

APEX TOWER

Delivering on our strategic priorities

CLS Holdings plc
Half Year Results 2024

Contents

03

OVERVIEW
FREDRIK WIDLUND
CHIEF EXECUTIVE OFFICER



09

FINANCIALS & OCCUPIERS
ANDREW KIRKMAN
CHIEF FINANCIAL OFFICER

18

PORTFOLIO & SUSTAINABILITY
SUMMARY & OUTLOOK
FREDRIK WIDLUND
CHIEF EXECUTIVE OFFICER



26

APPENDICES

Overview

Fredrik Widlund
Chief Executive Officer

GOTIC HAUS
DORTMUND, GERMANY



OVERVIEW

Delivering on our strategic priorities

Positive letting progress with a healthy deal pipeline

- Strong leasing momentum with 23% more leases by value signed generating £6.4m (HY 2023: £5.2m¹) of annual rent. New leases 5.9% above ERV
- Net rental income growth up 5.9% to £58.9m (30 June 2023: £55.6m)
- Underlying vacancy down at 10.8% (2023: 11.0%) with WAULT maintained. Total vacancy at 13.2% due to recently completed refurbishments

On track with sales programme

- £61m sold in H1 2024, in line with book value, and more than £160m targeted in H2

Financing progressing as expected

- Executed all refinancings due in H1, leaving £49m in H2
- Discussions well advanced for remaining four loans due in 2024

Valuations outperformed the market

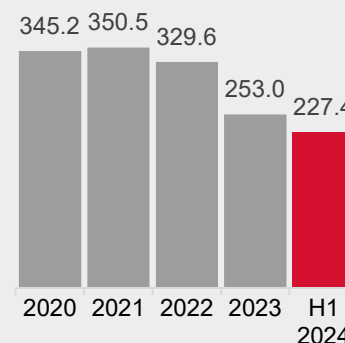
- Valuations down by 4.1% in local currency driven by yield expansion

Good underlying performance

- Proposed interim dividend maintained at 2.60p per share

¹ Excluding the large lease signed for The Brix in Essen (€3m) in early 2023

EPRA NTA (p)



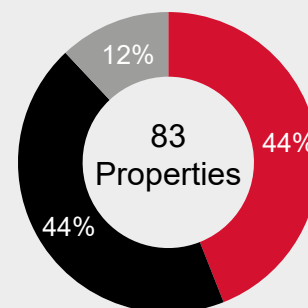
EPRA EPS

4.8p
(30 June 2023: 5.2p)

DPS

2.60p
(30 June 2023: 2.60p)

TOTAL PORTFOLIO (%)



■ UK ■ Germany ■ France
£840m £839m £231m

PROPERTY PORTFOLIO VALUE

£1.9bn
(31 Dec 2023: £2.1bn)

OVERVIEW

Providing tenants with high quality office space

58 deals

**SECURED £6.4M OF ANNUAL RENT 5.9% ABOVE ERV
23% INCREASE IN LEASES BY VALUE VS 30 JUNE 2023**

(30 JUN 2023: 68 DEALS SECURED £5.2M¹ OF ANNUAL RENT 4.1% ABOVE ERV)

LEASE EXTENSIONS

51%

(30 JUN 2023: EXT 43%, NEW 57%)

NEW LEASES

49%

LIKE-FOR-LIKE CONTRACTED RENT

+1.9%

(30 JUN 2023: +1.5%)

LIKE-FOR-LIKE ERV²

+0.8%

(30 JUN 2023: +1.0%)

WAULT

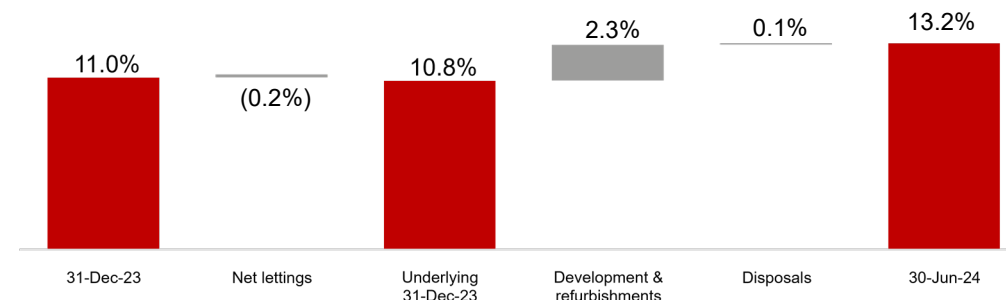
4.2 years

(31 DEC 2023: 4.3 YEARS)

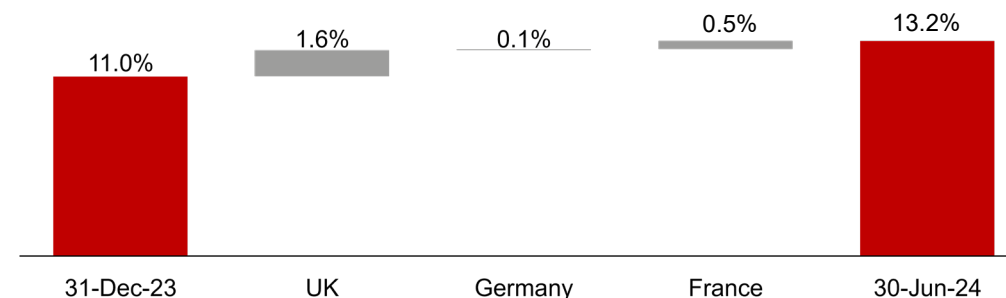
¹ Excluding the large lease signed for The Brix in Essen (€3m) in early 2023

² -1.5% decline in like-for-like ERV including New Printing House Square

CHANGE IN EPRA VACANCY (GROUP)



CONTRIBUTION TO EPRA VACANCY (BY COUNTRY)



JUNE 2024 EPRA VACANCY BY COUNTRY

Country	EPRA Vacancy (%)
UK	19.6%
Germany	7.2%
France	7.1%
Group	13.2%

Key lettings secured in 2024 with more to come

UK



Leatherhead

- 13,247 sq. ft, 1st floor at Kings Court
- 10 year lease
- Extensively refurbished including main building reception and WCs, installation of roof mounted PV system and shower pods
- Lettability of the property has greatly improved; 3 lettings in past 8 months



London

- 5th floor at Artesian for 12,052 sq. ft
- 10 year lease
- Selected for its excellent sustainability credentials (incl EPC A, 190m² green roof and being an all-electric building)
- Communal roof terrace with panoramic views across London



London

- 2,365 sq. ft, 9th floor at the Coade
- 5 year lease
- Extensive collaboration to design a CAT B fitout
- EPC A which aligned with tenant sustainability requirements

Germany



Cologne

- 15,220 sq. ft, 1st floor at Office Connect
- 6 year lease
- Tenant needs met by the high quality condition of the large scale space
- Low fit-out costs; a very positive outcome for CLS



Hamburg

- 13,137 sq. ft, 5th/6th floor at Schellerdamm 2
- 10 year lease
- Diversifies tenant base with a reputable organisation
- Long-term lease, strengthening WAULT



Berlin

- 9,139 sq. ft, 5th floor at FleXion
- 6 year lease
- High quality space and energy-efficiency measures were critical factors
- Rooftop-terrace enhanced the quality of the space for Pulsation and their employees

France



Paris

- 11,000 sq. ft, 3 floors at Cap G
- 3/6/9 year lease
- Existing tenant who has been with CLS for 18 years
- CLS supported pixid with redeveloping its premises to align with their ESG policy



Lyon

- 8,393 sq. ft, 1st floor at Park Avenue
- 3/6/9 year lease
- Collaborated with Smile to create a high-quality space focused on employee wellbeing
- Concierge service and bike storage provided



Paris

- 3,724 sq. ft, 1st floor at Jean Jaures
- 6/9 year lease
- CLS provided a flexible “plug and play” environment in response to tenant demand

Valuations down 4.1% but appear to be bottoming

Group

- 4.1% decrease in valuations in local currency driven by yield expansion across all markets
- Improving picture, valuation uplift for some properties

UK

- 4.4% decline, LFL ERV down 3.3%, EY up 29bps
- Adjusting for Spring Gardens, due to the shortening lease, results in 2.9% decline for the rest of the UK portfolio

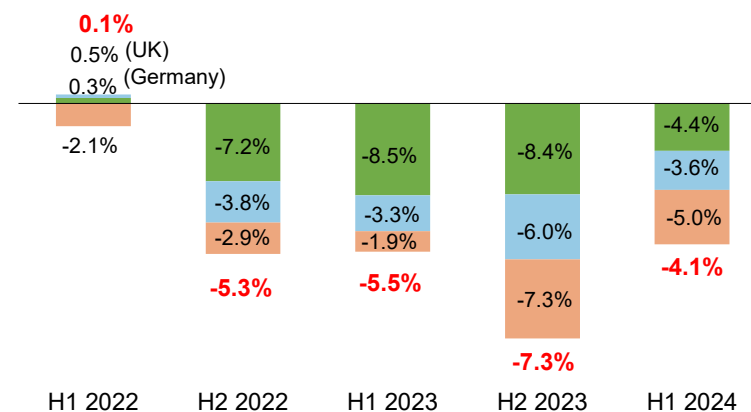
Germany

- 3.6% decline, LFL ERV up 0.5%, EY up 14bps
- Similar declines across most cities with ERV increasing but offset by yield expansion

