



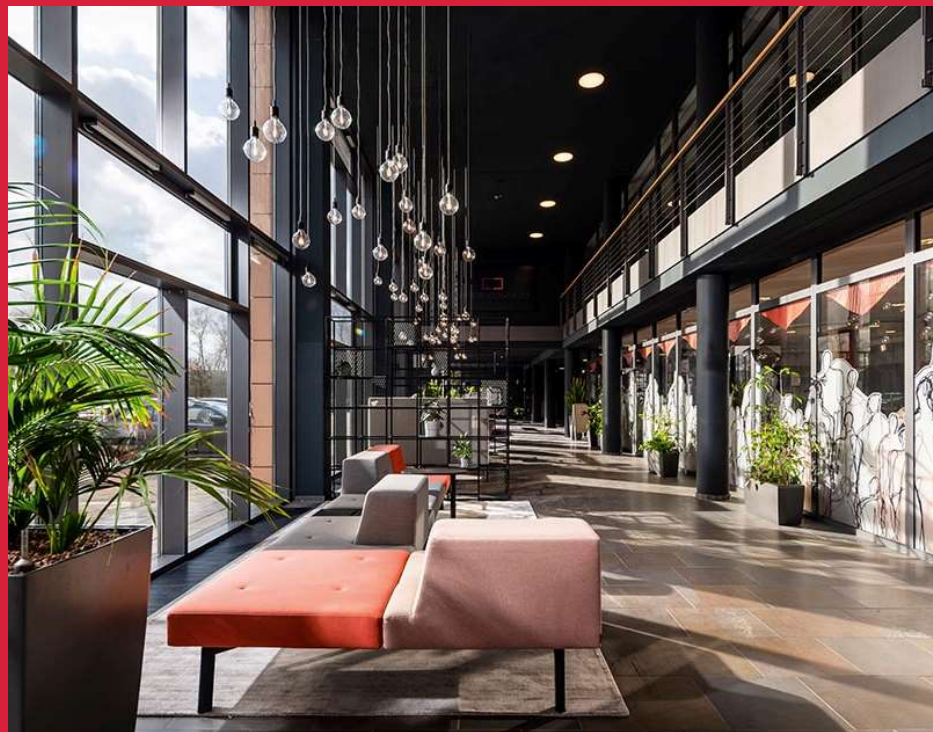
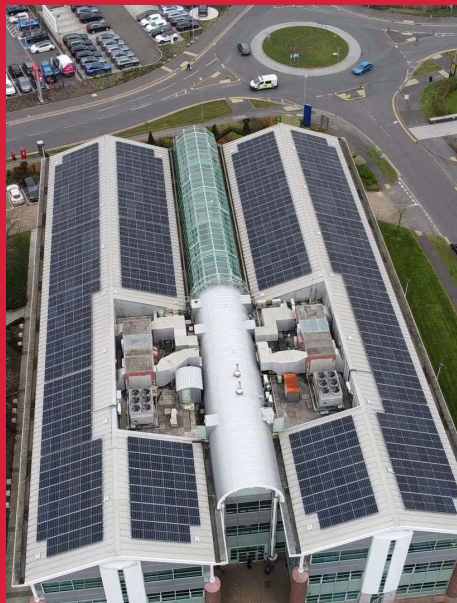
**Location
Quality
Flexibility**



CLS Holdings plc
Full year results 2021

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Cover: Hansaallee 299, Düsseldorf



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Chief Executive Officer

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Chief Executive Officer

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Financials & Occupiers

Andrew Kirkman
Chief Financial Officer



Overview

Fredrik Widlund
Chief Executive Officer



Spring Mews, London

Finishing strongly in 2021

- Strong H2 momentum, 40% of full year leasing transactions in Q4
- Valuations up 1.6% in local currency
- EPRA NTA up 1.5% to 350.5p. IFRS NAV up 4.7%
- Consistently high collection rate of 99% from diversified, high quality tenant base
- EPRA EPS down to 11.3p (31 Dec 2020: 12.2p) due to vacancy and FX. IFRS EPS up 54.2% from UK REIT conversion
- Launched Net Zero Carbon Pathway; increased PV capacity 112%
- 85% of debt fixed, over 50% of rent index-linked
- Full year dividend up 2.0% to 7.70p per share. Policy to be reviewed following REIT conversion
- Excellent growth opportunities within the portfolio

Property portfolio value

£2.3bn

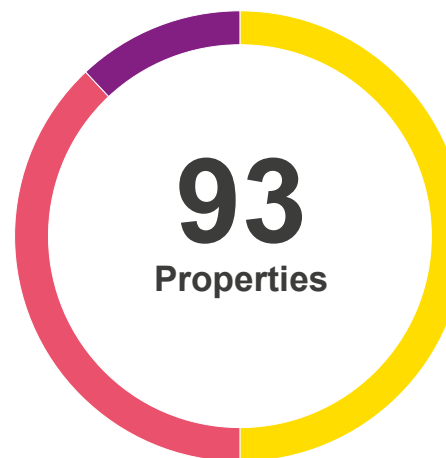
(31 Dec 2020: £2.2bn)

EPRA NTA

350.5p

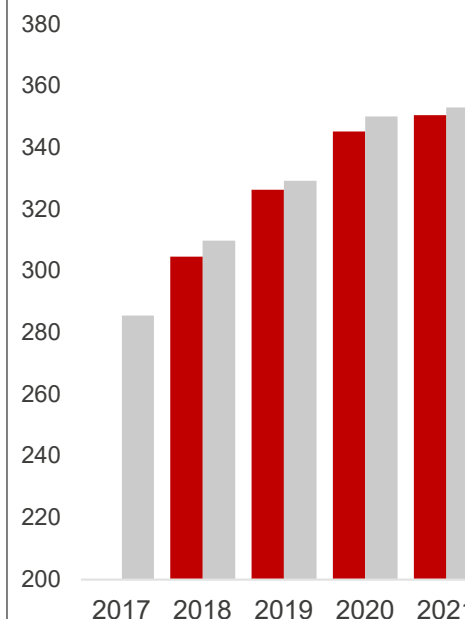
(31 Dec 2020: 345.2p)

Total portfolio



- UK £1,161m **50%**
- Germany £888m **38%**
- France £282m **12%**

EPRA NTA(p) NAV(p)



Total valuation movement +1.6%

UK

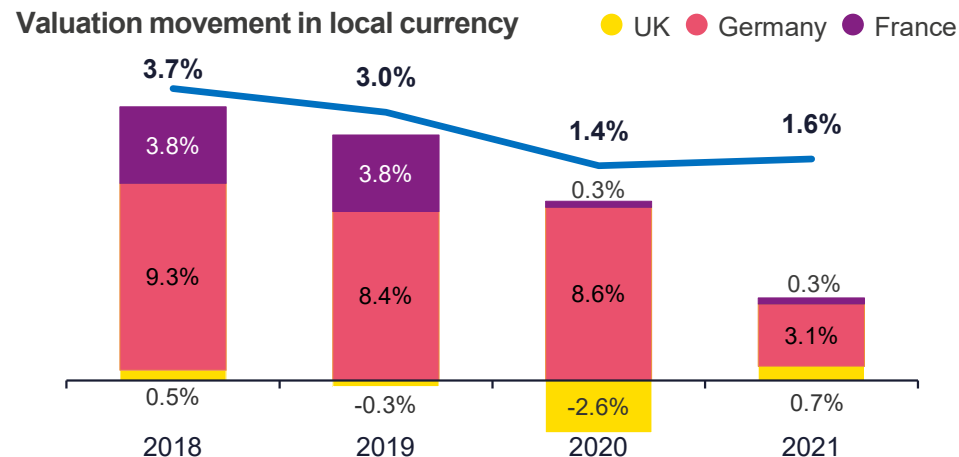
- Total valuation up 0.7%, driven by government leases and London development opportunities
 - ERV up 1.3%
 - Equivalent yield down 19bps to 5.5%

Germany

- Total valuation up 3.1%, driven by favourable letting activity driving higher rents
 - ERV up 0.6%
 - Equivalent yield down 3bps to 4.4%

France

- Total valuation up 0.3% due to vacancy reduction and development opportunities
 - ERV down 1.6% (flat excl. Veolia letting)
 - Equivalent yield down 20bps to 5.0%



	UK	Germany	France	Group
Total valuation movement ¹	0.7%	3.1%	0.3%	1.6%
Like-for-like valuation movement ^{1 2}	0.7%	4.4%	0.3%	1.9%
ERV movement ¹	1.3%	0.6%	-1.6%	0.7%
Equivalent yield	5.5%	4.4%	5.0%	5.0%
Equivalent yield movement	-19bps	-3bps	-20bps	-18bps
EPRA vacancy	5.4%	7.4%	3.0%	5.8%
Vacancy movement	-50bps	+380bps	-210bps	+70bps

¹ Local currency ² Excluding additions

2021

Overview

Active portfolio management



Acquisitions

6 properties, £164.8m, NIY 3.9%
6.1% reversionary
contracted rent £7.1m

UK

- Radius House, Watford

Germany

- FleXion, Berlin
- The Brix, Essen
- Hansaallee, Düsseldorf
- Storkower Strasse, Berlin
- Wendenstrasse, Hamburg

£164.8m

Disposals

8 properties, £37.4m, NIY 4.8%
contracted rent £2.3m

UK

- Atholl House, Aberdeen
- Quest House, Hounslow
- Falcon House, Hounslow

Germany

- Frohbösestrasse, Hamburg
- Kreuzberger Ring, Wiesbaden

France

- Gennevilliers, Paris
- Leclerc, Paris
- La Madeleine, Lille

£37.4m

2022 to date

Acquisitions

2 properties, £75.7m, NIY 5.1%
5.6% reversionary
contracted rent £4.1m

Germany

- Düsseldorf
- Dortmund

Completion - April 2022

£75.7m

Disposals

2 properties, £10.1m, NIY 6.0%
contracted rent £0.8m

UK

- Kings House, Bromley
- Crosspoint House, Wallington

Completion - January & March 2022

£10.1m

Financials & Occupiers

Andrew Kirkman
Chief Financial Officer



Summary of key metrics

EPRA NTA

350.5p

(31 Dec 2020: 345.2p)

