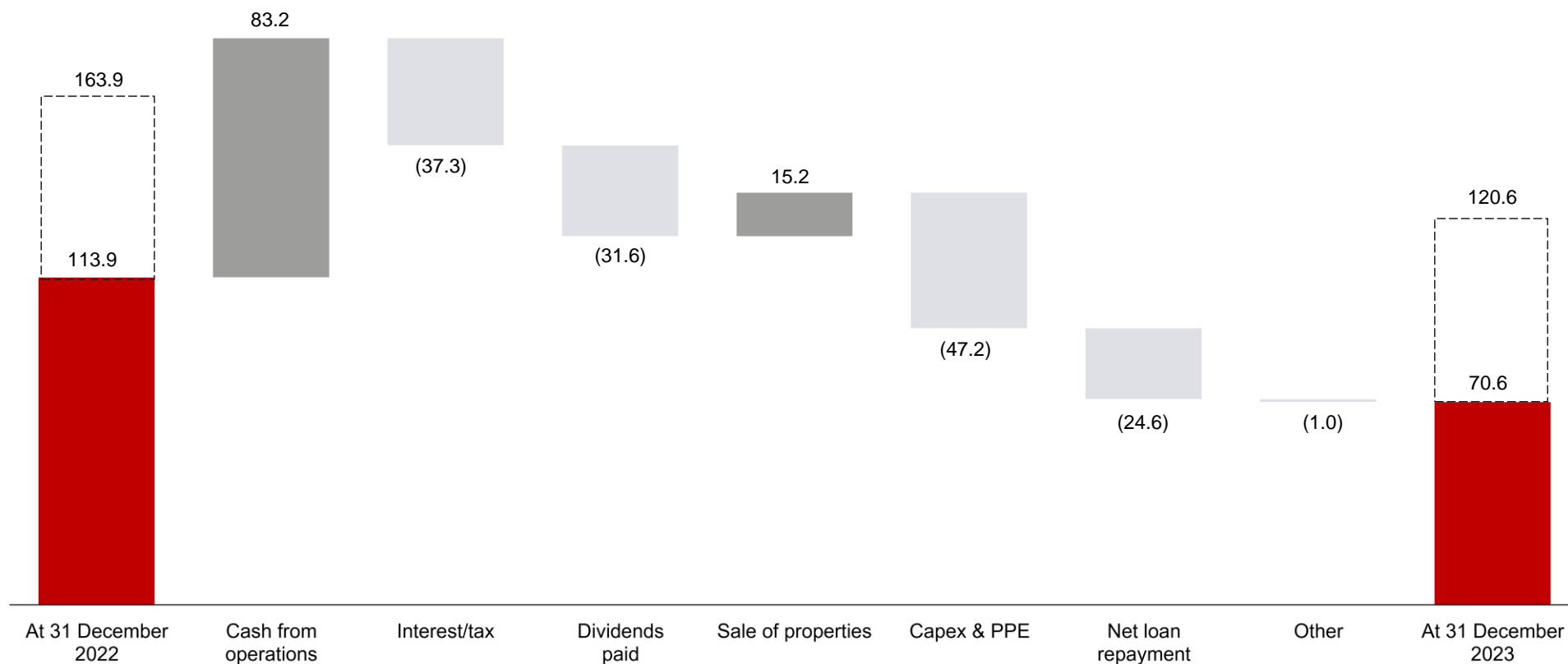
NTA impacted by property valuation decline

MOVEMENT IN EPRA NTA (PENCE PER SHARE)



Strong liquidity position whilst investing in our portfolio

MOVEMENT IN LIQUID RESOURCES (£M)



☐ £50m of undrawn facilities (2023: £50m committed, 2022: £30m committed and £20m uncommitted)

Financing – Delivery in 2023

Strategy

- CLS uses secured, non-recourse SPV financing with many different lenders
- In addition, over £100m of cash and undrawn facilities, and covenant headroom

Focussed on LTV target (35%-45%)

- LTV increased from valuation declines - targeting 45% LTV in short-and 40% in medium-term
- Sales to reduce LTV with 6 assets held for sale and Spring Mews student (c.£270m)

Key debt metrics

	UK	Germany	France	Group
Drawn debt (£m)	513.9	453.1	108.5	1,075.5
Number of loans	9	22	12	43
Loan-to-value	55.5%	51.0%	41.9%	48.5%¹
Cost of debt	4.52%	2.81%	2.66%	3.61%
Years to maturity	4.1	3.1	2.0	3.5

¹ Includes centrally held cash of £70.6m

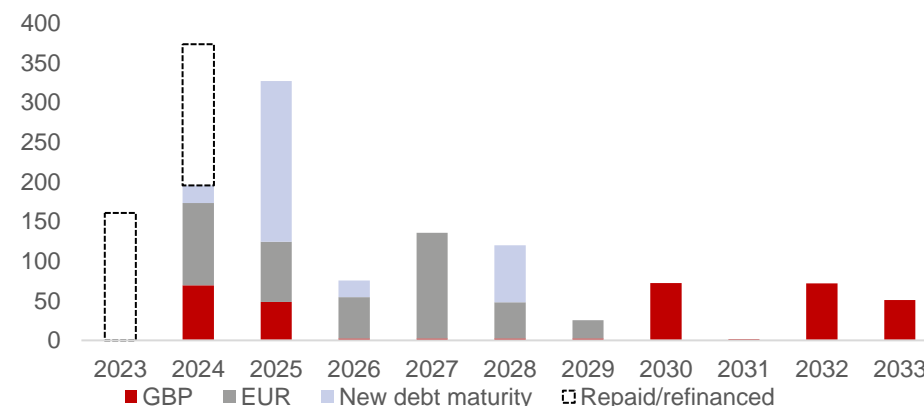
All 2023 debt refinanced

- In 2023, 11 loans for £330m refinanced, of which £152m at 4.64% for 2023 debt maturities
- Group now has 80% of debt fixed (including 4% caps) and 20% floating

Considerable progress with 2024 debt

- At start of 2023, £350m of debt maturing and amortisation in 2024
- Over 50% (£178m) refinanced or extended during 2023