France

- 5.0% decline, LFL ERV down by 0.1%, EY up 12bps
- Paris down 4.0% driven by yield expansion of 10bps and Lyon down 6.7% due to 16bps of yield expansion

Valuation movement in local currency ● UK ● Germany ● France



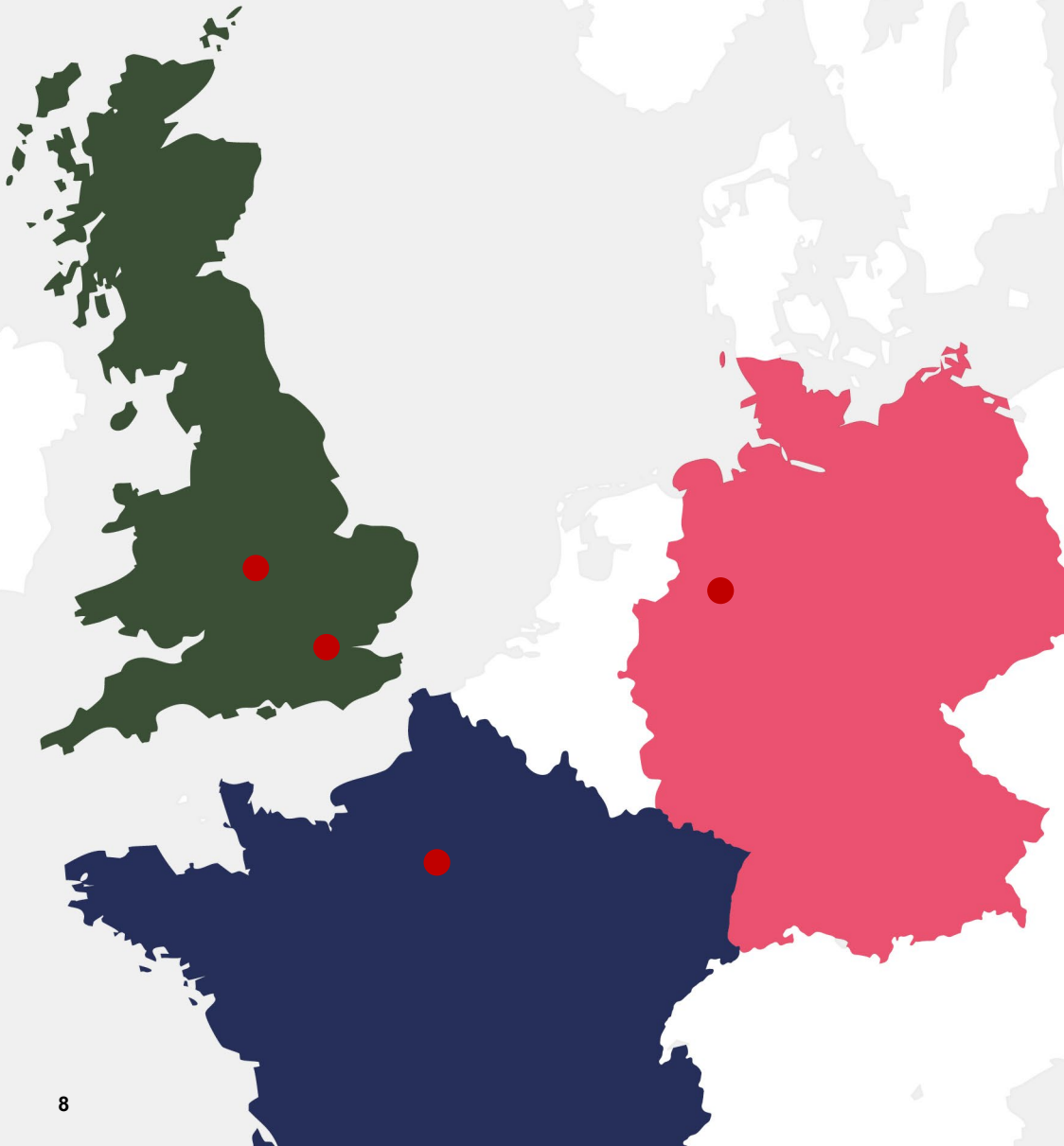
	UK	Germany	France	Group
Valuation movement ^{1,2}	-4.4%	-3.6%	-5.0%	-4.1%
Total valuation movement (GBP)	-4.4%	-5.7%	-7.2%	-5.3%
ERV movement ^{1,2}	-3.3%	+0.5%	-0.1%	-1.5%
Equivalent yield	7.04%	5.27%	6.12%	5.99%
Equivalent yield movement ^{1,2}	+29bps	+14bps	+12bps	+18bps
EPRA vacancy	19.6%	7.2%	7.1%	13.2%
Vacancy movement	+380bps	+40bps	+150bps	+220bps

The above includes held for sale property

¹ Local currency

² Like-for-like

Sales of £61.0m in line with book value



H1 Disposals

Westminster Tower, London

- Completed in June
- Sales price £40.8m
- Proceeds used to reduce LTV

Aqueous II, Birmingham

- Completed in June
- Sales price £3.0m
- Non-core location

Quatour, Paris

- Completed in June
- Sales price €11.3m
- Acquired for €4.6m in 2002

H2 Disposals

Hansastrasse, Dortmund

- Unconditionally exchanged in May and completed early August
- Sales price €9.0m
- Acquired for €7.5m in 2017

Spring Mews Student, London

- CLS business plan fully executed to maximise income from the asset
- Sales process has generated significant interest with bids from experienced PBSA owners

£61m sales completed with further sales of over £160m to come in H2 2024

Financials & Occupiers

Andrew Kirkman
Chief Financial Officer



PARK AVENUE
LYON, UK

Summary of key metrics

EPRA EPS

4.8p

(30 JUN 2023: 5.2p)
(-7.7%)

EPRA NTA per share

227.4p

(31 DEC 2023: 253.0p)
(-10.1%)

PROPOSED INTERIM DIVIDEND

2.6p

(30 JUN 2023: 2.6p)
MAINTAINED

TOTAL ACCOUNTING RETURN

-8.0%

(30 JUN 2023: -9.9%)
N/M¹

COST OF DEBT

3.81%

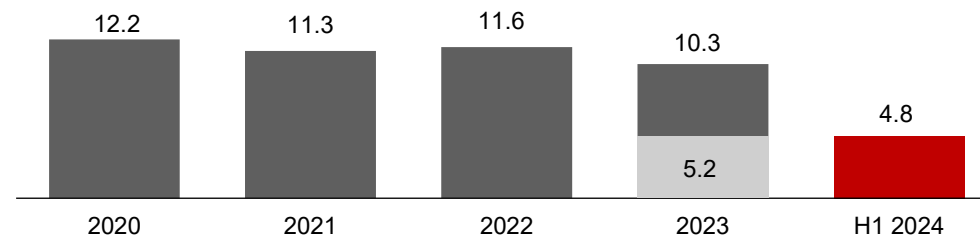
(31 DEC 2023: 3.61%)
+20BPS

% OF DEBT FIXED AND CAPPED

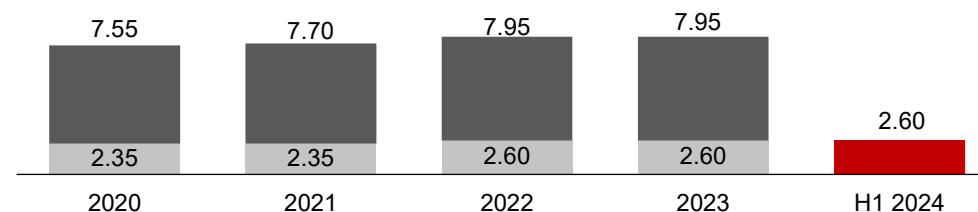
82%

(31 DEC 2023: 80%)
+2%

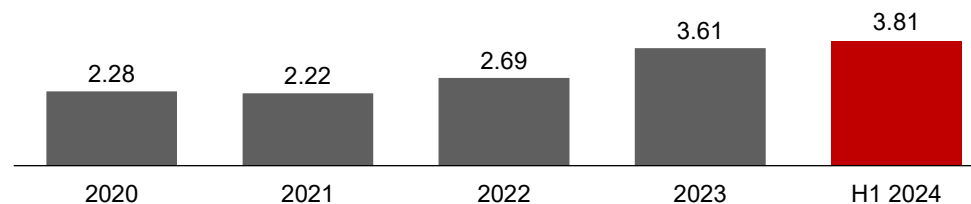
EPRA EPS (PENCE)