+1.5%

Cost of debt

2.22%

(31 Dec 2020: 2.28%)

-6bps

Total proposed dividend

7.70p

(31 Dec 2020: 7.55p)

+2.0%

EPRA EPS

11.3p

(31 Dec 2020: 12.2p)

-7.4%

Weighted debt maturity

4.4 years

(31 Dec 2020: 4.6 years)

-0.2 years

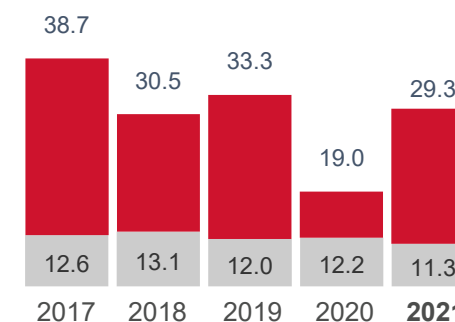
Total accounting return

3.7%

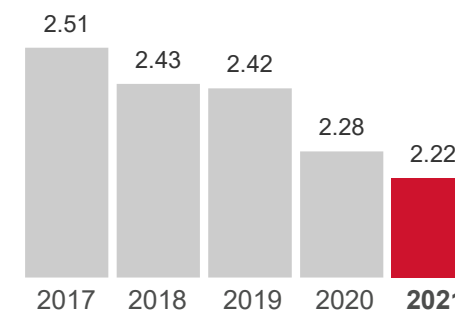
(31 Dec 2020: 8.1%)

-440bps

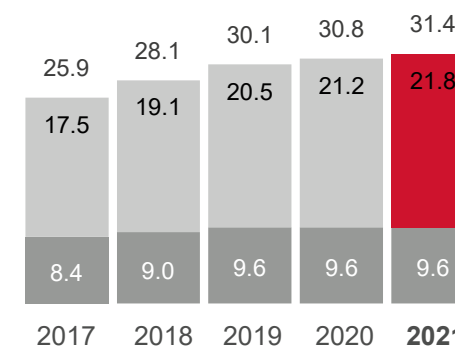
● EPS (pence)
● EPRA EPS (pence)



Cost of debt (%)

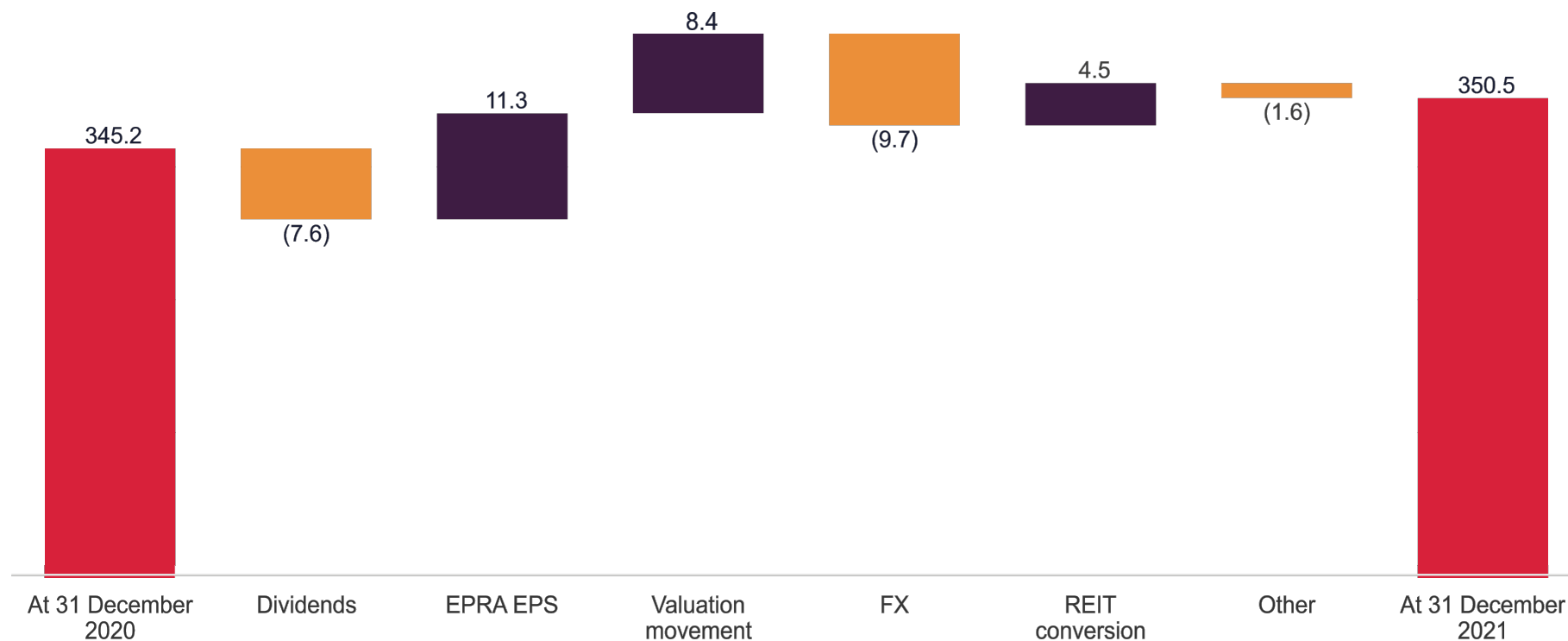


Distributions (£m)



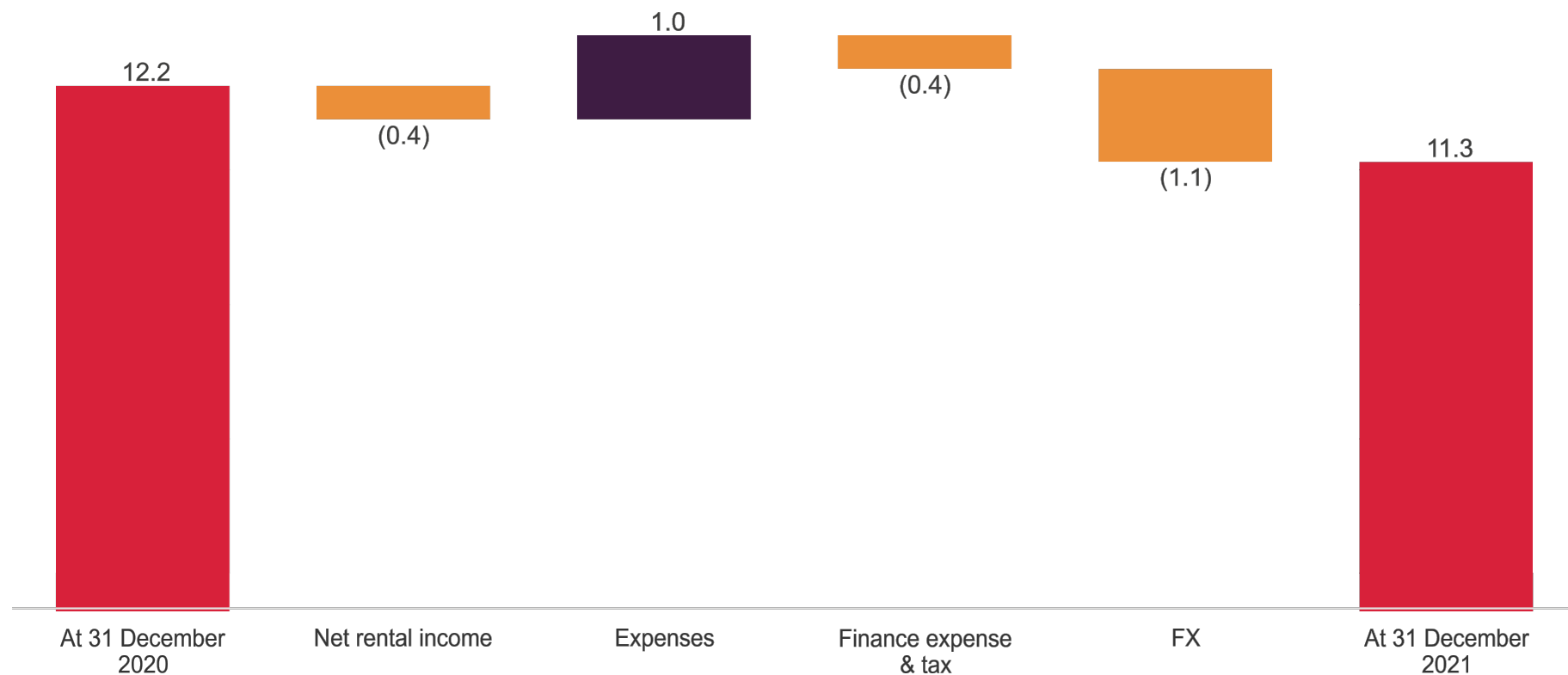
Increase driven by valuations and earnings

Movement in EPRA NTA (pence per share)