Debt maturity at the start and end of 2023 (£m)



Financing – Focus for 2024

Further progress made already with 2024 debt

- Over 70% of 2024 debt now refinanced with two loans for £83m extended in February
- In addition, a £10m overdraft has been secured

All remaining debt to be refinanced in 2024

- 6 loans with 6 banks for £98m at a 45% LTV in Germany and France remain for 2024
- Expect cost of debt to increase by 10 to 20 basis points based on current swap curves

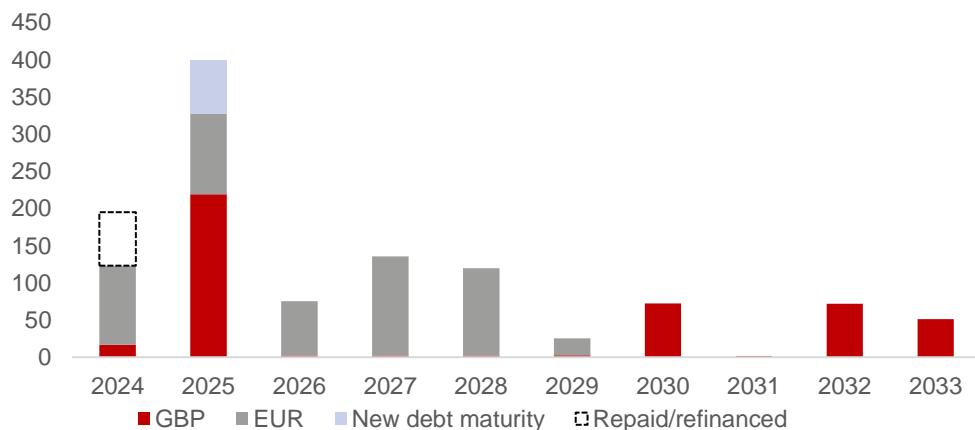
Profile of 2025 debt

- £399m debt expiring in 2025 (UK £291m, Germany £71m and France £37m) across 12 loans and 10 banks
- Of this £12m will be reduced by the usual amortisation payments

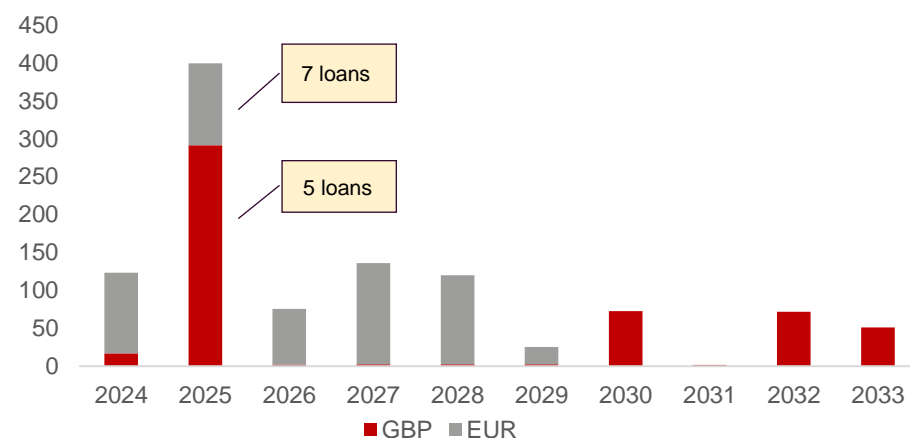
Refinance 2025 debt maturities early

- Have already started negotiations on refinancing one UK 2025 loan
- In addition, three loans (£29m) relate to assets which are targeted for sale

Start of 2024/current position (£'m)



Current position (£'m)



OCCUPIERS

High-quality and diversified tenant base

RENT COLLECTION

99%

(31 DEC 2022: 99%)

TENANT SIZE¹

22%

GOVERNMENT

40%

LARGE

16%

MEDIUM

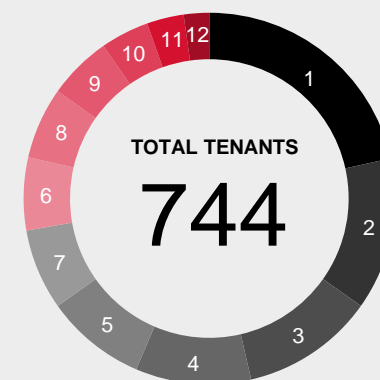
17%

SMALL

TOP 15 TENANTS (32% OF CONTRACTED RENT)



TENANT DIVERSITY %



- 1 Government **21.5%**
- 2 Commercial & Professional Services **13.2%**
- 3 Information Technology **11.5%**
- 4 Consumer Discretionary **10.0%**
- 5 Communication Services **8.7%**
- 6 Healthcare **7.0%**
- 7 Financials **6.3%**
- 8 Industrials **6.2%**
- 9 Real Estate **5.5%**
- 10 Consumer Staples **4.2%**
- 11 Other **3.8%**
- 12 Energy **2.1%**

OCCUPIERS

Over 55% of income index-linked

United Kingdom



PERCENTAGE OF RENTAL
INCOME INDEX-LINKED

33%

- Leases are not generally index-linked
- Leases >5 years generally subject to upwards only open market rent review every 5 years
- Spring Gardens lease subject to RPIX (2023 uplift c. 11.1%)
- Other indexed leases reference RPI or CPI

Germany



PERCENTAGE OF RENTAL
INCOME INDEX-LINKED

66%

- Majority of leases linked to German CPI (Verbraucherpreisindex)
- Subject to “hurdle” after which inflation is added to lease, typically 5% cumulative from lease commencement
- CLS 2023 average c.7.1% inflation increase
- A further c.20% are subject to annual stepped rent of c.5.7%

France



PERCENTAGE OF RENTAL
INCOME INDEX-LINKED

100%

- All leases subject to annual review
- Lease reviews subject to Indice des Loyers des Activités Tertiaires (ILAT)
- CLS 2023 average c.5.6% inflation increase