DIVIDEND/SHARE (PENCE)



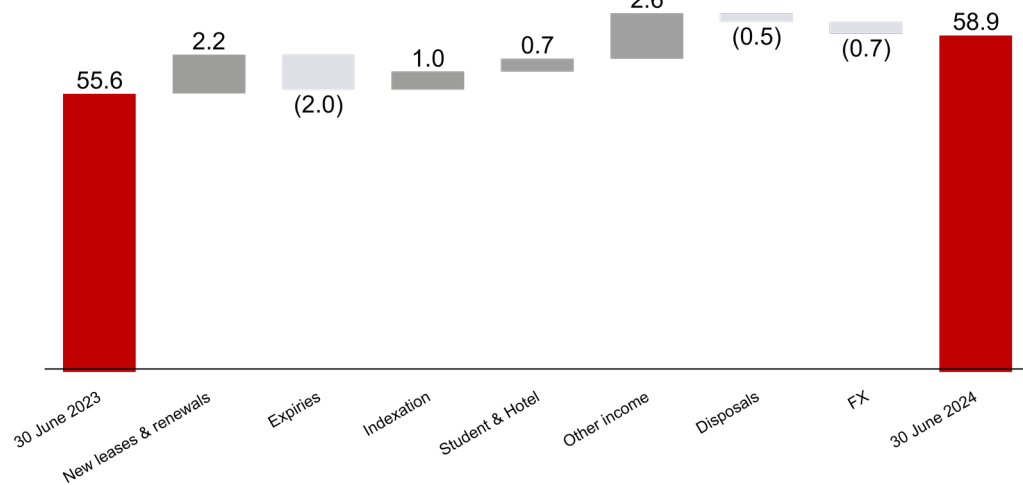
COST OF DEBT (%)



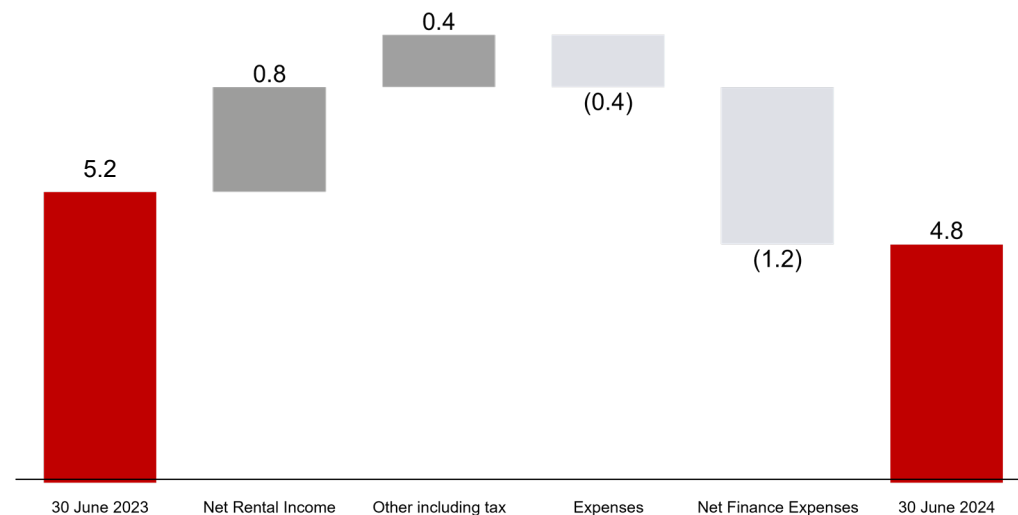
¹ Movement between two negative numbers is not meaningful

5.9% increase in net rental income; EPRA earnings down 7.7% due to increased finance costs

MOVEMENT IN NET RENTAL INCOME (£M)

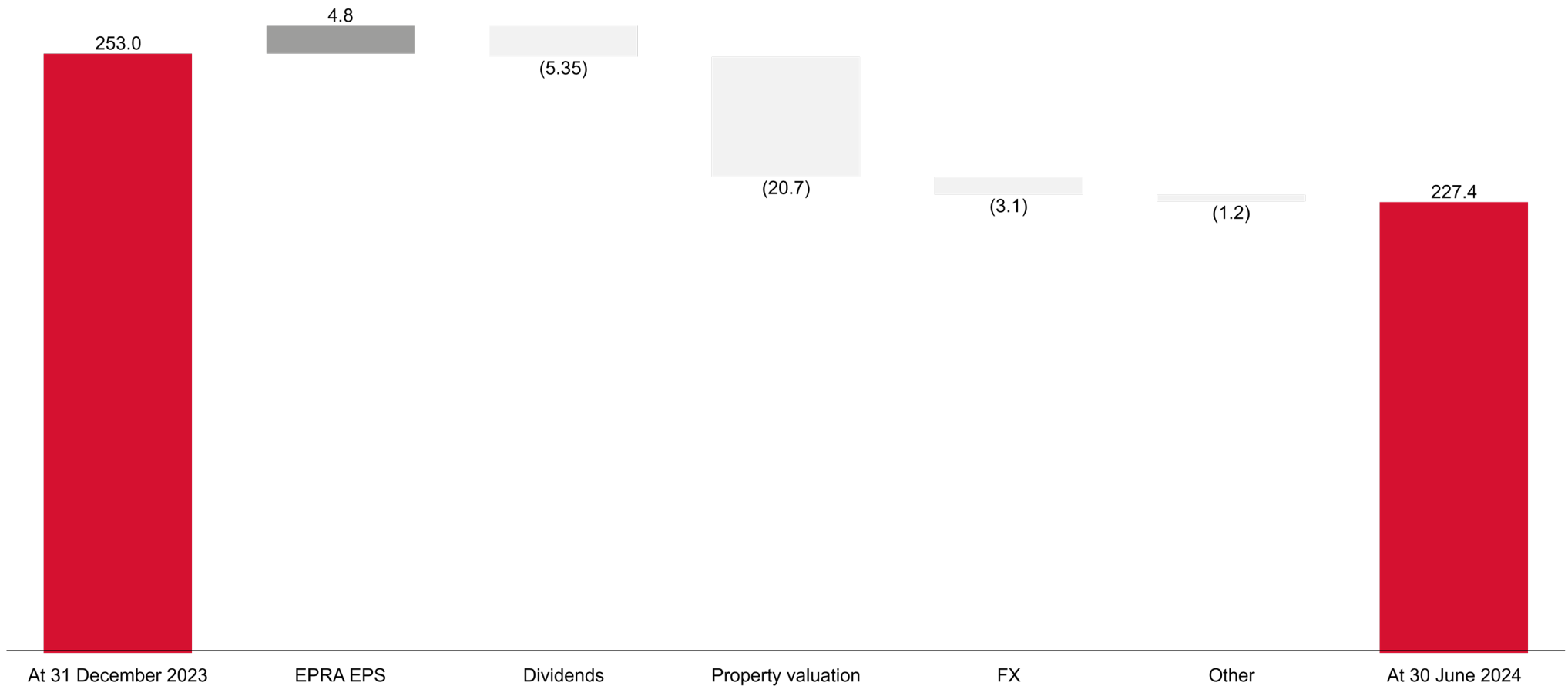


MOVEMENT IN EPRA EPS (PENCE PER SHARE)