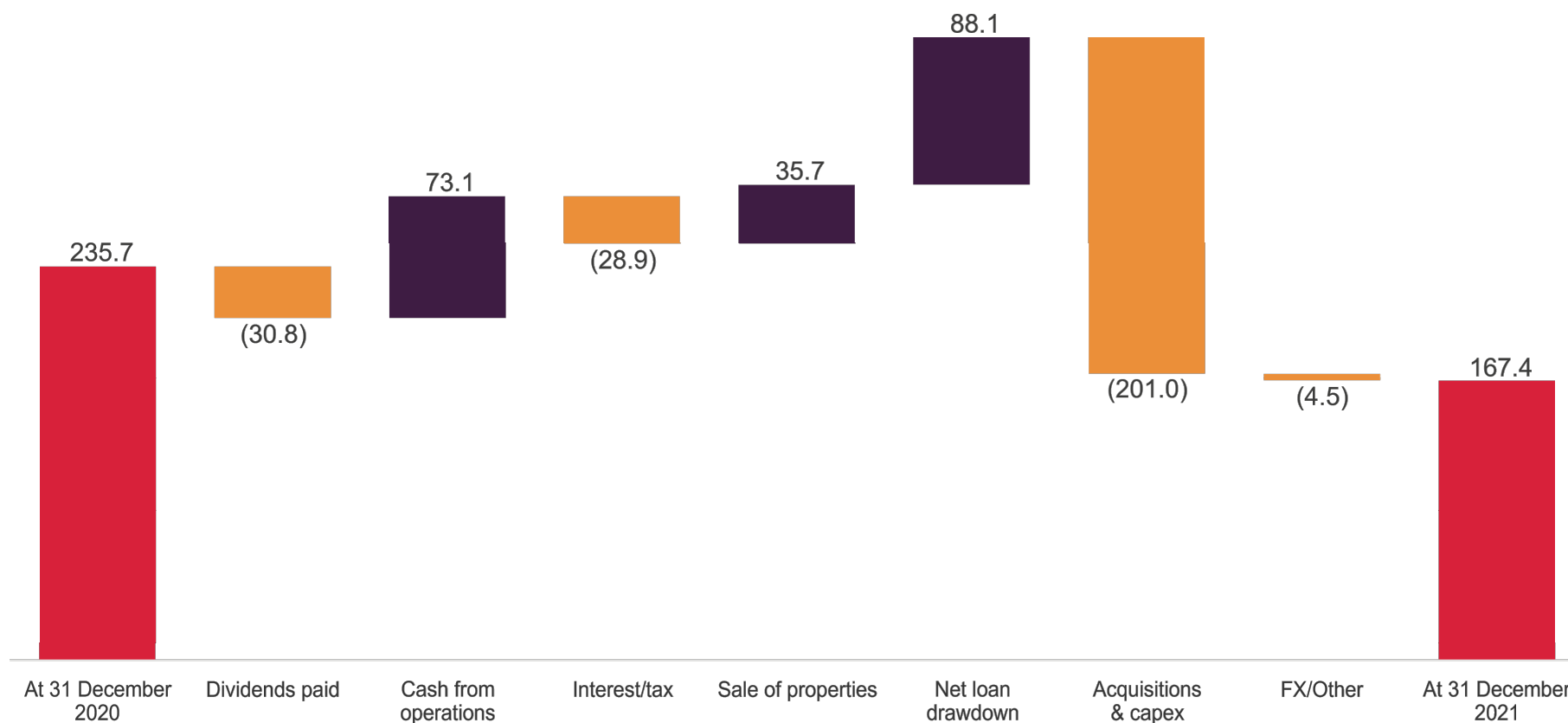
Improving momentum impacted by FX

Movement in EPRA EPS (pence per share)



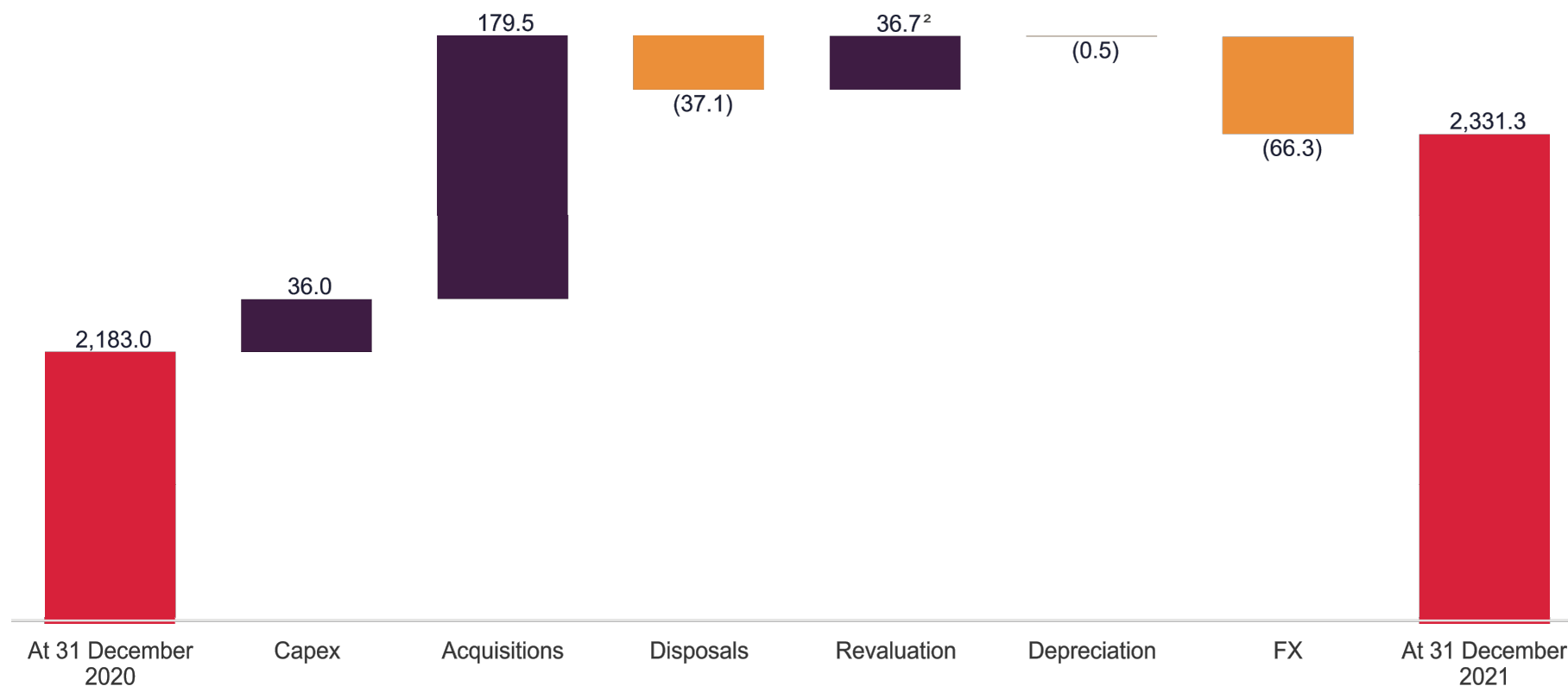
Strong cash position whilst continuing to invest

Movement in liquid resources (£m)



Growth through acquisitions & investment

Movement in property portfolio¹ (£m)



¹ Comprises investment property, PPE and properties held for sale

² Includes movement in rent free debtor of £2.7m

Sustainable debt management

Preserving debt maturity, low interest rates

- Debt maturity 4.4 years (31 Dec 2020: 4.6 years)
- Cost of debt 2.22% (31 Dec 2020: 2.28%)
- 3.2x interest cover ratio (31 Dec 2020: 3.3x)

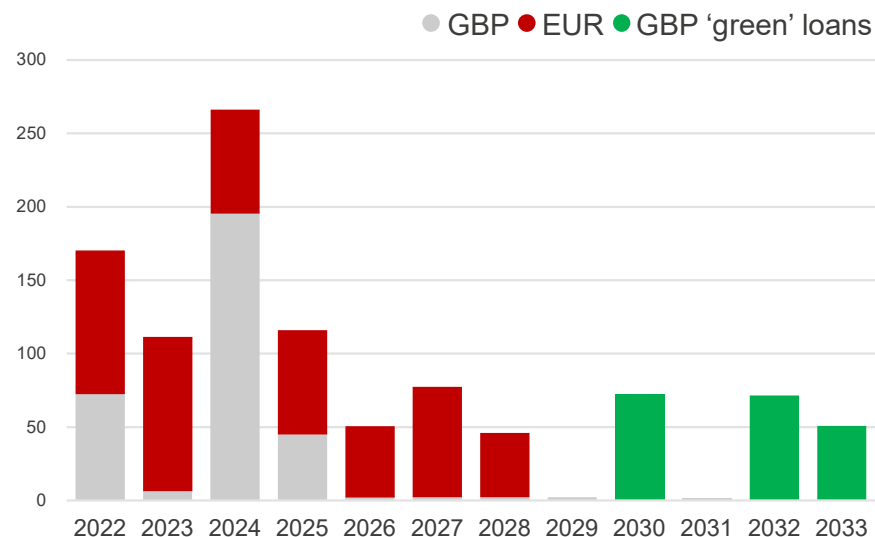
Financed/refinanced £196.7m of debt at 1.62%

- £61.7m at 2.65% and €160.6m at 1.16%
- £172.8m fixed at 1.70%
- Portfolio has 85% fixed and 15% floating debt

Long term and sustainably-linked financing

- £61.7m Scottish Widows 12-year ESG loan
- Rate of 2.65% inclusive of 10bps incentive for achieving sustainability targets

Loan maturity (£m)



	UK	Germany	France	Group
Drawn debt (£m)	525.1	394.0	118.4	1,037.5
Number of loans	11	23	13	47
Loan-to-value	44.9%	44.2%	41.6%	37.1% ¹
Cost of debt	3.05%	1.29%	1.65%	2.22%
Years to maturity	5.0	3.5	2.7	4.4

¹Includes centrally held cash of £167.4m

Securing income

125 deals secured £12.9m of annual rent 0.4% above ERV

(31 Dec 2020: 116 deals secured £13.6m of annual rent 8.2% above ERV)