Portfolio & Sustainability

Fredrik Widlund
Chief Executive Officer



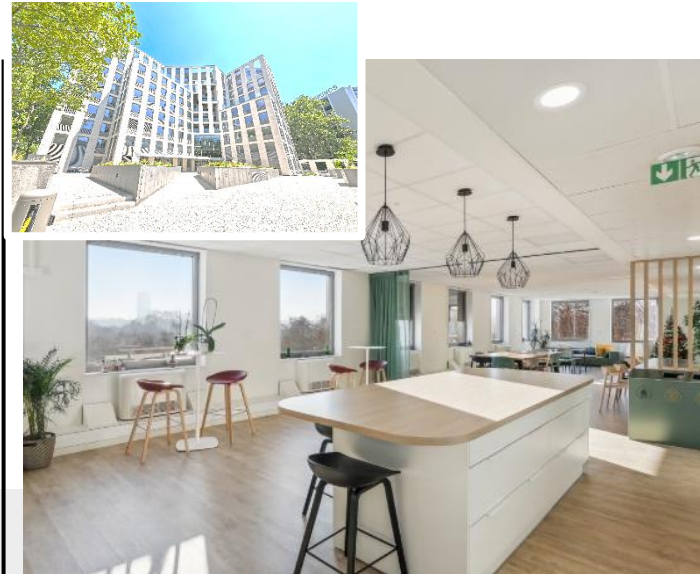
FLEXION
BERLIN, GERMANY

Larger completed projects



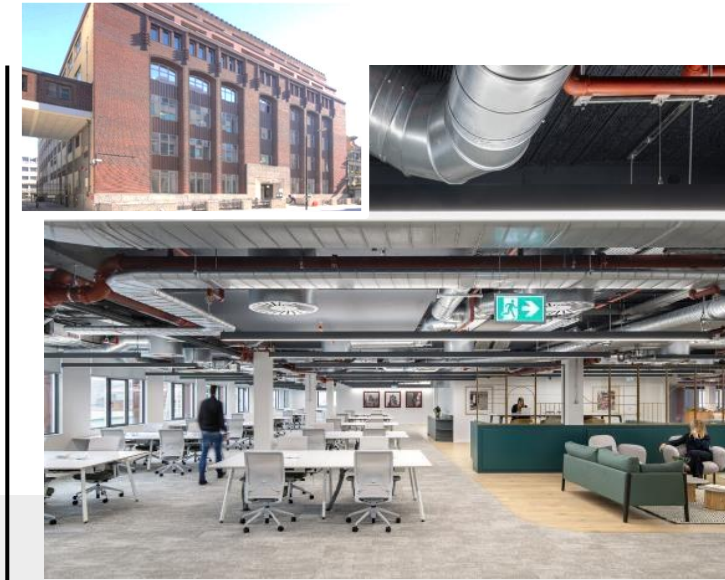
The Coade, London

- 27,700 sq. ft development
- Nine floor office development completed in Q2 2023
- BREEAM rated Excellent with EPC A
- Marketing launch in June 2023, with 21 viewings to date
- Successfully let 9th and GF, rent achieved for 9th equivalent to £59 psq. ft in year 1 rising to £70 psq. ft in year 5. ERV £50-£65 psq. ft



Park Avenue, Lyon

- 5,000 sqm refurbishment and addition of 215 sqm
- Completed in Q2 2023 with five floors of existing tenants returning
- BREEAM rated Very Good
- Marketing launch in September 2023, with 23 viewings so far
- Two floors remaining, after four new lettings at ERV of €215 sqm/year



Artesian, Prescot Street, London

- 96,000 sq. ft refurbishment
- First phase (basement to 3rd floor) completed in Q4 2023 and final phase (4th to 6th floor) completed in Q1 2024
- EPC A rating and targeting BREEAM rating Excellent (awaiting certification)
- Marketing launch in November 2023, with 25 viewings so far. ERV £50-£60 psq. ft
- Educational planning permission submitted, six university enquiries

Driving value through quality refurbishments



FleXion, Berlin

- Building acquired in early 2021 with 29% occupancy
- Refurbishment of the 9,200 sqm building including offices, entrance, amenities and energy efficiency measures
- 3,000 sqm refurbished space handed over to tenants with a further 1,200 sqm due in July 2024
- Remaining 5,000 sqm is let and will be refurbished after contract expiry; building now 85% let
- Targeting BREEAM Excellent rating
- ERV at €24.50 sqm/month



Fleethaus, Hamburg

- Renovation of 5,500 sqm building including listed brick façade, interior insulation and windows completed in December 2023
- Building now 80% let with new lease contracts of c.1,000 sqm signed since completion at a significantly higher level of rent
- Targeting BREEAM Excellent rating
- In final negotiations for remaining space at €15.00 sqm/month
- ERV at €12.75 sqm/month



Apex Tower, New Malden

- Refurbishment of 27,000 sq. ft to CAT A standard with a further CAT B fit-out to the 14th floor. The 15th floor was remodelled to create tenant amenity space and bookable meeting rooms
- BREEAM rating of Very Good (previously unrated) including installation of EV charging points
- Completion of Phase 1 achieved in April 2023, with c.60% of refurbished space let and strong interest in remaining space at higher rental levels. ERV £30-35 psq. ft

Progress in 2023: energy & carbon

- Recognised with a Gold award in the EPRA Sustainability Best Practices Recommendations, up from Silver in 2022
- Good progress on NZC Pathway implementation, over £15m invested to date out of an estimated £65m of total programme costs
- 73 NZC projects completed saving over 741 tonnes CO₂e¹ annually
- Rooftop solar PV expansion continues: 93% increase in green energy electricity for occupiers
- Installed 20 EV charging points at five buildings in the UK
- UK EPC ratings continue to improve; reduced our EPC D rated buildings by nearly 20% and fully compliant with UK EPC regulations