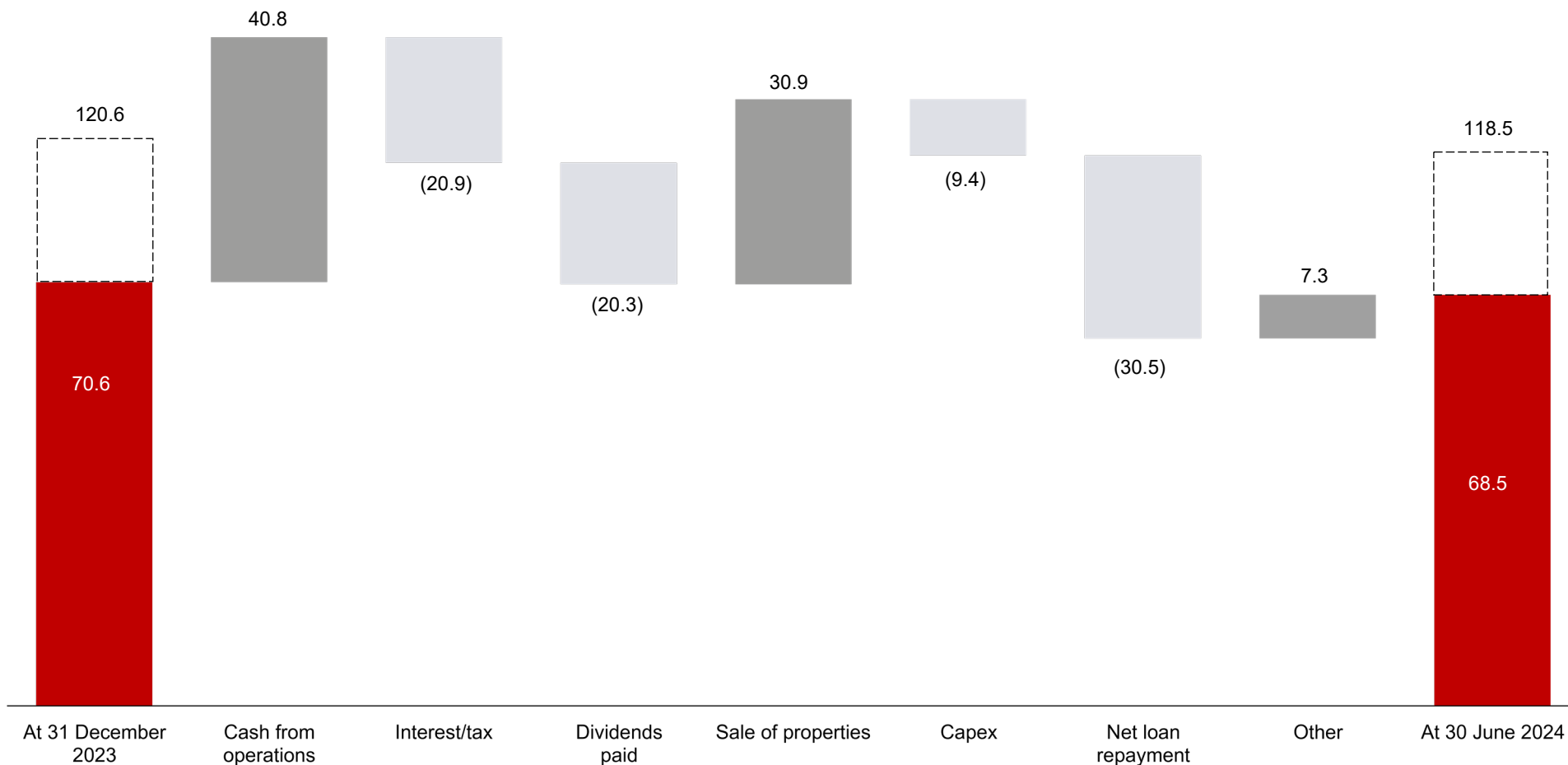
NTA impacted by property valuation decline

MOVEMENT IN EPRA NTA (PENCE PER SHARE)



Consistent cash generation with disposal proceeds to reduce leverage

MOVEMENT IN LIQUID RESOURCES (£M)



£50m of undrawn facilities (2024: £50m committed, 2023: £50m committed)

Financing – strategy and overview

Resilient financing strategy

- CLS uses secured, non-recourse SPV financing and benefits from many different lending relationships
- Maintain over £100m of cash and undrawn facilities, and covenant headroom
- No Group loan-to-value or interest cover covenants
- LTV increased to 50.3% from valuation declines despite net debt down by £40m in the first half
- LTV will reduce below 50% when remaining £20.4m Westminster Tower proceeds received in September
- Forecasting to achieve c.45% LTV at year-end from further sales with more reduction targeted in future
- 82% of debt is fixed or capped
- Cost of debt increased to 3.81% but is expected to remain stable or slightly reduce by year end. Going forward, cost of debt forecast to decline

Key debt metrics

	UK	Germany	France	Group
Drawn debt (£m)	491.0	439.7	102.2	1,032.9
Number of loans	9	22	12	43
Loan-to-value	58.1%	52.3%	43.8%	50.3%¹
Cost of debt	4.52%	2.81%	2.66%	3.81%
Years to maturity	4.0	2.8	2.4	3.3

¹ Includes centrally held cash of £68.5m

Financing – delivery in H1 and focus for H2

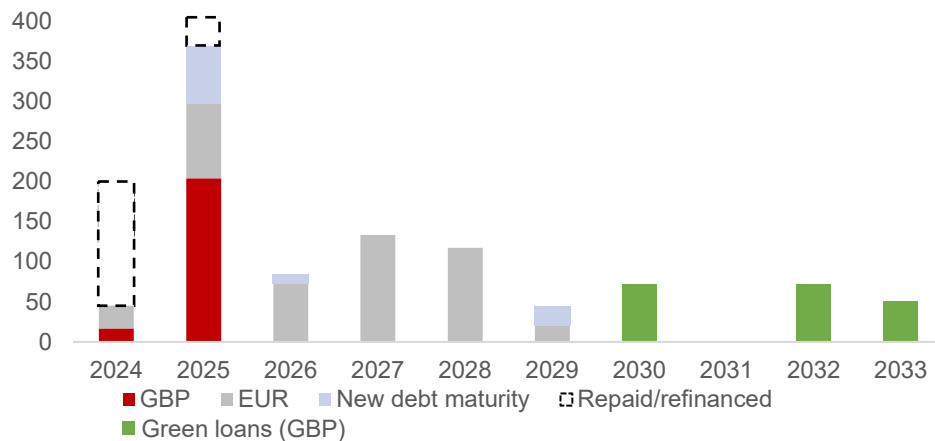
2024 debt – refinancings delivered on schedule

- At start of 2024, £195.4m of maturing debt and amortisation due in 2024
- By March, this had reduced to £98m across six loans
- Now, £49m for four loans with three banks remaining with discussions well-advanced
- In H1 2024, £137.1m was refinanced or extended at an average rate of 5.64%

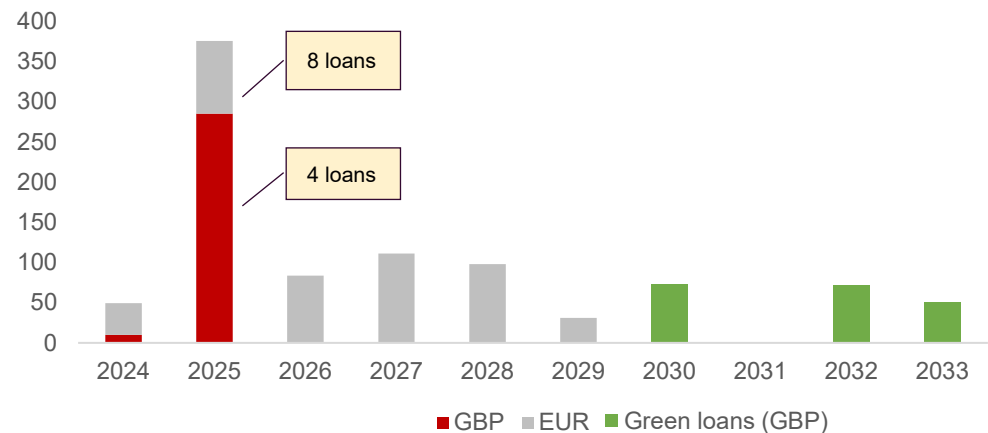
2025 refinancing – progressing as expected

- £377m debt expiring in 2025 across 12 loans and 9 lenders
- Most of the £377m expires in the fourth quarter of 2025 and £13m will be reduced by the usual amortisation payments (of which £4.7m is in 2024)
- Starting discussions early and already engaged with banks about £299m (80%) of refinancings

Start of 2024/current position (£'m)



Current position (£'m)



OCCUPIERS

High-quality and diversified tenant base

RENT COLLECTION

99%

(31 Dec 2023: 99%)