Lease extensions

49%
New leases
51%

(31 Dec 2020: Ext. 72%, New 28%)

Like-for-like contracted rent

+1.1%

(31 Dec 2020: flat)

WAULT

4.6 years

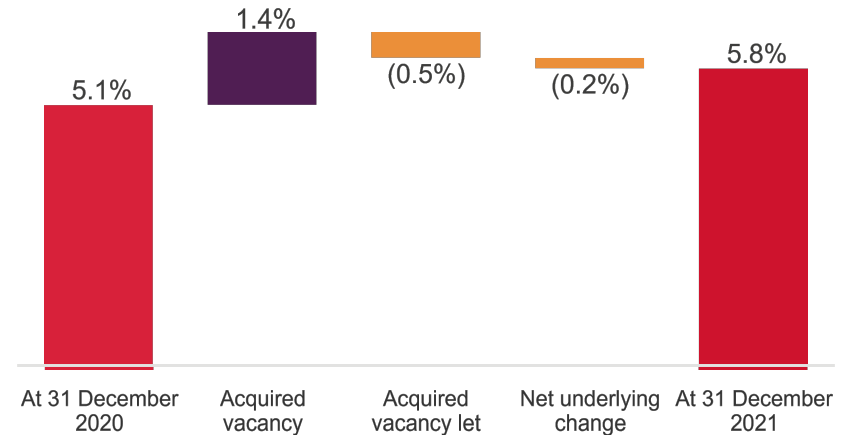
(31 Dec 2020: 4.9 years)

Rent collection

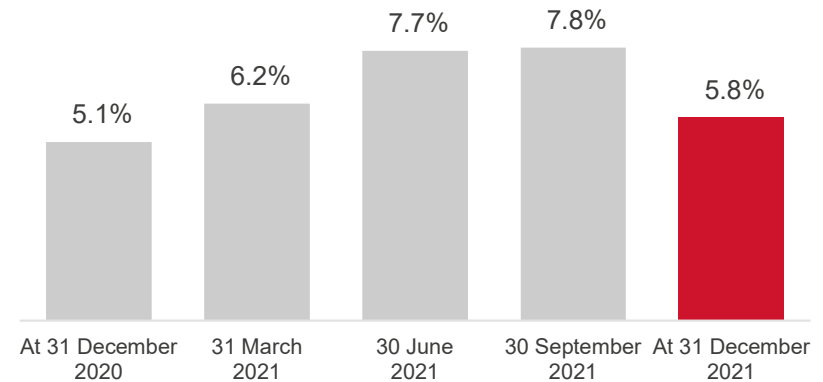
99%

(31 Dec 2020: 99%)

Change in EPRA vacancy 2021



Quarterly EPRA vacancy 2021

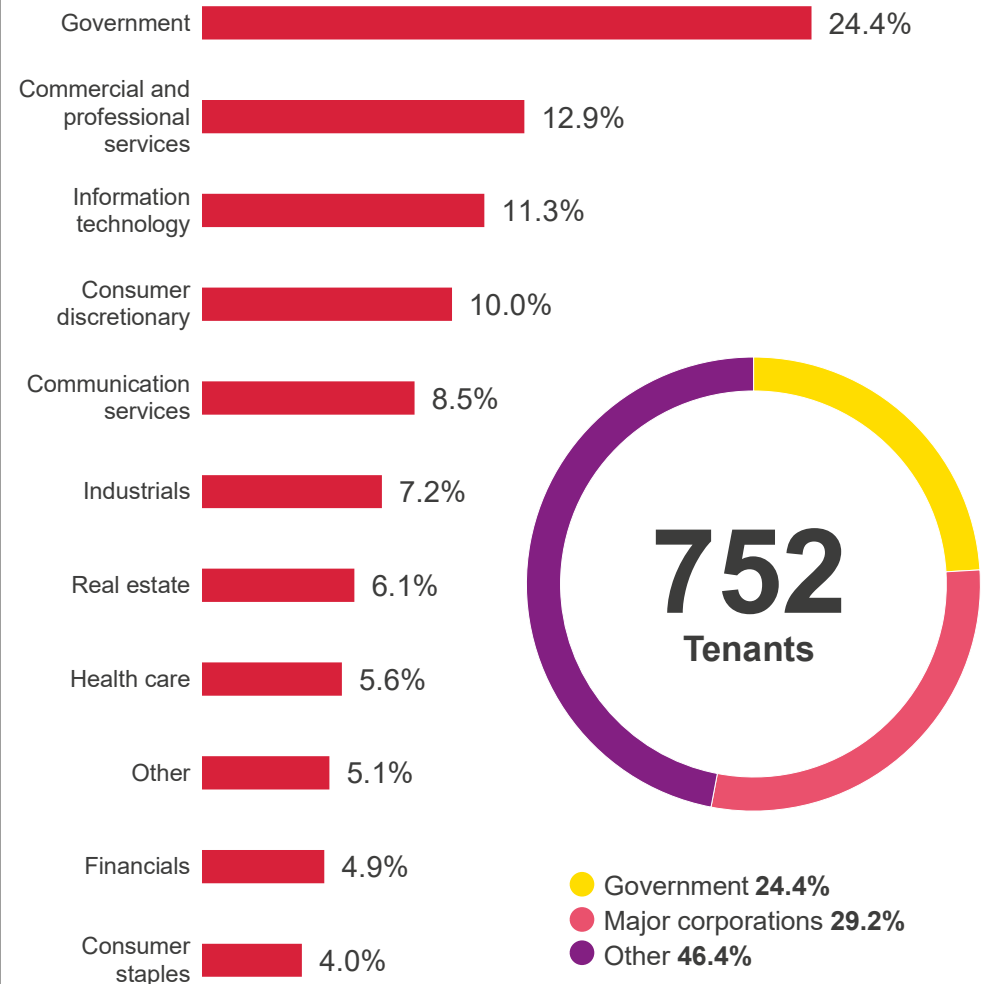


High quality tenant base

Top 15 tenants (34% contracted rent)

1 UK	2 UK	3 Germany
4 Germany	5 UK	6 Germany
7 UK	8 Germany	9 France
10 Germany	11 UK	12 UK
13 Germany	14 UK	15 UK

Tenant industries (% contracted rent)



Over 50% of Group rent indexed



Percentage of rental income-index linked

28%

- 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
- Other indexed leases reference RPI or CPI

Germany

Percentage of rental income index-linked

64%

- Majority of leases linked to German CPI (Verbraucherpreisindex) published by Federal Statistical Office Germany
- Subject to “hurdle” after which inflation is added to lease, typically 5% cumulative from lease commencement
- Leases not indexed are generally subject to annual stepped rents

France

Percentage of rental income index-linked

100%

- All leases subject to annual review using the Tertiary Activities Rent Index (indice des loyers des activités tertiaries – ILAT)
- Published by the National Institute of Statistics and Economic Studies (INSEE)

Portfolio & Sustainability

Fredrik Widlund
Chief Executive Officer



Bellevue, Paris

Location Quality Flexibility

Location

- Proven and successful location criteria in large cities with good transportation links
- Property lot size growing to justify changing requirements

Quality

- Enhanced amenities (showers, lockers, gyms, café, outside space) and technology (BMS apps, air quality monitoring)
- 15 refurbishment projects in UK, 12 in Germany and 4 in France. Over £22m of capex for 2022

Flexibility

- To meet tenant demand for flexibility, we offer varying lease lengths and expansion space for existing occupiers
- Flexible plug and play “Base Offices” in 5 UK locations, Germany next

Building tenant survey 2021:

- 78% have a high level of overall satisfaction
- 74% felt well-supported during Covid



**TOUCHDOWN /
INDIVIDUAL FOCUSED**



SOCIAL HUB



**OPEN COLLABORATION /
CO-WORKING**



ENCLOSED MEETING

Major projects

Vauxhall Walk, “Coade” London



Prescot Street, “Artesian” London



Park Avenue, Lyon



- New build 28,500 sq. ft energy efficient commercial office over 10 floors
- Roof terraces with views to the City and Vauxhall Pleasure Gardens
- No fossil fuels, Hybrid VRF, openable windows and fresh air at 14lp/s
- Galliford Try are constructing at pace, concrete superstructure has now reached fourth floor. PC due Q1 2023
- Financials: total investment of £18m, ERV £1.5m, profit on cost c.20%

- Refurbishment work now encompasses the entire 94,000 sq. ft building
- Slight increases in NIA and an additional 1,000 sq. ft of roof terrace
- No fossil fuels, Hybrid VRF, Bi-Polar UV, openable windows and fresh air at 14lp/s
- BW Interiors are making good progress on-site. PC due Q2 2023
- Financials: total investment of £29m, ERV £4.9m, profit on cost of over 20%

- Refurbishment of 75,700 sq. ft office creating additional 2,300 sq. ft of space
- Complete façade and window replacement improving insulation and acoustics
- Targeting a DPE (EPC equivalent) improvement from G to B
- Sud Architect proceeding on time. PC due Q4 2022
- Financials: total investment of €11m, ERV €1.6m, profit on cost of over 20%

Progress in 2021

- New Sustainability Strategy launched in August 2021
- Net Zero Carbon Pathway to 2030 published and investment into identified sustainability initiatives started. Fully costed at £58m, est. 20% recovery
- Largest ever PV installation at Pacific House, Reading with a capacity of c.200kWp
- Over 50 small / medium energy efficiency projects delivered to improve buildings
- GRESB score increased from 72 to 85/100 and awarded 4 out 5 green stars

¹kWp to kWh
 When the solar PV panels are operating, they will convert the sun's radiance into electrical energy, which is measured in kilowatt-hours (kWh). PV panels with a peak power of 270kWp which are working at maximum capacity for one hour will produce 270kWh.