¹CO₂e Carbon dioxide equivalent ²kWp Kilowatt peak

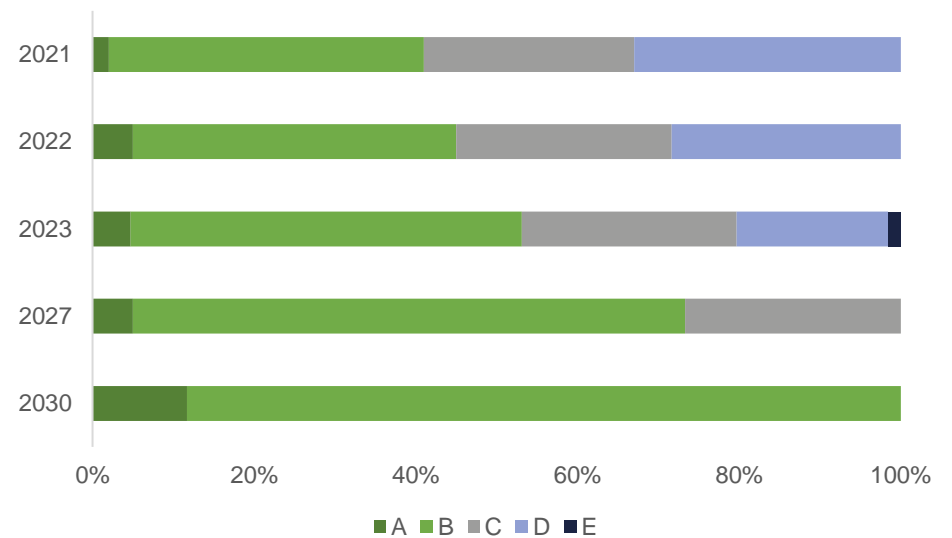
LIKE-FOR-LIKE DECREASE IN LANDLORD ENERGY CONSUMPTION

8%

SOLAR PV INSTALLED IN 2023

111 kWp²

EPC (UK) ratings evolution



Summary & Outlook

Fredrik Widlund
Chief Executive Officer

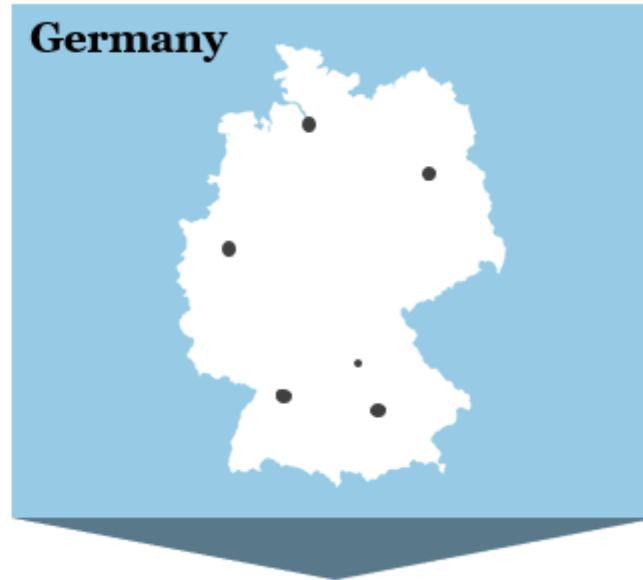
COLUMBIA,
BRACKNELL, UK



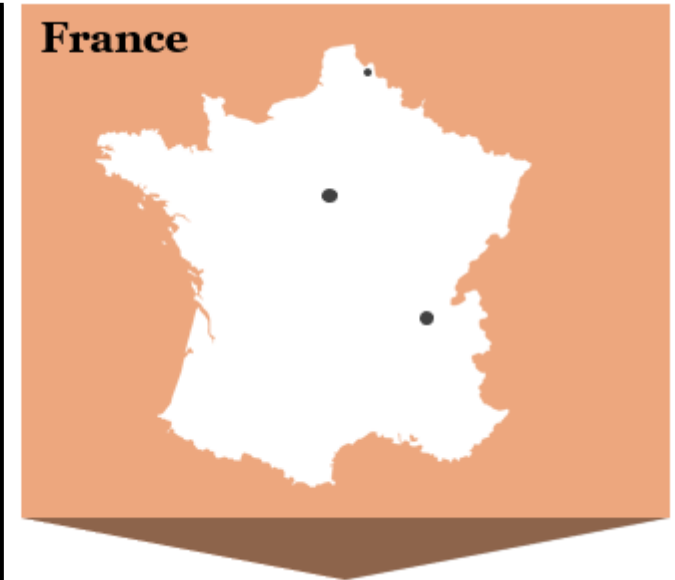
CLS view – leasing markets performing well



- Leasing markets performing well, especially from H2 2023
- High quality, smaller floorplates below 10,000 sq. ft in demand
- More clarity on workspace requirements from corporates (return to the office vs. WFH)
- Demand for fully fitted Cat B gaining share
- Vacancy in London 9.1%, South-East stable at 11.2%



- Lettings to Government and Mittelstand companies performing well
- Larger corporates still grappling with space need and uncertainty around growth
- Sustainability compliance to EU regulation gaining strong momentum
- Rental growth across the board for the right properties, likely to continue with limited new construction
- Vacancy in top-seven cities average 5.7%, Cologne at 3.3% and Frankfurt at 9.7%

