

## **PRESS RELEASE**

Release date: 7 August 2024  
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**CLS HOLDINGS PLC**  
**("CLS", the "Company" or the "Group")**  
**ANNOUNCES ITS HALF-YEARLY FINANCIAL REPORT**  
**FOR THE SIX MONTHS TO 30 JUNE 2024**

**Delivering on our strategic priorities with positive letting progress and achievement of greater sales**

CLS is a leading office space specialist and a supportive, progressive and sustainably focused commercial landlord, with a c.£1.9 billion portfolio in the UK, Germany and France, offering geographical diversification with local presence and knowledge. For the half-year ended 30 June 2024, the Group has delivered the following results:

	<b>30 June 2024</b>	<b>31 December 2023</b>	<b>Change (%)</b>
EPRA Net Tangible Assets ("NTA") per share (pence) <sup>1</sup>	227.4	253.0	(10.1)
Statutory NAV per share (pence) <sup>1</sup>	210.6	233.8	(9.9)
Contracted rents (£'million)	111.7	112.6	(0.8)

	<b>30 June 2024</b>	<b>30 June 2023</b>	<b>Change (%)</b>
Net rental income	58.9	55.6	5.9
(Loss) after tax (£'million)	(61.1)	(104.1)	Nm <sup>2</sup>
EPRA Earnings per share ("EPS") (pence) <sup>1</sup>	4.8	5.2	(7.7)
Statutory EPS from continuing operations (pence) <sup>1</sup>	(15.4)	(26.2)	Nm <sup>2</sup>
Dividend per share (pence)	2.60	2.60	-

<sup>1</sup> A reconciliation of statutory to alternative performance measures is set out in Note 4 to the condensed Group financial statements

<sup>2</sup> Nm = Not meaningful

Fredrik Widlund, Chief Executive Officer of CLS, commented:

*"In the first half of 2024, CLS made strong progress on its strategic priorities and delivered good underlying performance across the portfolio. Net rental income was up over 5% with new leases signed nearly 6% above ERV such that this positive leasing momentum resulted in a slight fall in underlying vacancy. Valuations were lower but the rate of decline slowed and we are seeing values start to bottom as the challenging conditions begin to ease.*

*"Following the investment in recent years to further improve the quality of our portfolio, we are expecting further letting progress in the second half of the year such as our first letting at Artesian. In the first half of the year, we completed on three disposals with a fourth completed this week for a total of £61 million. There will be further sales such as Spring Mews Student which is progressing well alongside ongoing refinancings to reduce net debt and loan-to-value.*

*"We see considerable opportunities within the portfolio to drive rental growth and valuation increases in all three of our geographies. The largest being Spring Gardens in Vauxhall, for which the planning process for a mixed-use development is advancing well. Overall, there are encouraging signs in the market for quality offices in the right locations."*

## OPERATIONAL HIGHLIGHTS

- Net rental income increased by 5.9% to £58.9 million (30 June 2023: £55.6 million) as a result of higher income from indexation, stronger performance from our hotel and student operations, retention of part of the deposit from previous failed sale of Westminster Tower and higher other income, with some offset from disposals
- Completed the disposals of: Quatour, Paris; Westminster Tower, London; and Aqueous II, Birmingham, and unconditionally exchanged Hansastrasse, Dortmund in May 2024 which completed at the start of August 2024. In aggregate, the four properties had a net initial yield of 3.3% and sold for a total of £61.0 million, which was in line with 2023 book values
- Sales process for Spring Mews Student is progressing well and has generated significant interest with several bids received from experienced and well-funded PBSA owners
- Completed 58 lease events (30 June 2023: 69) securing £6.4 million (30 June 2023: £7.8 million) of annual rent at 5.9% above ERV with like-for-like contracted rent increasing by 1.9%. Excluding the very large lease signed for The Brix in Essen in early 2023, the value of leases completed was 23% ahead of 2023 at £5.2 million
- Vacancy rate increased to 13.2% (31 December 2023: 11.0%) as the remaining floors at Artesian, Prescott Street in London completed at the start of 2024. On an underlying basis, excluding recently completed space, vacancy reduced slightly to 10.8%. Post the half-year, Médecins Sans Frontières agreed a lease for one floor at Artesian
- 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