TENANT SIZE¹

22%

GOVERNMENT

44%

LARGE

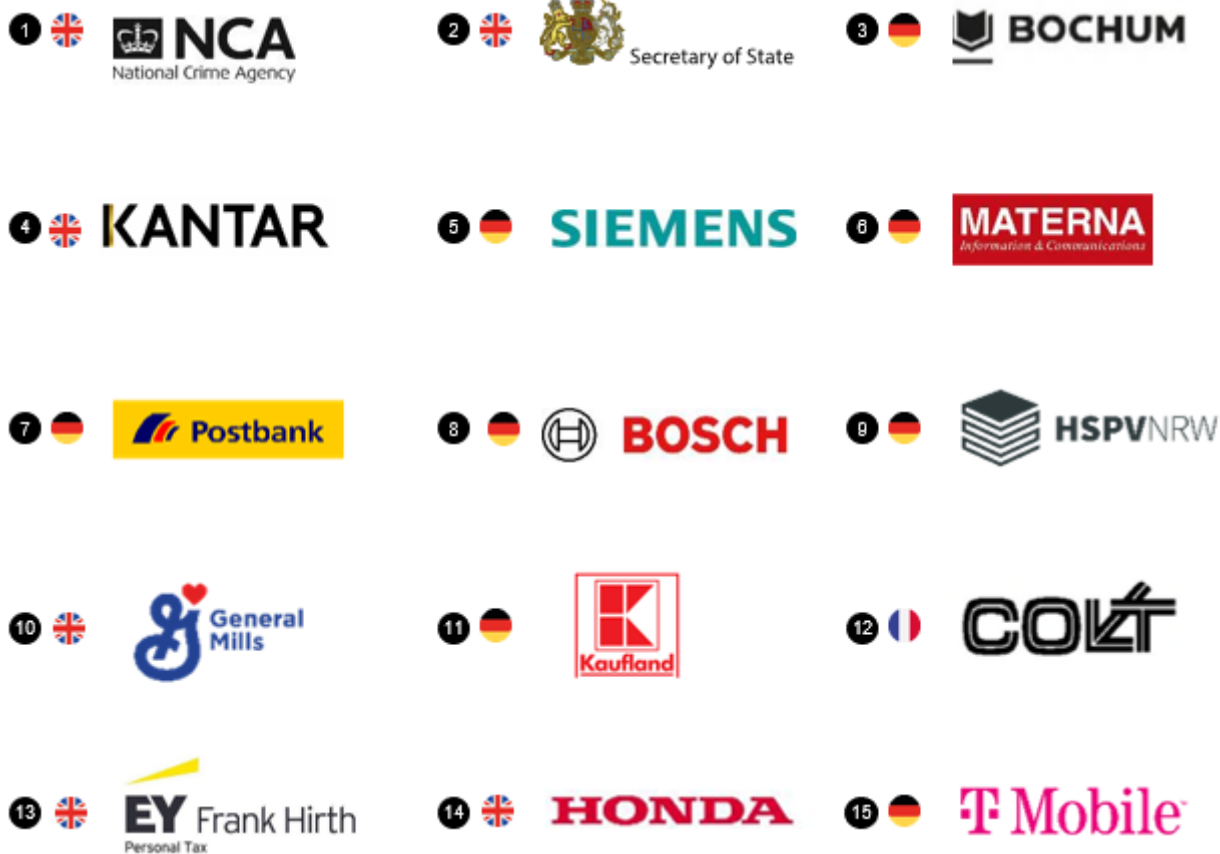
19%

MEDIUM

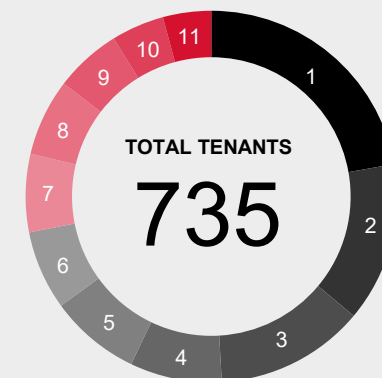
13%

SMALL

TOP 15 TENANTS (32% OF CONTRACTED RENT)



TENANT DIVERSITY %



- 1 Government **22.2%**
- 2 Information Technology **13.9%**
- 3 Commercial and Professional **13.0%**
- 4 Communication Services **8.0%**
- 5 Consumer Discretionary **7.9%**
- 6 Healthcare **6.9%**
- 7 Industrials **6.8%**
- 8 Financials **6.7%**
- 9 Other **5.8%**
- 10 Consumer Staples **4.6%**
- 11 Real Estate **4.2%**

OCCUPIERS

Over 50% 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 five years
- Spring Gardens lease subject to RPIX (HY 2024 uplift c. 3.3%)
- Other indexed leases reference RPI or CPI

Germany



PERCENTAGE OF RENTAL
INCOME INDEX-LINKED

57%

- Majority of leases linked to German CPI (Verbraucherpreisindex)
- CLS HY 2024 average c. 3.9% inflation increase
- A further c.17% are subject to annual stepped rent of c. 2.4%

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 HY 2024 average c. 3.2% inflation increase

Portfolio & Sustainability

Fredrik Widlund
Chief Executive Officer



ADLERSHOF TOR
BERLIN, GERMANY

Generating returns through selective refurbishment



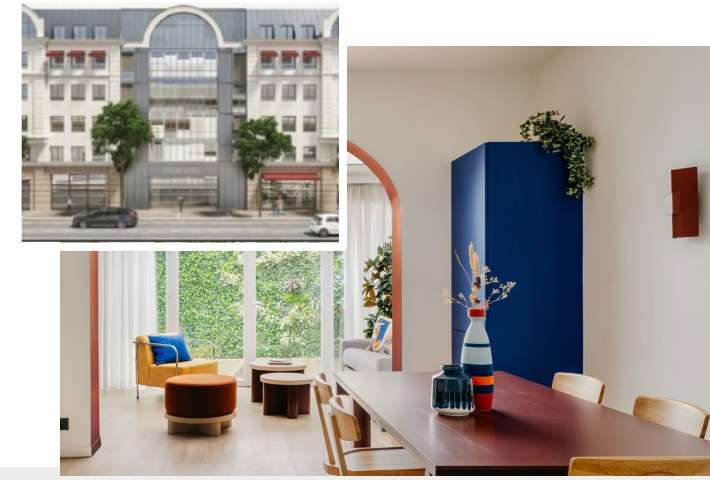
Bismarckstrasse, Berlin

- Building purchased in 2006 with rent at €12 psqm; current ERV over €30 psqm
- Refurbishment for €14m of the complete building including facade, HVAC system and LED-lighting
- Property will be rebranded as “The Loop, Berlin”. Expecting BREEAM Excellent rating
- Currently 30% let, to increase to 50% by the end of 2024, and targeted to be fully let by mid 2025
- Targeted unlevered profit on cost above 20%, higher with development finance in progress



The Brix, Essen

- Building acquired in April 2021 with 28% vacancy and now fully let
- CLS will spend €20m to substantially improve energy efficiency, sustainability and amenities
- Building being refurbished alongside a 30-year, indexed-linked lease with the City of Essen for 17,400 sqm
- Works to be handed over in three steps: March, April and December 2025
- Targeted unlevered profit on cost above 20%, and the lease will produce over €3m of annual rent



Debussy, Paris

- CLS will convert existing office building into serviced apartments
- CLS will invest €12m over two years to deliver 57 serviced apartments, which will be operated by Edgar Suites on a 12-year lease. Completion in 2026
- The conversion facilitates the ability to recycle the structure and reduce the impact of embodied carbon
- Targeted unlevered profit on cost above 15%, which will be higher when forecast variable rent is achieved

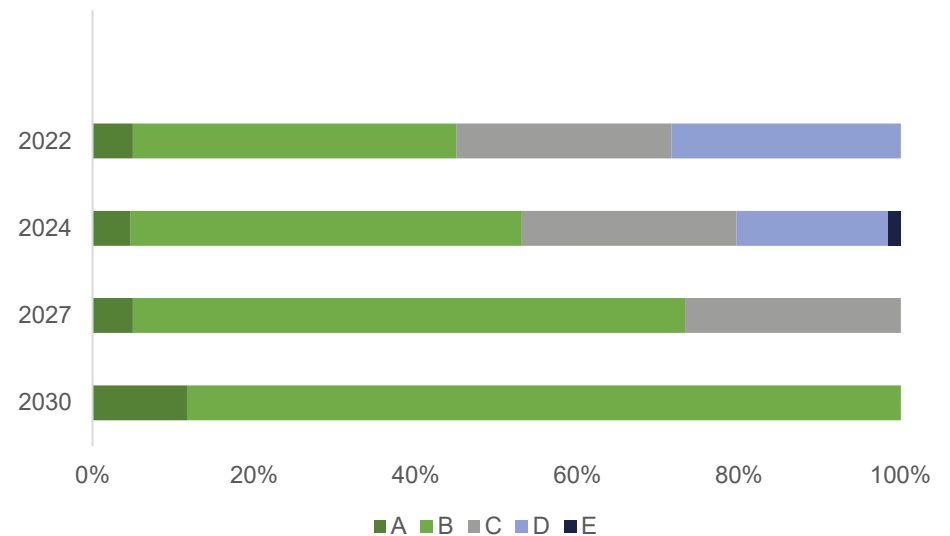
Progress in 2024: energy & carbon

- Net Zero Carbon Pathway total programme spend to end of 2024 expected to be £17m
- 13 carbon reduction and energy efficiency projects completed in 2024 thus far, with a further 57 projects due to finish before year end. In total, savings of over 750 tonnes CO₂e¹ per annum will be achieved
- Smart metering now covers over 80% of our total Group utility supplies whilst our managed portfolio in Germany and the UK is equipped with smart water meters and leak detection systems
- Maintained over 99% of Group electricity supply being carbon-free