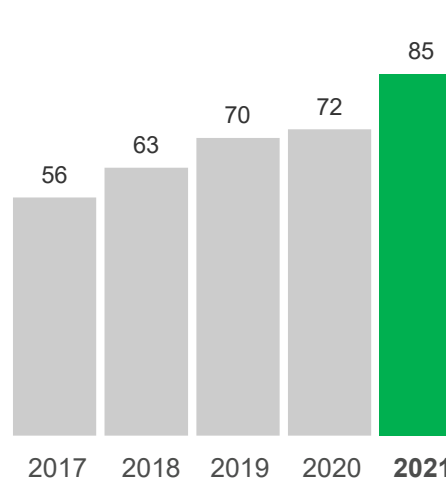
Sustainability-linked loans as proportion of Group debt

21%

Waste diverted from landfill

100%

GRESB score (/ 100)



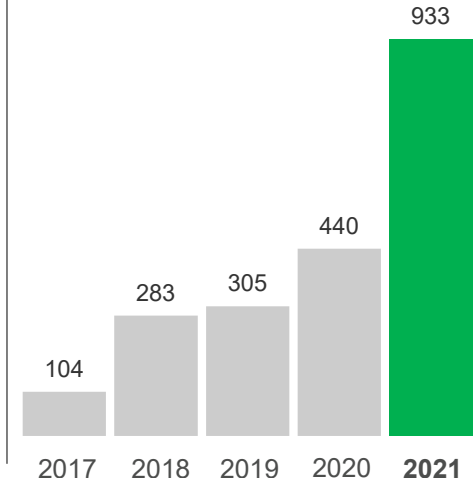
Proportion of Group electricity from renewables

92%

Solar PV electricity generated (kWh)¹

469,411

Solar PV capacity installed (kWp)¹



Portfolio ratings

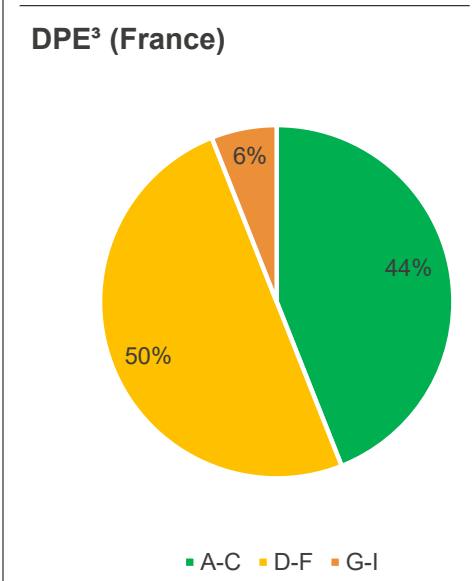
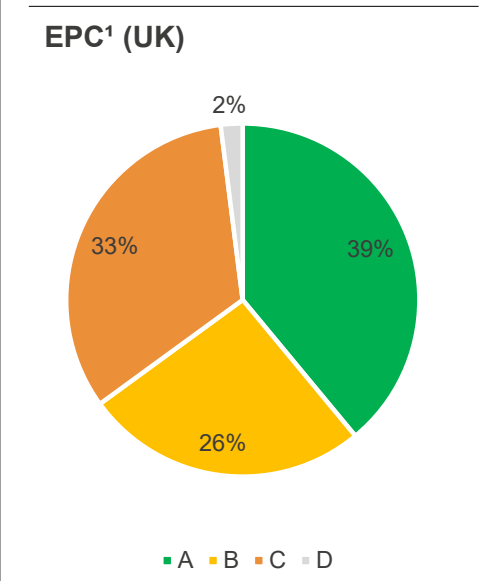
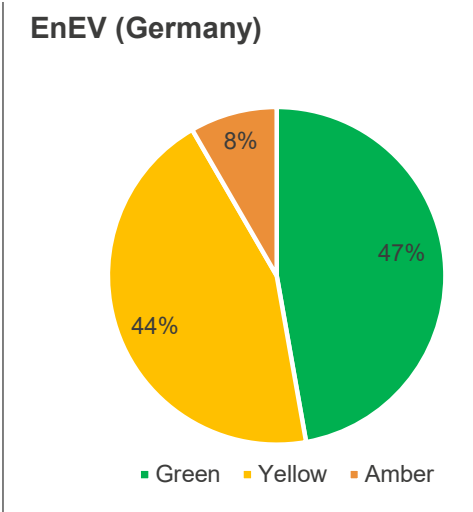
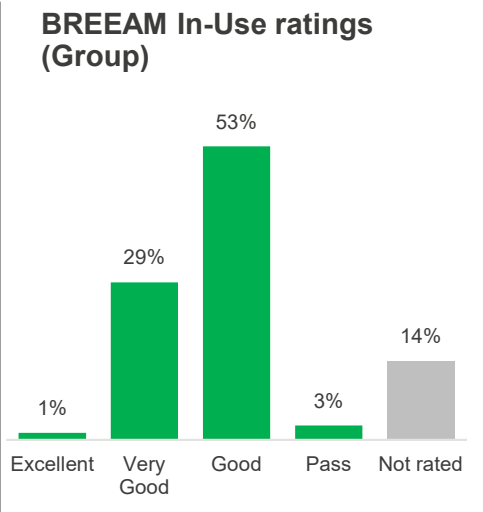
- 2030 Zero Carbon Pathway aligned with minimum energy efficiency standards
 - EPC B in the UK (already 2023 compliant)
 - DPE E in France
 - Monitoring changing regulatory landscape in Germany but low average age of portfolio and high current rating

- Undertaken Group wide BREEAM In-Use assessments (environmental impact assessment method for non-domestic buildings)

¹EPC
 Energy Performance Certificate rating building energy efficiency by carbon dioxide emission (A-G)

²Energieausweis (EnEV)
 Energy intensity performance rating (Green, Yellow, Amber, Red)

³Diagnostic de performance énergétique (DPE)
 Energy intensity performance rating (A-I)



Markets and Outlook

Fredrik Widlund
Chief Executive Officer



CLS view

United Kingdom



- UK economic growth and Covid approach driving real estate market confidence
- UK occupiers recognise the office as essential part of their overall business strategy
- Lack of liquidity and investments for quality South East offices
- Leasing activity improving for the right assets, positive momentum expected to continue

Germany



- Strong, diversified economy, now with increasing government spending, GDP returning to pre-pandemic levels
- Monitoring energy dependency impact
- Lending conditions and bank appetite for new business remain
- Favourable supply and demand dynamics in the office market
- Leasing activity and demand positive - we are seeing this continue in 2022

France

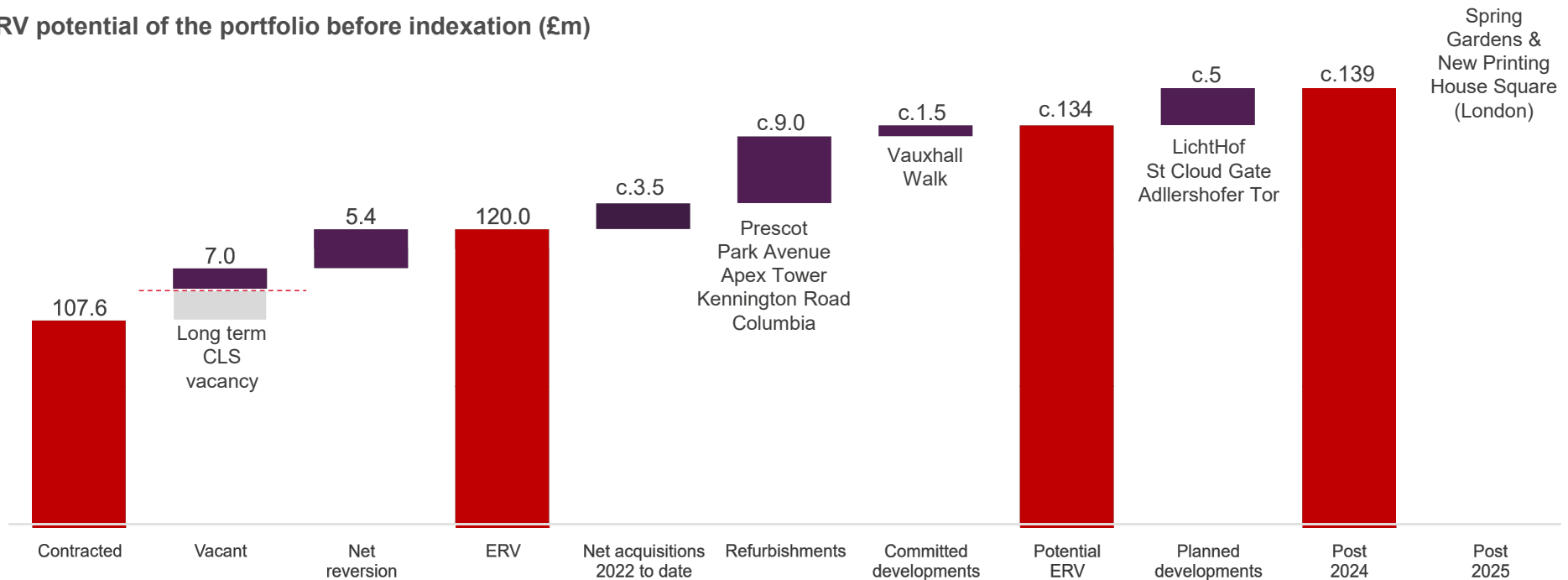


- Paris CBD vacancy low, parts of Paris challenging with supply imbalances, especially La Défense
- Lyon performing strongly, low vacancy and rental growth
- Demand for smaller space <1,000 sqm holding-up well, benefitting CLS
- Commercial property transaction volumes low
- Leasing activities and demand expected to remain at current levels for 2022