## FINANCIAL HIGHLIGHTS

- EPRA NTA down 10.1% primarily as a result of property valuation declines of 4.1% in local currencies (5.3% in Group currency), partially offset by EPRA earnings
- Portfolio valuation down 4.1% in local currencies was overall better than the declines in the respective countries reflecting the quality of our portfolio and indexed-linked leases. Yield expansion resulted in valuation decreases of 4.4% in the UK, 3.6% in Germany and 5.0% in France in local currencies
- Loss after tax £61.1 million (30 June 2023: £104.1 million) principally due to valuation declines on investment properties of £82.8 million (30 June 2023: £132.9 million decline)
- EPRA EPS down 7.7% to 4.8 pence per share from higher financing costs, partly offset by increased net rental income from indexation and higher other income and lower tax. Statutory EPS of (15.4) pence per share reflected valuation declines for the portfolio
- Interim dividend flat at 2.60 pence per share (30 June 2023: 2.60 pence per share) to be paid on 2 October 2024
- Total accounting return of -8.0% (30 June 2023: -9.9%)

## FINANCING

- Weighted average cost of debt at 30 June 2024 up 20 basis points to 3.81% (31 December 2023: 3.61%) due to the impact of refinancing at higher interest rates but limited movement expected in the second half of 2024
- Loan-to-value at 50.3% (31 December 2023: 48.5%) reflecting valuation declines in the period. Gross debt of £1,028.5 million (31 December 2023: £1,070.6 million) with cash of £68.5 million (31 December 2023: £70.6 million) and £50.0 million (31 December 2023: £50.0 million) of undrawn facilities. CLS has no interest cover or loan-to-value covenants at a Group level
- At 30 June 2024, 78% of our debt was at fixed rates and 4% was hedged by interest rate caps (31 December 2023: 76% at fixed rates and 4% subject to interest rate caps)
- In the first half of 2024, extended or refinanced £137.1 million of debt at 5.64% for 1.7 years. Most financing was short-term extensions in advance of sale such as Westminster Tower or completion of reletting activity
- Discussions are well advanced for the remaining four loan refinancings for £49.1 million, excluding amortisation, due in 2024. In addition, discussions started on over three-quarters of the £372.3 million of refinancings due in 2025, although over half are not due until Q4 2025

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

- To deliver our 2030 Net Zero Carbon Pathway, a total programme spend to date of £17 million is expected to be invested by the end of 2024. So far this year, 13 projects have been completed with another 57 projects due to finish before year end, which will save over 750 tonnes CO<sub>2</sub>e per annum. We remain on track to achieve our 2030 targets
- We have maintained or improved our BREEAM In-use ratings for office buildings in our French and UK portfolios as we upgrade to the latest version. Over 78% of our BREEAM rated assets are now rated “good” or above demonstrating the progress we are making
- Over half of our UK office buildings are now EPC A or B

## DIVIDEND TIMETABLE

Further to this announcement, in which the Board declared an interim dividend of 2.60 pence per ordinary share, the Company confirmed its dividend timetable as follows:

Announcement Date	7 August 2024
Ex-Dividend Date	5 September 2024
Record Date	6 September 2024
Payment Date	2 October 2024

-ends-

## Results presentation

A presentation for analysts and investors will be held in-person at Panmure Liberum, by webcast and by conference call on Wednesday 7 August 2024 at 8:30am followed by Q&A. Questions can be submitted either online via the webcast or to the operator on the conference call.

- Panmure Liberum: Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY
- Webcast: The live webcast will be available here: <https://secure.emincote.com/client/cls/cls008>
- Conference call: In order to dial in to the presentation via phone, please register at the following link and you will be provided with dial-in details and a unique access code:  
[https://secure.emincote.com/client/cls/cls008/vip\\_connect](https://secure.emincote.com/client/cls/cls008/vip_connect)

For further information, please contact:

### CLS Holdings plc

(LEI: 213800A357TKB2TD9U78)

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

Fredrik Widlund, Chief Executive Officer

Andrew Kirkman, Chief Financial Officer

+44 (0)20 7582 7766

### Panmure Liberum

Jamie Richards

David Watkins

+44 (0)20 3100 2000

### Berenberg

Matthew Armitt

Richard Bootle

+44 (0)20 3207 7800

### Edelman Smithfield (Financial PR)

Alex Simmons +44 7970 174 353

Hastings Tarrant +44 7813 407 665

[cls@edelmansmithfield.com](mailto:cls@edelmansmithfield.com)

## Forward-looking statements

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