LIKE-FOR-LIKE DECREASE IN ENERGY CONSUMPTION AT HY 2024

4.3%

EPC (UK) ratings evolution



¹CO₂e Carbon dioxide equivalent

Summary & Outlook

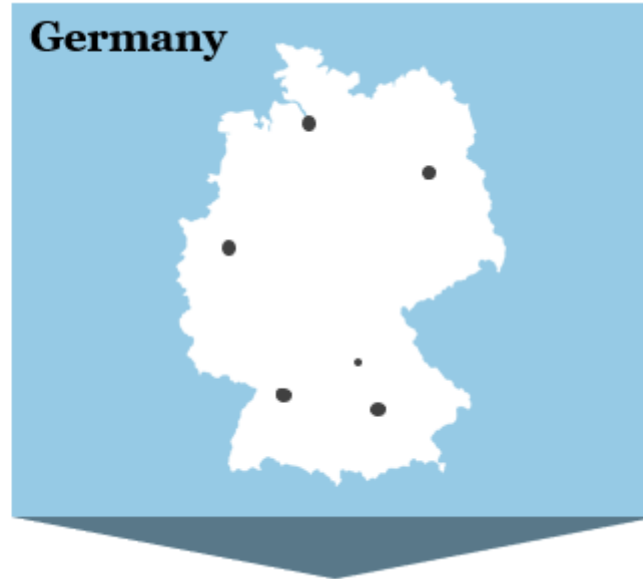
Fredrik Widlund
Chief Executive Officer



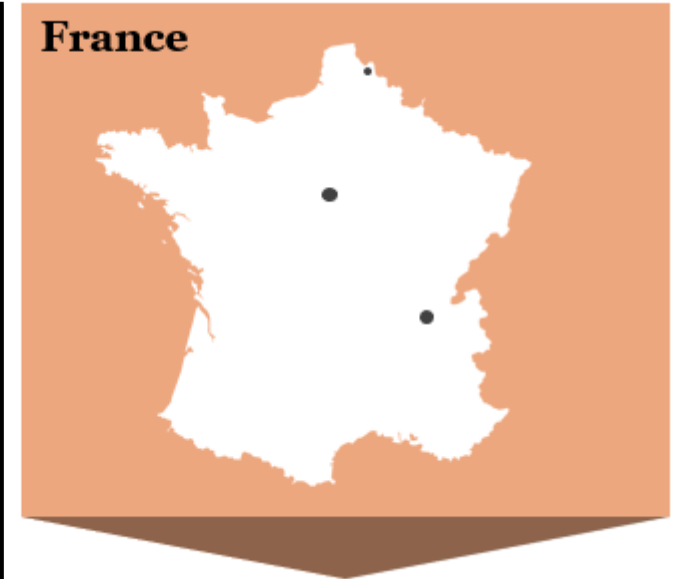
CLS view – UK recovery further ahead than Europe



- Political stability providing positive backdrop
- Economic recovery and sentiment further ahead than Europe
- Leasing markets strong for centrally located properties while peripheral locations challenging
- Demand for fully fitted Cat B gaining further share
- Vacancy in London 9.2%, South-East stable at 12.6%



- Lettings to Government and Mittelstand continuing to perform well
- Germany's economic recovery and sentiment fragile; larger corporates cautious
- Investment market showing signs of recovery with buyers slowly returning in Q2
- Rental growth across the board for the right properties, likely to continue with limited new construction
- Average vacancy in top-seven cities 6.1%, Cologne at 3.5% and Dusseldorf at 10.0%

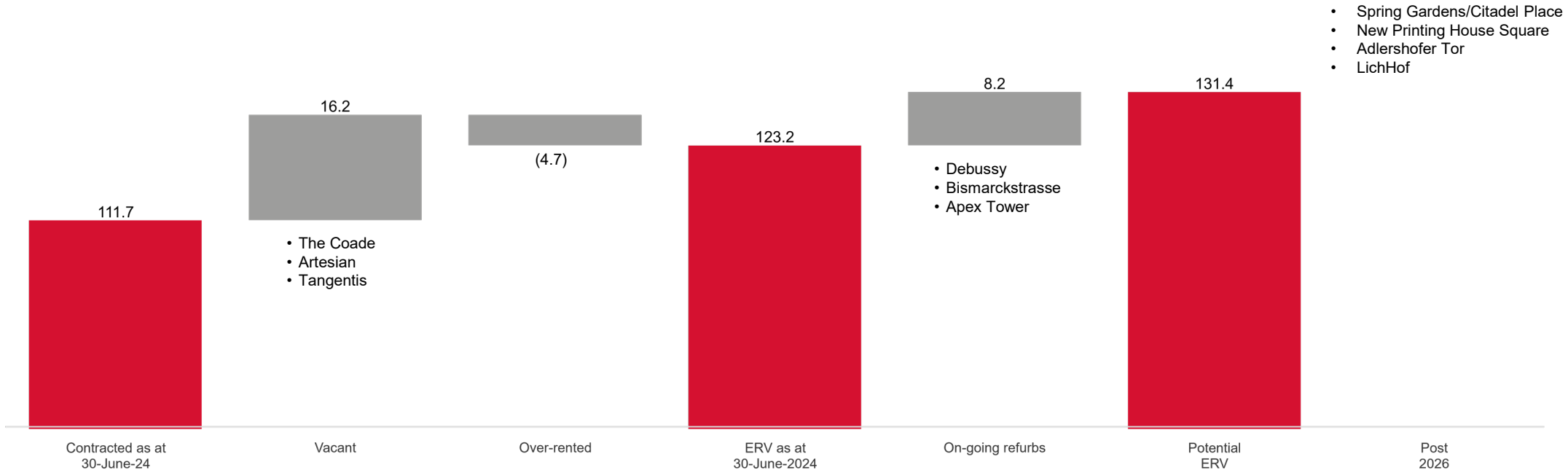


- Political uncertainty after election offsetting positive Olympics effect
- Stable letting market for small to medium size floorplates
- Supply in Paris forecast to increase in next 18 months but some offset from conversion of old stock
- Vacancy in Greater Paris 9% although with large differences between districts
- Lyon vacancy 5.7% with restrictive policies for new developments

Significant growth opportunities

- Focus on reducing current vacancy; leases signed at Artesian and the Coade
- Indexation also driving rental growth, over 50% of portfolio index-linked which captures higher rents
- Significant near-term upside from letting completed refurbishments with strong ESG credentials
- Medium-term, larger development opportunities in central London, including a mixed-use development in Vauxhall

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

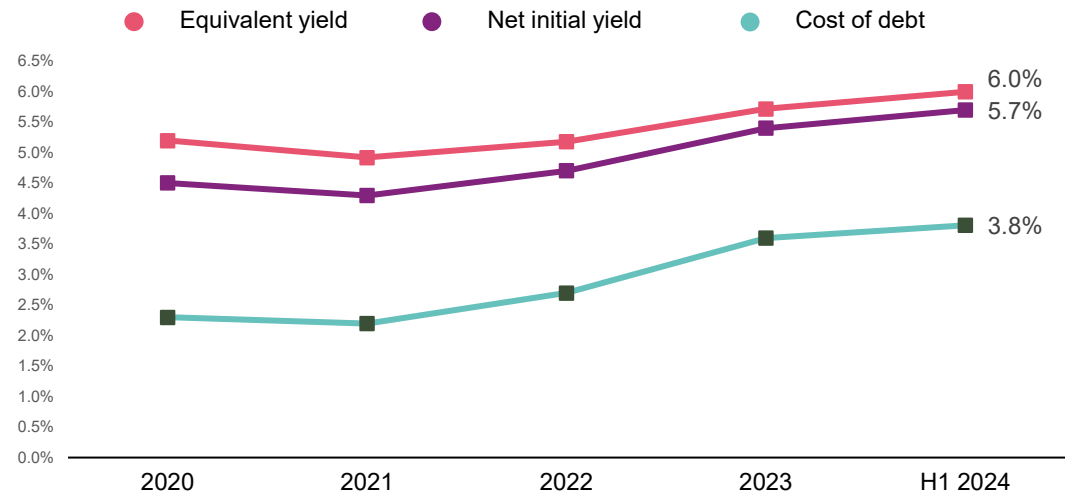


¹Not a profit forecast, for illustrative purposes only
Does not include prospective acquisitions, disposals or like-for-like rental growth

Delivering on our strategic priorities

- Maintaining strong leasing momentum and driving occupancy
- Disciplined execution of property sales to reduce LTV
- Progressing refinancings, with four loans remaining for 2024, as the interest rate outlook improves
- Committed to, and on track with, our Net Zero Carbon Pathway
- Pursuing upside opportunities embedded in the portfolio