Driving portfolio growth

- Strong H2 2021 momentum, 40% of full year leasing transactions in Q4
- Vacancy reductions, reversions and net acquisitions will drive rental income growth in 2022
- Over 50% of the portfolio index-linked, driving further rental upside
- Significant medium-term upside from refurbishment and developments
- Longer term development opportunities in central London

ERV potential of the portfolio before indexation (£m)

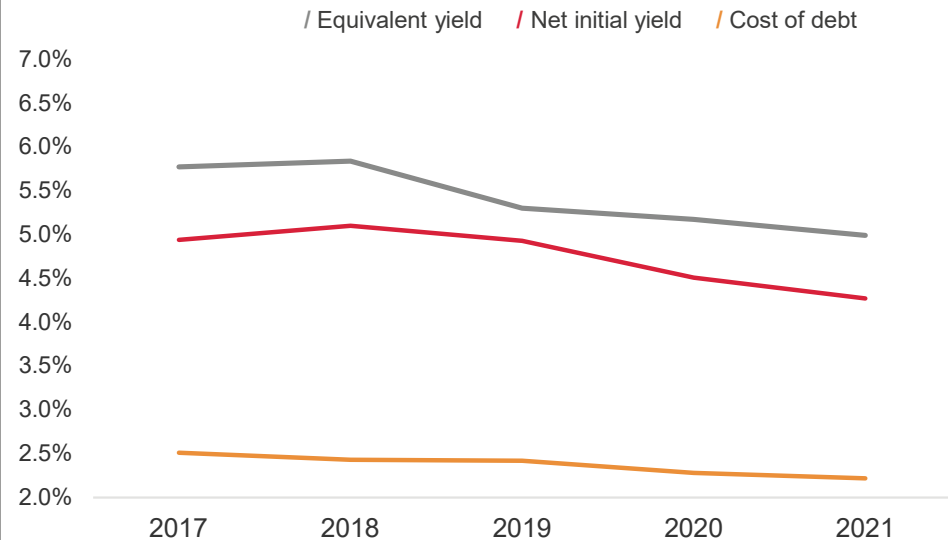


Key takeaways

- Robust 2021 financial delivery, strong H2 performance resulting from resilient strategy and business model
- Valuations up 1.6% in local currency, earnings impacted by vacancy and FX. High collection rate at 99%
- Launched Net Zero Carbon Pathway and more than doubled our PV capacity
- Significant portfolio upside from vacancy reduction, reversion, indexation, refurbishments and developments, and recently exchanged acquisitions
- Location, quality and flexibility: CLS' properties are well positioned for future working patterns and tenant demand



Net initial yield vs. cost of debt



Appendices

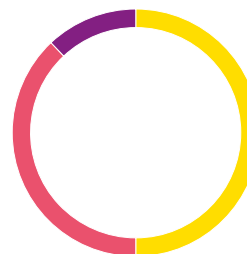


Front de Parc, Lyon

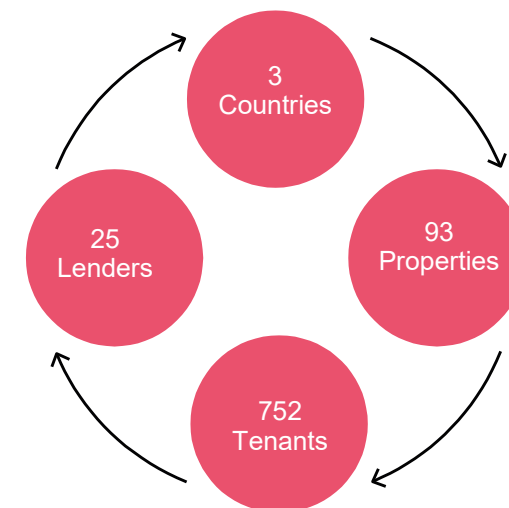
Overview

- CLS Holdings plc is a FTSE 250 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

Diversified portfolio



- UK £1,161m **50%**
- Germany £888m **38%**
- France £282m **12%**



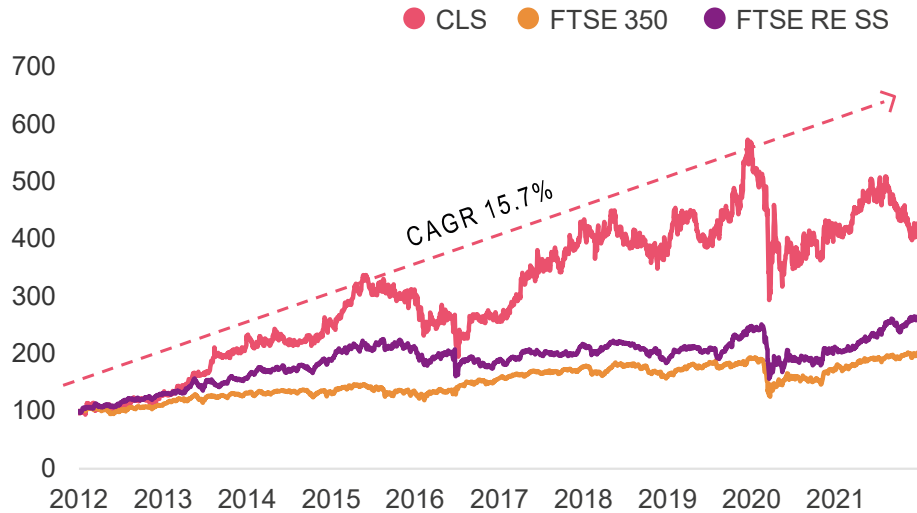
Top 10 shareholders

As at 16 March 2022

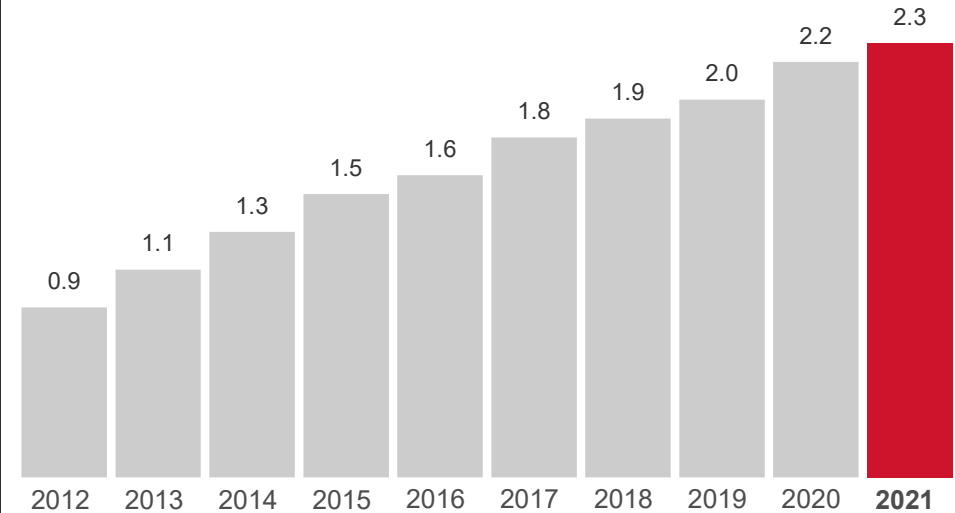
The Sten and Karin Mortstedt Family and Charity Trust	51.5%
Mr Bengt Mortstedt	6.5%
BlackRock	4.0%
BMO Global Asset Management	4.0%
Janus Henderson Group	3.3%
Invesco	1.9%
abrdn	1.9%
AXA	1.9%
Vanguard	1.6%
Amati Global Investors	1.5%

Long-term growth

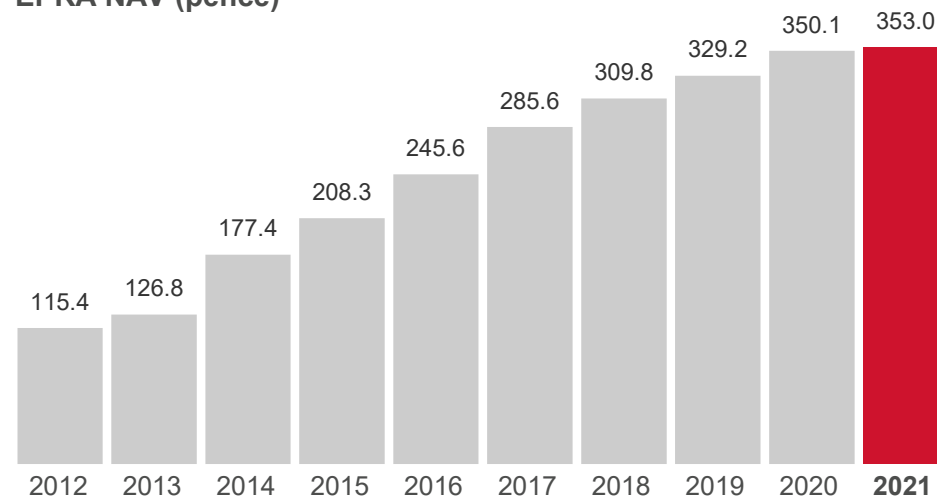
Total shareholder return



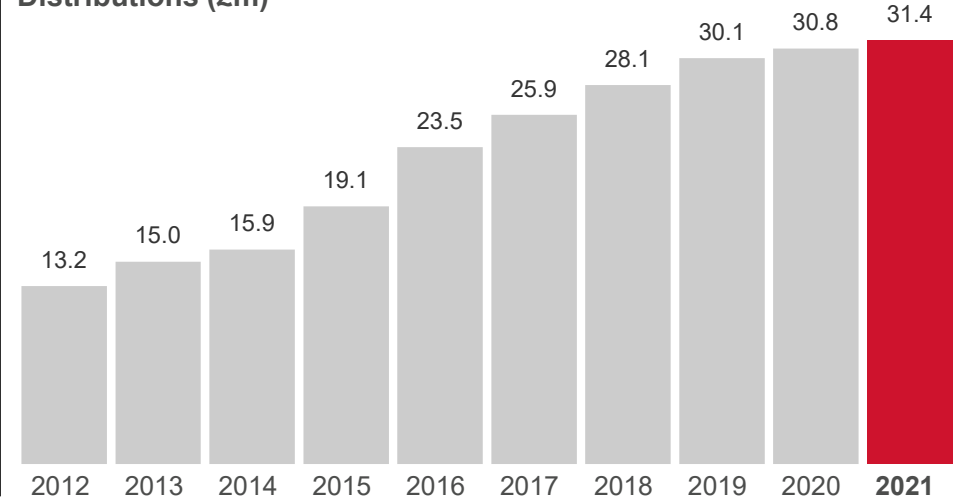
Portfolio valuation (£bn)



