



CLS Holdings plc

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PRESS RELEASE

CLS Holdings plc ("CLS", the "Company" or the "Group") Trading Update for the period 1 July 2015 to 10 November 2015

Executive Chairman of CLS, Sten Mortstedt, commented:

"The second half of 2015 has been an active period, with an enhanced planning resolution gained at Spring Mews and Westminster Tower, the acquisition of Chancery House, disposals of non-core properties, over £80 million of new financing, and lettings well exceeding their estimated rental values of last December. I am also pleased that we have met the conditionality of our agreement for the student building at Vauxhall Square, and that our refurbishment programme continues to provide high quality and affordable office space across our portfolio.

"With a low cost of debt, a strong balance sheet and low vacancy levels, we remain well positioned to take advantage of future opportunities and to continue delivering value for our shareholders."

Portfolio changes since 1 July 2015

- Completion of acquisition of Tangentis, Munich for €24.4 million at a net initial yield of 7.9%
- Acquisition of Chancery House, Sutton for £10.2 million at a net initial yield of 7.0%
- Disposal of six UK properties for £7.4 million, £1.6 million above their external valuation at 31 December 2014
- Disposal of Unterschleissheim, Munich for €3.8 million, marginally below its external valuation at 31 December 2014 after foreign exchange variations

Developments and refurbishments

- Planning resolution gained on an undeveloped site adjacent to Spring Mews, SE11 to add three floors and to change the use from student accommodation to residential and offices
- Planning resolution gained at Westminster Tower, SE1 to enhance the private residential provision by 5 units to 28 units
- All conditionality now met on agreement with specialist student operator to build and manage the 454 room student building at Vauxhall Square, SW8; completion due in December
- Review of options to progress Vauxhall Square ongoing
- Refurbishment of 1,380 sqm of pre-let offices at 405 Kennington Road, SE11 on schedule to complete in Q4
- £4.9 million of capital expenditure on refurbishments since 1 July 2015



Operational metrics

- 26,900 sqm vacated or expired since 1 July 2015, and 800 sqm of vacancies acquired in Chancery House
- 19,200 sqm of new leases, lease renewals and extensions completed at an average of 3.3% above levels of 31 December 2014
- Included in the above:
 - At 138 Fetter Lane, EC4: 617 sqm (6,640 sq ft) let for ten years with no breaks at £60 per sq ft
 - at Vänerparken, Sweden: 17,400 sqm expired and 14,500 sqm was relet
 - at Great West House, Brentford: 1,500 sqm expired and is undergoing refurbishment
- Overall Group vacancy rate: 3.8% (30 June 2015: 3.4%):
 - London: 5.1% (30 June 2015: 4.9%)
 - Rest of UK: 0.7% (30 June 2015: 0.9%)
 - Germany: 2.5% (30 June 2015: 1.8%)
 - France: 3.9% (30 June 2015: 4.6%)
 - Sweden: 4.3% (30 June 2015: 0.8%)

Financing

- £82.2 million of new or refinanced bank loans completed since 1 July 2015:
 - New loan of £54.5 million at Spring Mews for 6 years at 3.5%
 - New loan of €17.2 million at Tangentis, Munich for 7 years fixed at 1.4%
 - Refinanced loan of £10.5 million at Apex Tower, New Malden for 2.5 years at 2.3%
- Weighted average cost of debt remains low at 3.48% (30 June 2015: 3.46%)
- Weighted average loan to value of property loans comfortable at 51.8%
- 60 loans from 24 lenders, two unsecured corporate bonds, a secured note and a debenture
- Liquid resources of over £158 million, comprising £55 million of cash, £67 million of corporate bonds, and available undrawn facilities in excess of £36 million
- In the latest tender offer, all of the shares available were cancelled by the Company on 24 September, resulting in a distribution of £5.7 million to shareholders and leaving 42,140,581 shares in circulation

Portfolio statistics

- Current portfolio split by region:
 - London 57%
 - Rest of UK 7%
 - Germany 18%
 - France 15%
 - Sweden 3%
- 52% of portfolio is subject to indexation
- 42% of rent roll is derived from government tenants and 22% from major corporations

Board changes

- Further to the announcement made on 6 January 2015, Henry Klotz has agreed to remain as Executive Vice Chairman on a part-time basis with effect from 1 January 2016.

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Forward-looking statements

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