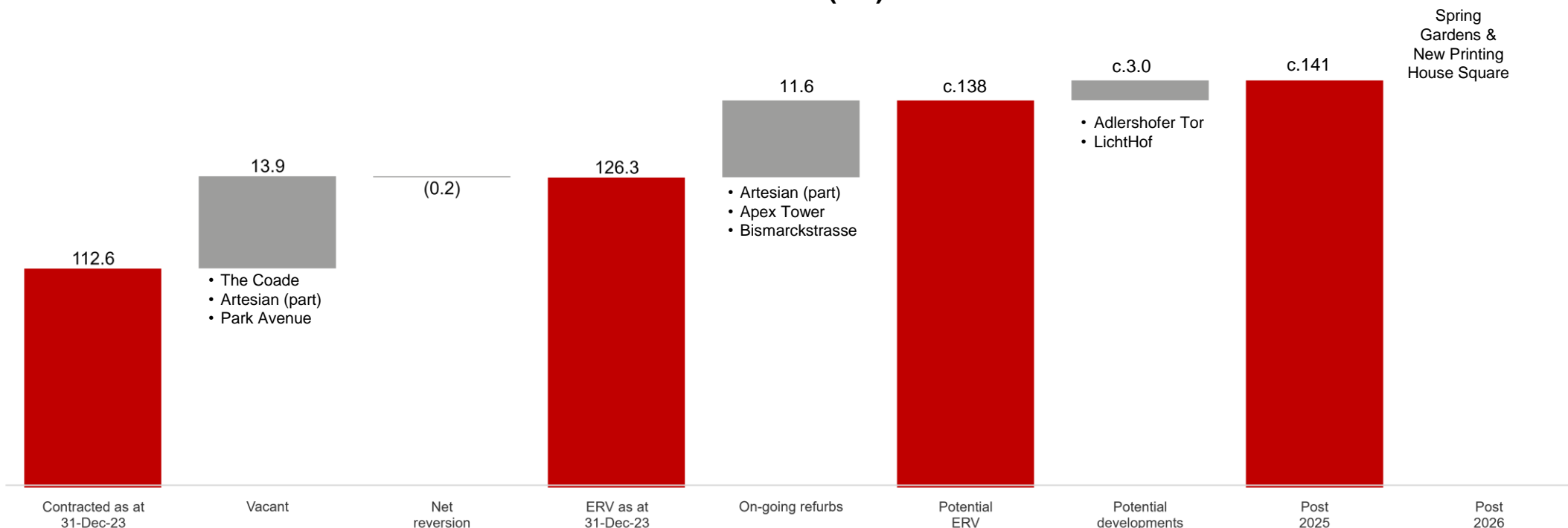


- Stable letting market for small to medium size floorplates
- State support keeping consumer spending and unemployment stable
- Supply in Paris forecast to increase in 2024 but some offset from conversion of old stock
- Vacancy in Greater Paris 8.5% although with large differences between districts
- Lyon vacancy 4.9% but with restrictive policies for new developments

Significant growth opportunities

- Focus on reducing current vacancy to drive increased rental income in coming year
- Indexation also driving rental growth, over 55% of portfolio index-linked which captures higher rents
- Significant near-term upside from letting completed refurbishments and developments
- Medium-term, larger development opportunities in central London

ERV POTENTIAL OF THE PORTFOLIO BEFORE INDEXATION (£M)¹



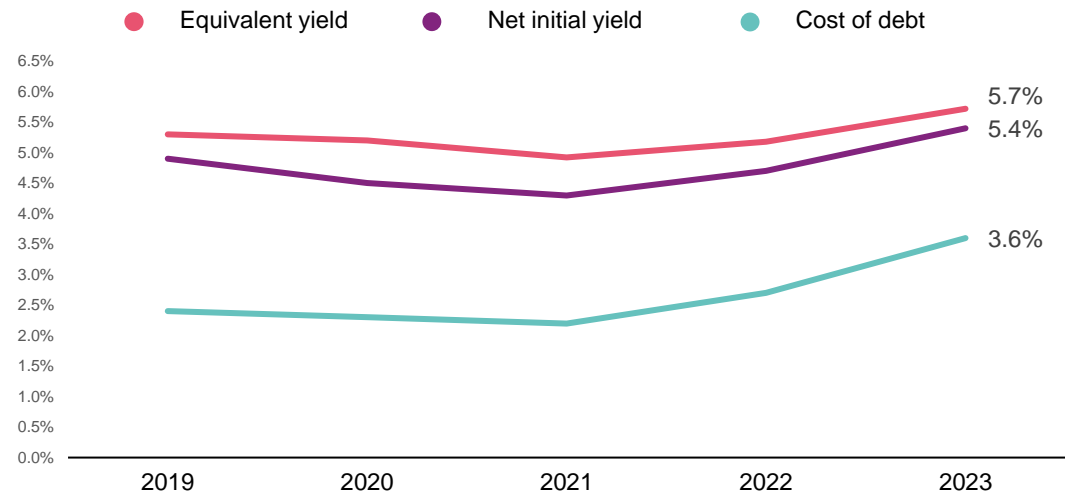
¹Not a profit forecast, for illustrative purposes only

Does not include prospective acquisitions, disposals or like-for-like rental growth

Positioned for recovery

- Strong leasing momentum with net rental income growth up 4.8% to £113m. New leases 6.9% above ERV
- Full year dividend maintained at 7.95p
- Targeting to reduce LTV through selective disposals and increase financing flexibility with over 70% of 2024 debt maturities already completed
- Continued investment in quality and sustainability with Capex reducing to c.£30m p.a. going forward
- Operational focus for 2024 is on reducing vacancy; net rental growth expected to continue
- Significant embedded portfolio upside from leasing vacancy, indexation, completed refurbishments and developments
- The outlook for high-quality offices is bright and we are seeing a clear trend of companies thinking strategically about the office as a value driver for their businesses

Net initial yield vs. cost of debt



Appendices

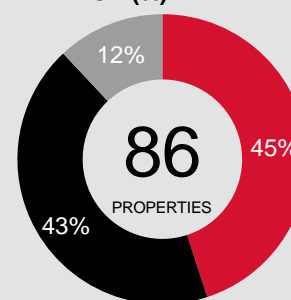


THE COADE,
LONDON, UK

Overview

- CLS Holdings plc is a property investment company which has been listed on the London Stock Exchange since 1994
- We are a supportive, progressive and sustainably focused commercial landlord that specialises in owning and managing office buildings, with a range of lease lengths, in order to achieve stable cash flows
- We operate in London and the South-East of the UK, and in the larger cities in Germany and France
- Our investments are based on our long-term vision, continuously modernising our portfolio into viable, future-focused and sustainable properties
- Since 2022, our UK business is a REIT

TOTAL PORTFOLIO VALUE (%)