EPRA NAV (pence)

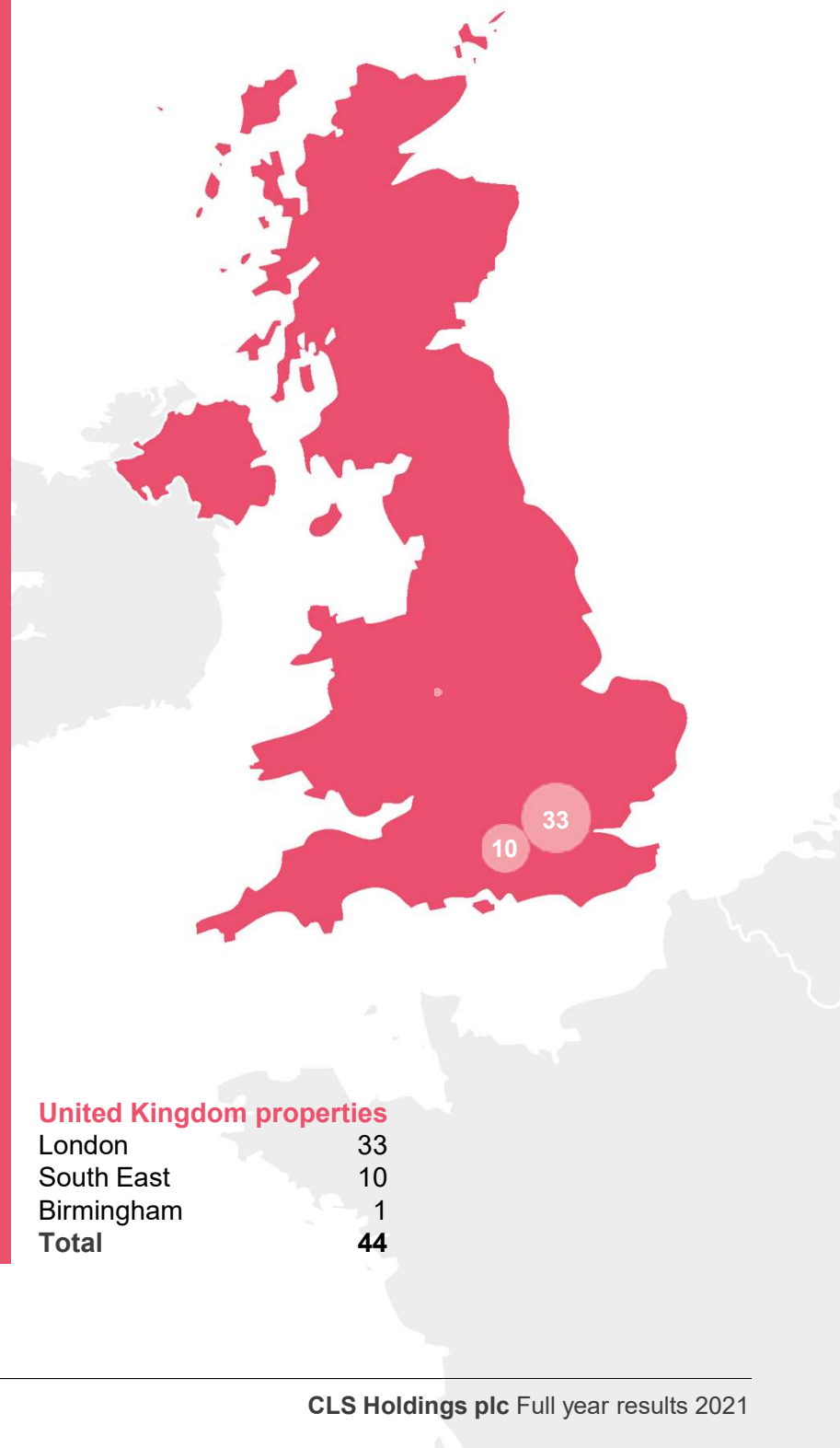


Distributions (£m)



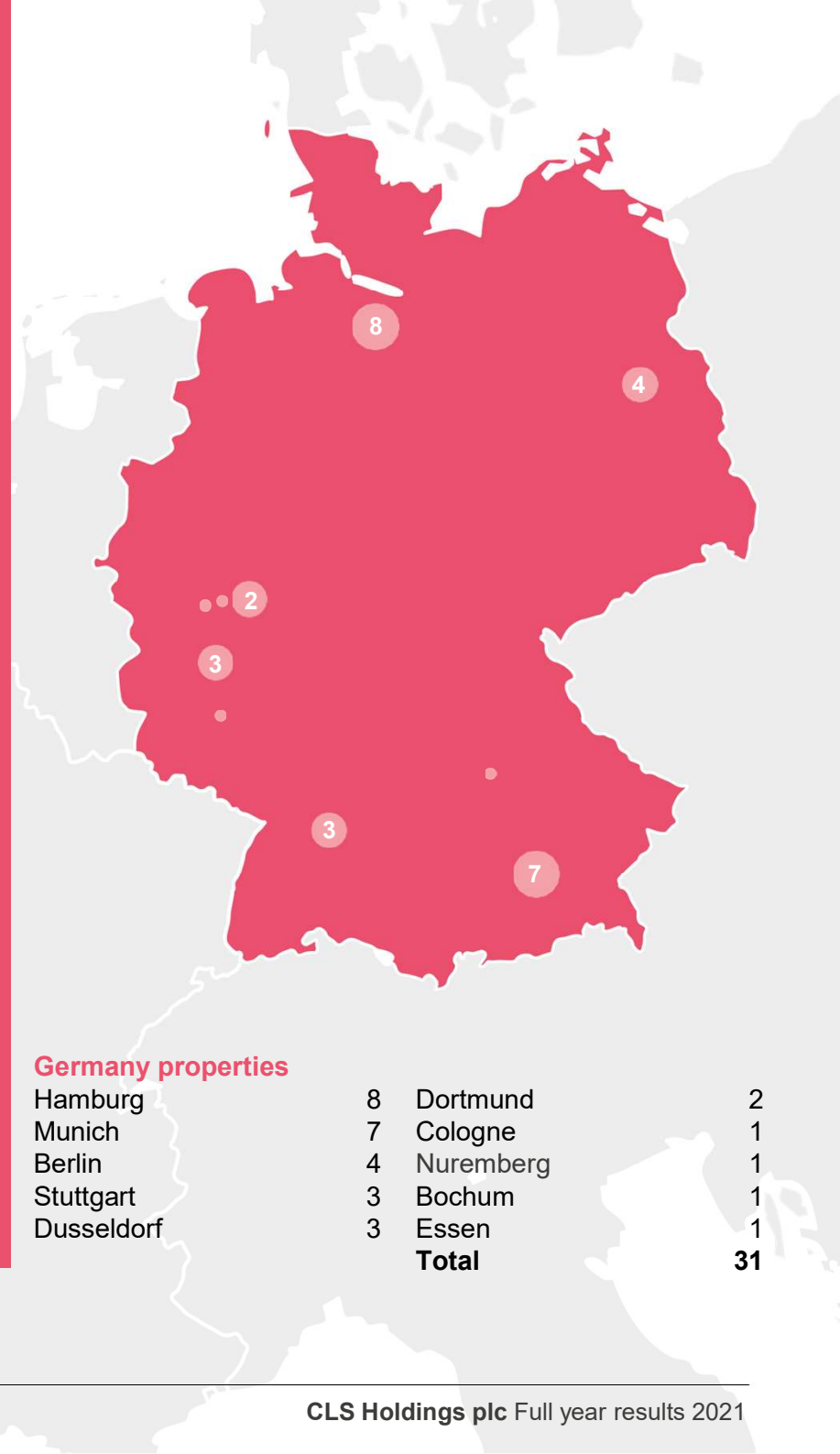
United Kingdom

Value of property portfolio	£1,160.9m
Percentage of Group's property interests	50%
Number of properties	44
Number of tenants	227
EPRA vacancy rate	5.4%
Lettable space	2.0m sq. ft
Government and major corporates	64.6%
Weighted average lease length to end	4.3 years