Net initial yield vs. cost of debt



Appendices

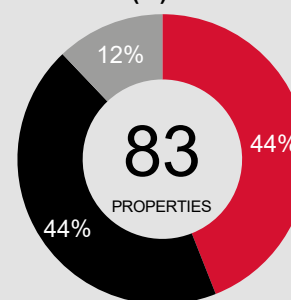


MALAKOFF
PARIS, FRANCE

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

735

TENANTS

83

PROPERTIES

24

LENDERS

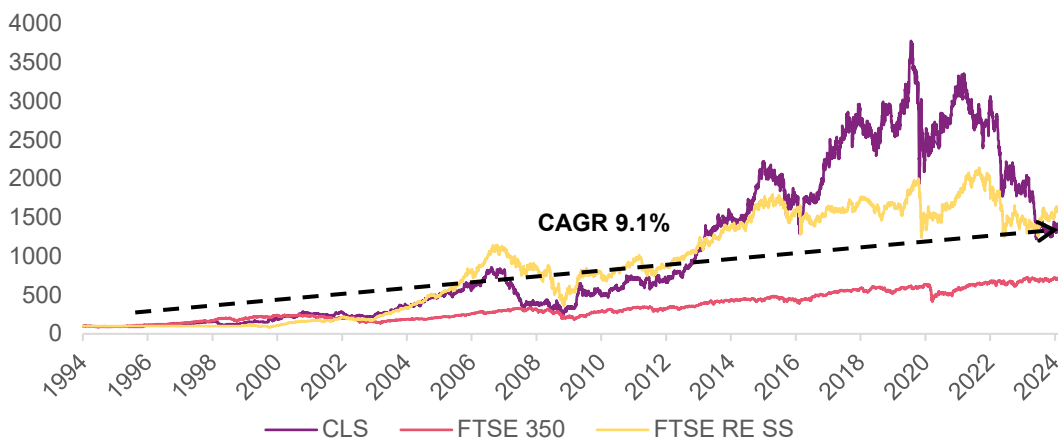
TOP 10 SHAREHOLDERS

AS AT 19 JULY 2024

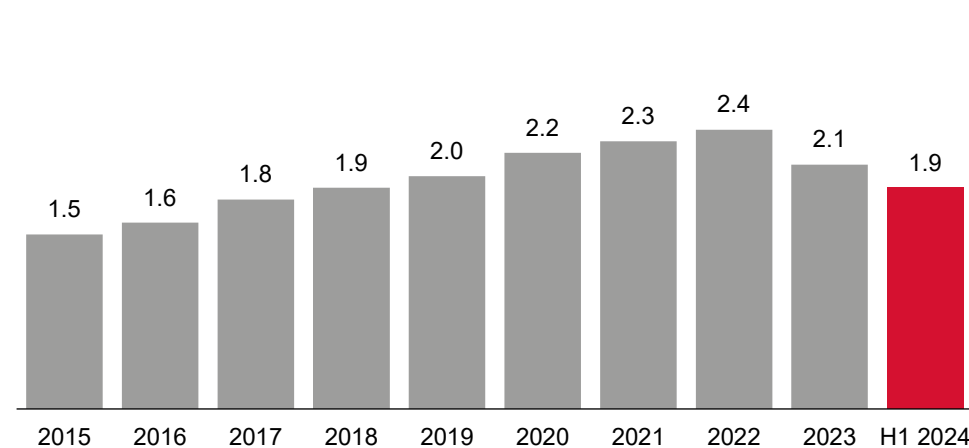
1	The Sten and Karin Mortstedt Family and Charity Trust	55.3%
2	Mr Bengt Mortstedt	6.9%
3	Allianz	3.6%
4	Blackrock	3.3%
5	Janus Henderson	2.8%
6	Amati Global	2.3%
7	Columbia Threadneedle	2.0%
8	Vanguard	1.9%
9	Invesco	1.7%
10	Hargreaves Landsdown	1.4%

Long-term growth

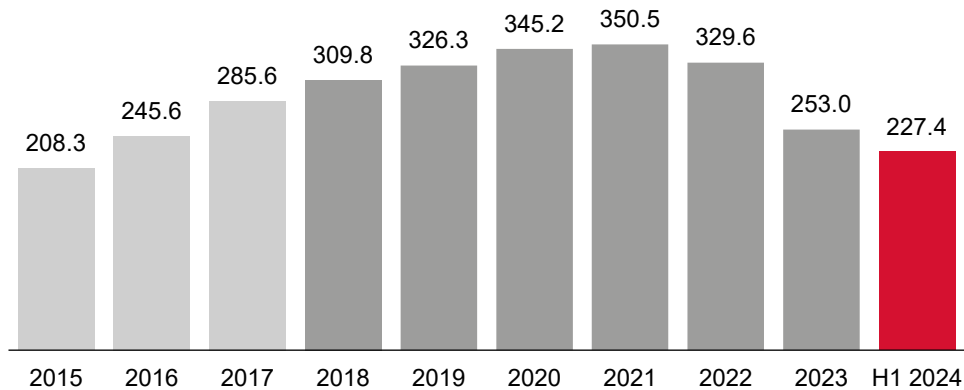
TOTAL SHAREHOLDER RETURN



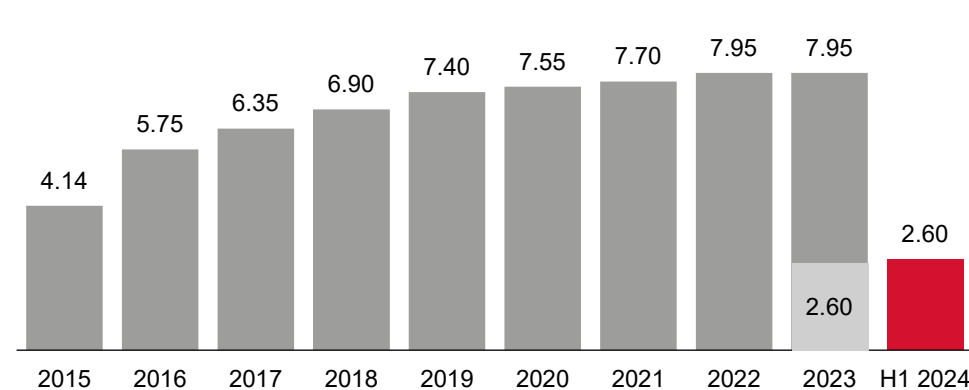
PROPERTY VALUATION (£BN)



EPRA NTA (PENCE)¹



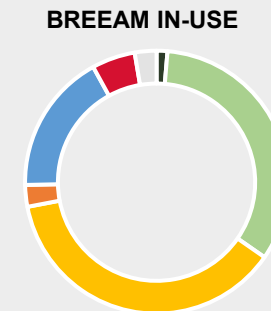
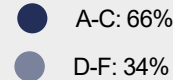
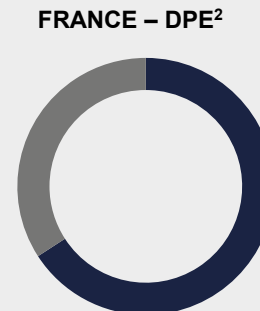
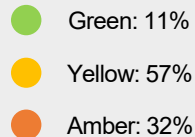
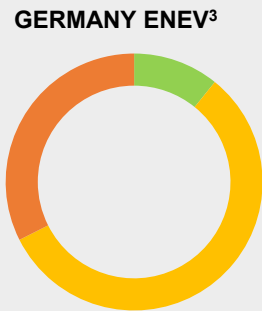
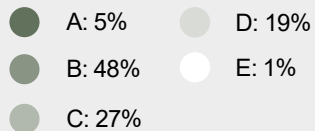
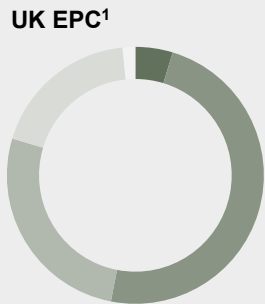
DISTRIBUTIONS (PENCE PER SHARE)



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

Ambition to develop leading green credentials

- Awarded Gold in the EPRA Sustainability Best Practices Recommendations
- Maintained our GRESB 4 Stars rating
- Whole of the managed portfolio is BREEAM In-use (or equivalent) certified, with most buildings assessed to Version 6
- UK EPC ratings continue to improve; over half of our UK office buildings are already EPC B or higher and we have reduced our EPC D rated buildings by nearly 20%
- Fully compliant with 2024 minimum EPC regulations in the UK and on track to meet the 2030 Décret Tertiaire energy efficiency targets in France