- UK
- Germany
- France

3

COUNTRIES

744

TENANTS

86

PROPERTIES

24

LENDERS

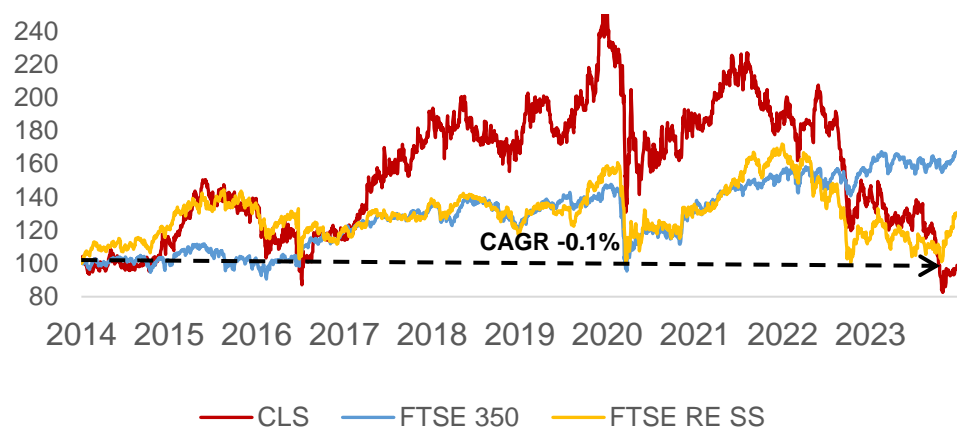
TOP 10 SHAREHOLDERS

AS AT 6 MARCH 2024

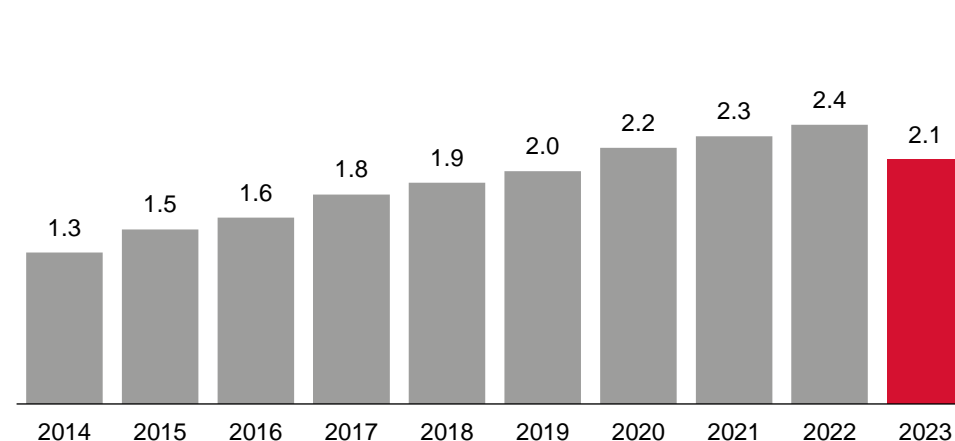
1	The Sten and Karin Mortstedt Family and Charity Trust	55.3%
2	Mr Bengt Mortstedt	6.9%
3	Allianz	3.6%
4	Blackrock	3.5%
5	Janus Henderson	2.4%
6	Amati Global	2.3%
7	Columbia Threadneedle	2.1%
8	Vanguard	1.9%
9	Invesco	1.9%
10	Hargreaves Landsdown	1.2%

Long-term growth

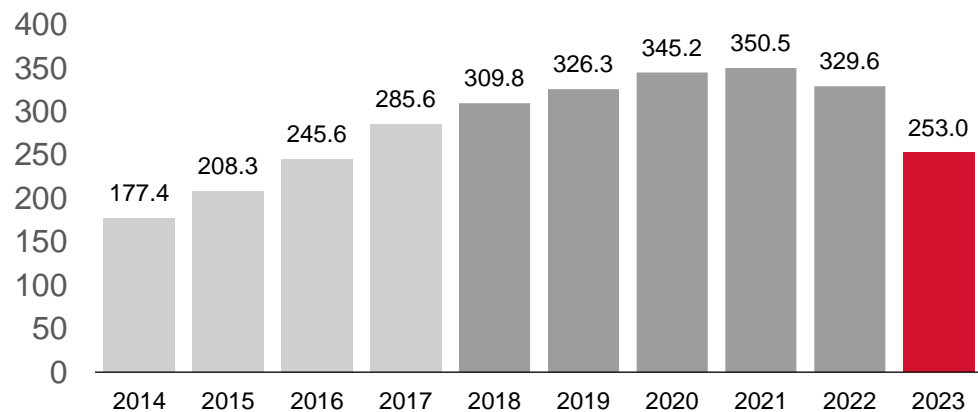
TOTAL SHAREHOLDER RETURN



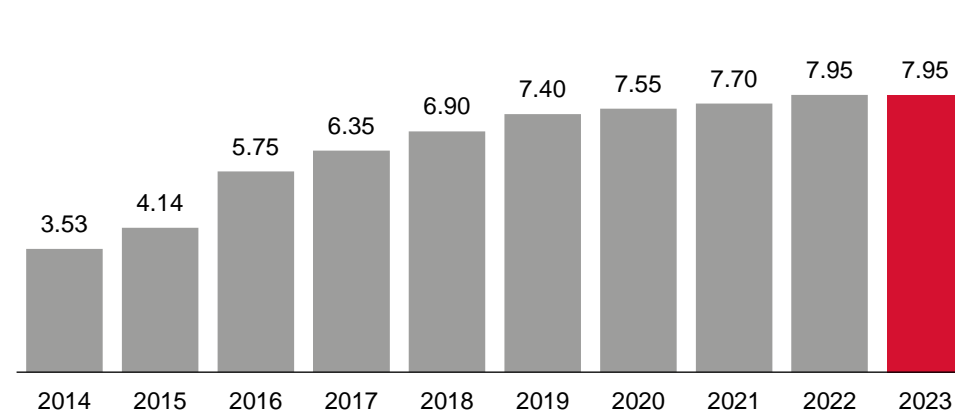
PROPERTY VALUATION (£BN)