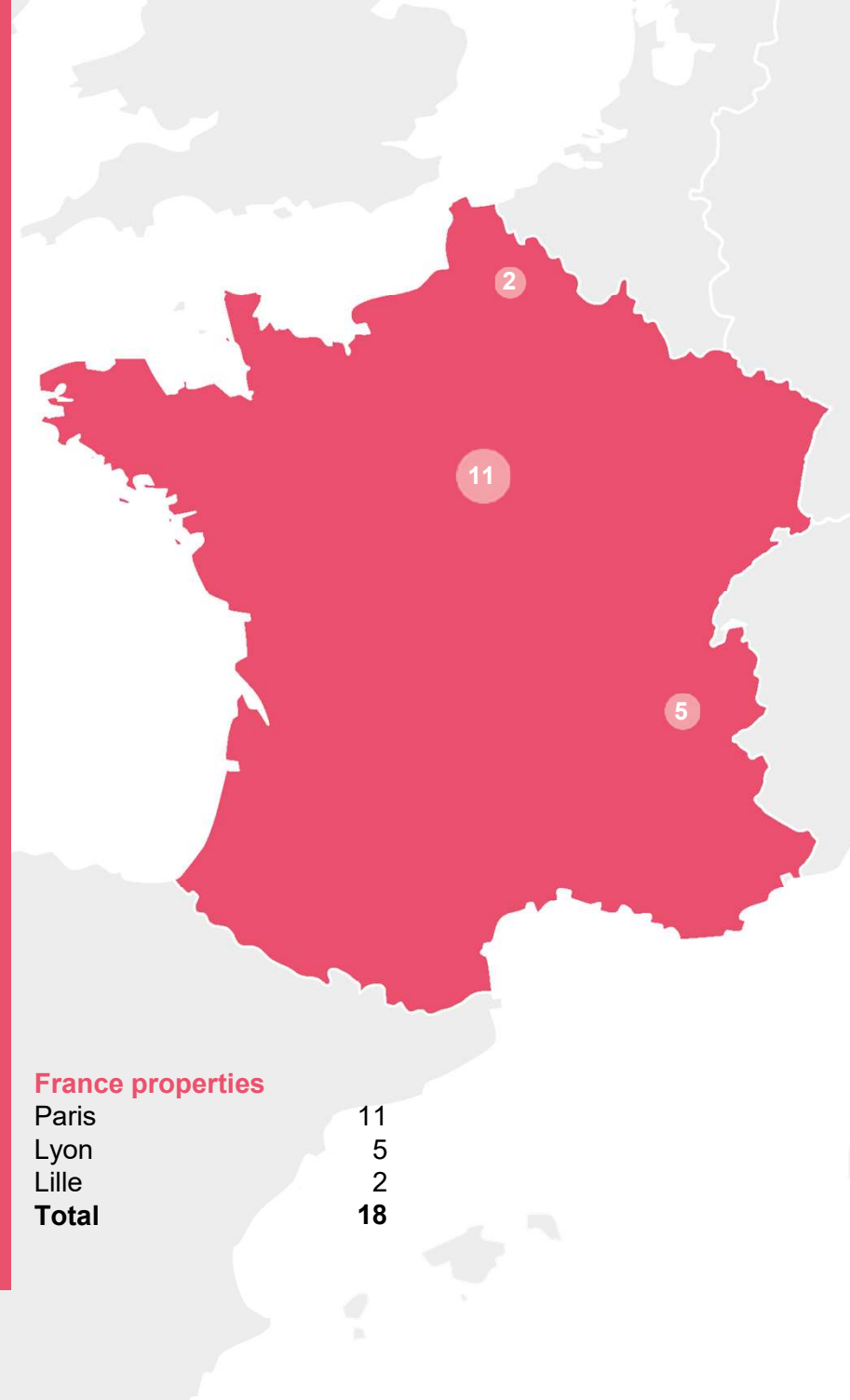
Germany

Value of property portfolio	£888.0m
Percentage of Group's property interests	38%
Number of properties	31
Number of tenants	367
EPRA vacancy rate	7.4%
Lettable space	3.5m sq. ft
Government and major corporates	40.5%
Weighted average lease length to end	5.0 years

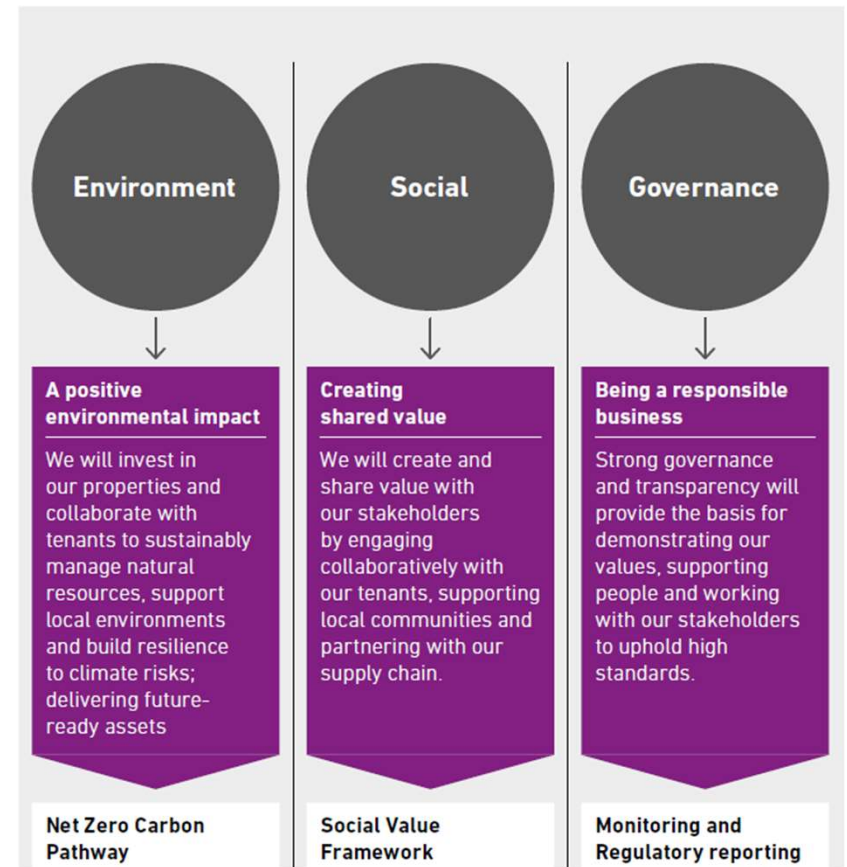
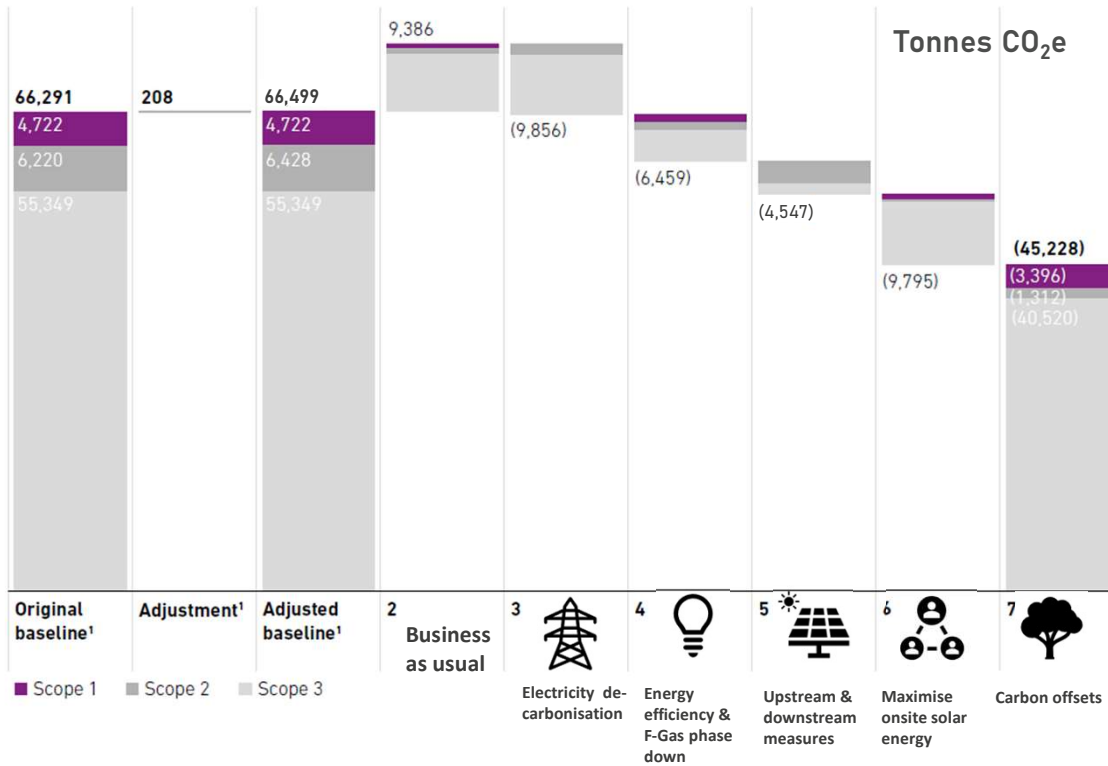


France

Value of property portfolio	£282.4m
Percentage of Group's property interests	12%
Number of properties	18
Number of tenants	158
EPRA vacancy rate	3.0%
Lettable space	0.8m sq. ft
Government and major corporates	46.4%
Weighted average lease length to end	5.0 years



Net Zero Carbon Pathway & Sustainability Strategy



Group statistics

At 31 December 2021	Valuation ¹ (£m)	Valuation increase (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 (per sq. ft)
UK	1,160.9	0.7%	4.85%	5.07%	5.51%	5.4%	4.3	60.7	55.0	£28.88
Germany	888.0	3.1%	3.78%	4.21%	4.39%	7.4%	5.0	44.9	38.8	€13.95
France	282.4	0.3%	3.80%	4.50%	5.04%	3.0%	5.0	14.4	13.8	€21.25
Total	2,331.3	1.6%	4.27%	4.64%	4.99%	5.8%	4.6	120.0	107.6	£17.97

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

2. Excludes developments; calculations based on passing rents

3. Excludes developments; calculations based on contracted rents

4. Excludes developments and assets held for sale

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 2021 unless otherwise stated.