¹EPC

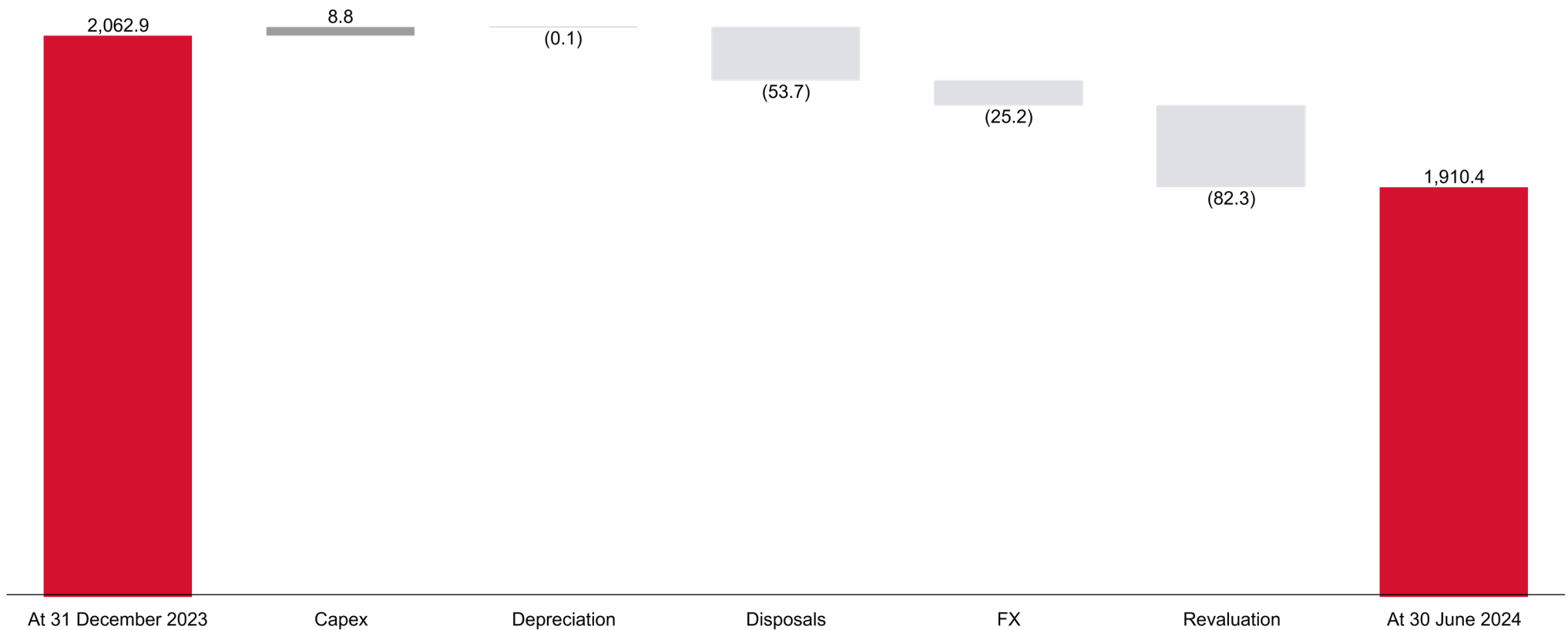
Energy Performance Certificate rating building energy efficiency by carbon dioxide emission (A-G). Where there are ratings for individual units in a single building, these have been averaged.

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

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

Actively disposing of assets to reduce LTV

MOVEMENT IN PROPERTY PORTFOLIO¹ (£M)



¹ Comprises investment property, PPE and properties held for sale

United Kingdom

LONDON & SOUTH EAST



UK PROPERTIES

London	26
South East	9
Total	35

VALUE OF PROPERTY PORTFOLIO

£839.7m

PERCENTAGE OF GROUP'S PROPERTY INTERESTS

44%

NUMBER OF PROPERTIES

35

LETTABLE SPACE

1.6m sq. ft

NUMBER OF TENANTS

217

VACANCY RATE

19.6%

WEIGHTED AVERAGE LEASE LENGTH TO END

3.3 years

LEASES SUBJECT TO INDEXATION

32.6%

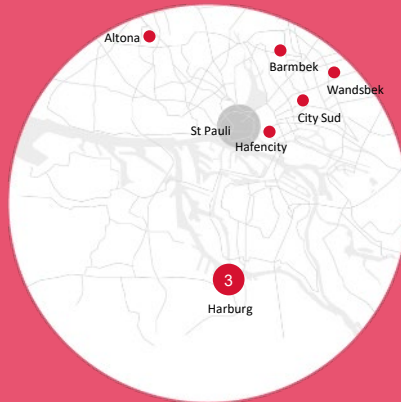
GOVERNMENT AND LARGE COMPANIES

74.7%

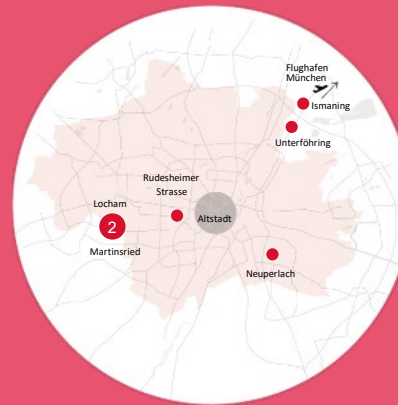
Germany



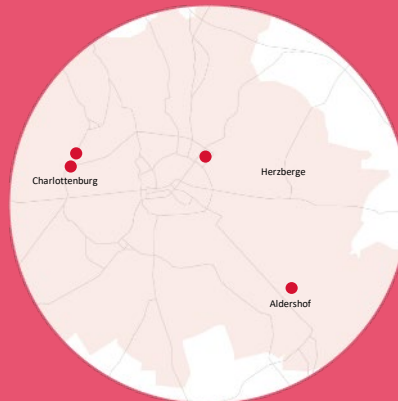
HAMBURG



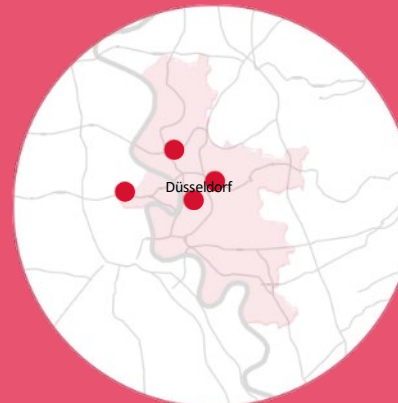
MUNICH



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

£839.0m

PERCENTAGE OF GROUP'S PROPERTY INTERESTS

44%

NUMBER OF PROPERTIES

32

LETTABLE SPACE

3.5m sq. ft

NUMBER OF TENANTS

370

VACANCY RATE

7.2%

WEIGHTED AVERAGE LEASE LENGTH TO END

4.7 years

LEASES SUBJECT TO INDEXATION

57.2%

GOVERNMENT AND LARGE COMPANIES

58.2%

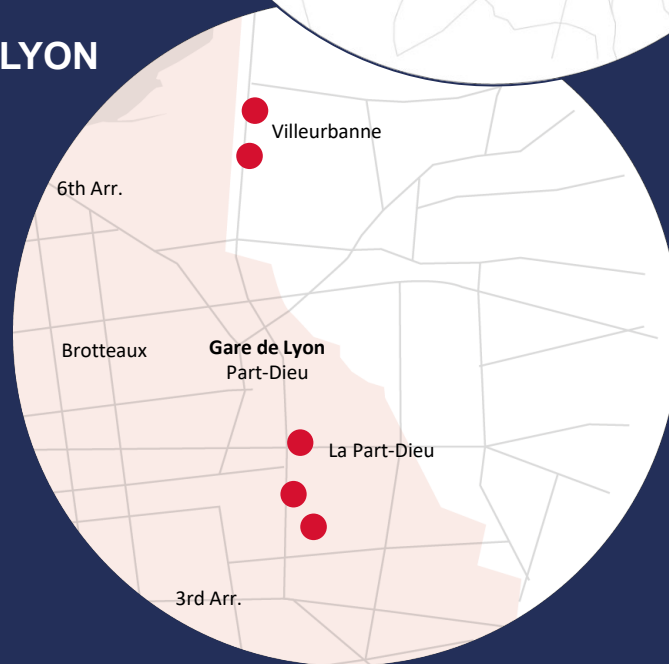
France



PARIS



LYON



FRENCH PROPERTIES

Paris	10
Lyon	5
Lille	1
Total	16

VALUE OF PROPERTY PORTFOLIO

£231.7m

PERCENTAGE OF GROUP'S PROPERTY INTERESTS

12%

NUMBER OF PROPERTIES

16

LETTABLE SPACE

0.7m sq. ft

NUMBER OF TENANTS

148

VACANCY RATE

7.1%

WEIGHTED AVERAGE LEASE LENGTH TO END

5.3 years

LEASE SUBJECT TO INDEXATION

100%

GOVERNMENT AND LARGE COMPANIES

54.4%

Group statistics

At 30 June 2024	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	839.7	(4.4%)	5.58%	6.46%	7.04%	19.6%	3.3	59.8	50.2	£32.68
Germany	839.0	(3.6%)	5.07%	5.17%	5.27%	7.2%	4.7	48.6	47.6	€16.20
France	231.7	(5.0%)	5.05%	5.39%	6.12%	7.1%	5.3	14.8	13.9	€24.99
Total portfolio	1,910.4	(4.1%)	5.27%	5.70%	5.99%	13.2%	4.2	123.2	111.7	£19.72

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 owner-occupied land, student accommodation and hotel, in group 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 30 June 2024 unless otherwise stated.

CLS Holdings plc
16 Tinworth Street
London, SE11 5AL
United Kingdom