EPRA NTA (PENCE)¹



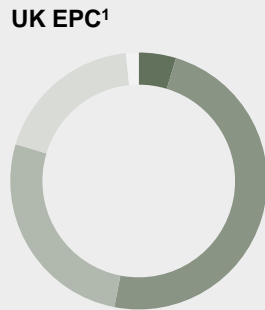
DISTRIBUTIONS (PENCE PER SHARE)



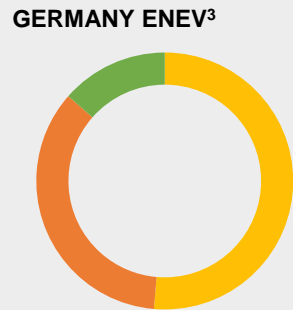
¹ EPRA NAV shown for years 2014-2017 as this was the preferred EPRA measure during this period

Ambition to develop leading green credentials

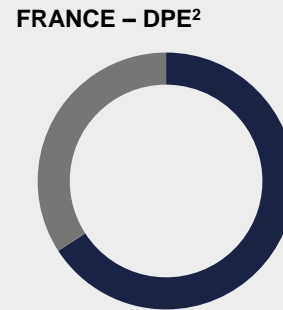
- Obtained a Gold award in the EPRA Sustainability Best Practices Recommendations, up from Silver in 2022
- Maintained over 99% Group electricity being carbon-free, and completed our UK rooftop solar PV energy and electric vehicle charging rollout
- Maintained our GRESB award of 4 green stars (2022: 4 green stars)
- Fully compliant with 2024 minimum EPC regulations in the UK and have reduced our EPC D rated buildings by nearly 20%



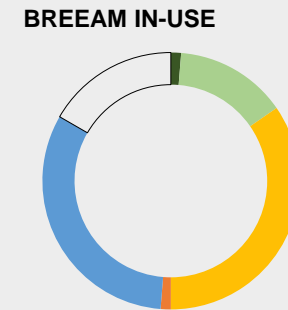
● A: 5% ● D: 19%
● B: 48% ● E: 1%
● C: 27%



● Green: 14%
● Yellow: 51%
● Amber: 35%



● A-C: 66%
● D-F: 34%



● Excellent ● Pass
● Very Good ● In Certification
● Good ○ Not Rated

¹EPC

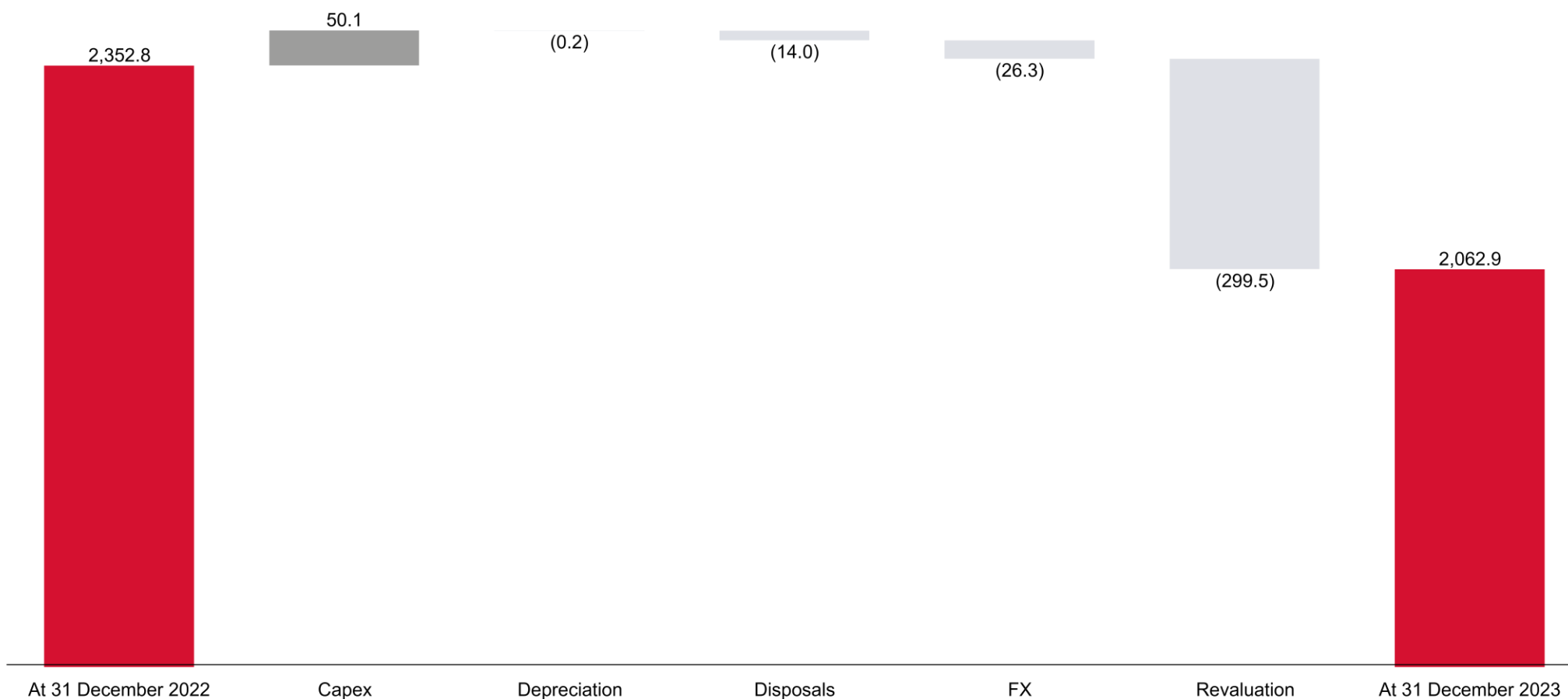
Energy Performance Certificate rating building energy efficiency by carbon dioxide emission (A-G). Where there are ratings for individual units in a single building, these have been averaged.

²Diagnostic de performance énergétique (DPE)
Energy intensity performance rating (A-I)

³Energieausweis (EnEV)
Energy intensity performance rating (Green, Yellow, Amber, Red)

Capex investment to capture higher income

MOVEMENT IN PROPERTY PORTFOLIO¹ (£M)



¹ Comprises investment property, PPE and properties held for sale

United Kingdom

LONDON & SOUTH EAST



UK PROPERTIES

London	27
South East	9
Birmingham	1
Total	37



VALUE OF PROPERTY PORTFOLIO

£919.9m

PERCENTAGE OF GROUP'S PROPERTY INTERESTS

45%

NUMBER OF PROPERTIES

37

LETTABLE SPACE

1.9m sq. ft

NUMBER OF TENANTS

221

VACANCY RATE

15.8%

WEIGHTED AVERAGE LEASE LENGTH TO END

3.5 years

LEASES SUBJECT TO INDEXATION

32.7%

GOVERNMENT AND LARGE COMPANIES

72.1%

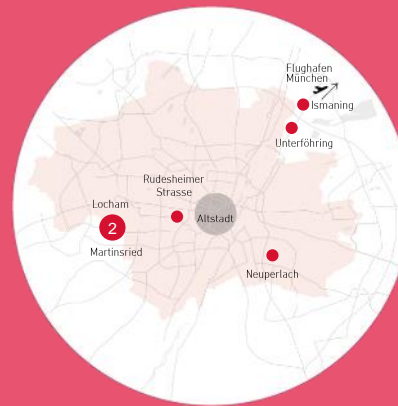
Germany



HAMBURG



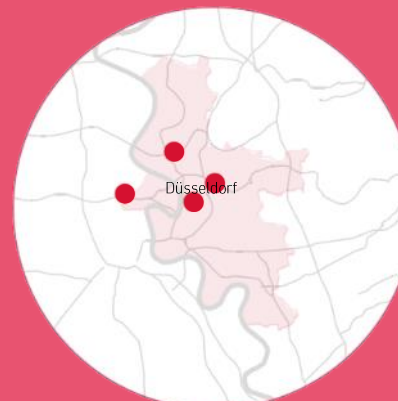
MUNICH



BERLIN



DUSSELDORF



GERMANY PROPERTIES

Hamburg	8
Munich	6
Berlin	4
Dusseldorf	4
Stuttgart	3
Dortmund	3
Cologne	1
Nuremberg	1
Bochum	1
Essen	1

32

VALUE OF PROPERTY PORTFOLIO

£885.5m

PERCENTAGE OF GROUP'S PROPERTY INTERESTS

43%

NUMBER OF PROPERTIES

32

LETTABLE SPACE

3.8m sq. ft

NUMBER OF TENANTS

368

VACANCY RATE

6.8%

WEIGHTED AVERAGE LEASE LENGTH TO END

4.9 years

LEASES SUBJECT TO INDEXATION

65.9%

GOVERNMENT AND LARGE COMPANIES

55.6%

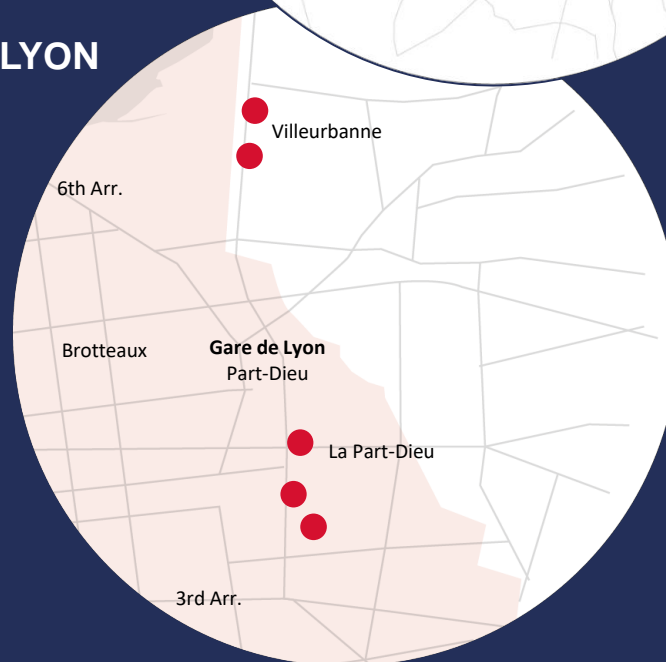
France



PARIS



LYON



FRENCH PROPERTIES

Paris	11
Lyon	5
Lille	1
Total	17

VALUE OF PROPERTY PORTFOLIO

£257.5m

PERCENTAGE OF GROUP'S PROPERTY INTERESTS

12%

NUMBER OF PROPERTIES

17

LETTABLE SPACE

0.8m sq. ft

NUMBER OF TENANTS

155

VACANCY RATE

5.6%

WEIGHTED AVERAGE LEASE LENGTH TO END

5.2 years

LEASE SUBJECT TO INDEXATION

100%

GOVERNMENT AND LARGE COMPANIES

49.0%

Group statistics

At 31 Dec 2023	Valuation ¹ (£m)	Valuation movement (local currency)	EPRA NIY ²	EPRA 'topped up' NIY ³	Equivalent yield ⁴	EPRA Vacancy	Weighted average unexpired lease term (years)	ERV of lettable space (£m)	Contracted rent (£m)	Contracted rent (£/€/sq. ft)
UK	919.9	(16.7%)	5.37%	6.05%	6.08%	15.8%	3.5	61.0	50.8	£32.11
Germany	885.5	(9.1%)	4.72%	4.84%	5.24%	6.8%	4.9	49.6	47.5	€15.71
France	257.5	(9.1%)	4.81%	5.23%	6.00%	5.6%	5.2	15.7	14.3	€22.09
Total portfolio	2,062.9	(12.5%)	4.99%	5.36%	5.72%	11.0%	4.3	126.3	112.6	£19.36

1. Valuations performed by Cushman and Wakefield (UK) and JLL (Germany and France)

2. Excludes developments; calculations based on passing rents

3. Excludes developments; calculations based on contracted rents

4. Excludes developments and assets held for sale, at local currency

Disclaimer

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

All numbers provided are as at 31 December 2023 unless otherwise stated.

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