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THIS ANNOUNCEMENT RELATES TO THE DISCLOSURE OF INFORMATION THAT QUALIFIED OR MAY HAVE QUALIFIED AS INSIDE INFORMATION WITHIN THE MEANING OF ARTICLE 7(1) OF THE MARKET ABUSE REGULATION (EU) 596/2014

CLS HOLDINGS PLC
("CLS", the "Company" or the "Group")
RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

MAKING PROGRESS ON ACHIEVING OUR STRATEGIC PRIORITIES

CLS is a leading office space specialist and a supportive, progressive and sustainably focused commercial landlord, with a £1.7 billion portfolio in the UK, Germany and France, offering geographical diversification with local presence and knowledge.

For the year ended 31 December 2025, the Group has delivered the following results:

	2025	2024	Change (%)
EPRA earnings ¹ (£m)	30.2	36.4	(17.0)
Statutory (IFRS) loss after tax (£m)	(50.3)	(93.6)	Nm ²
EPRA earnings per share ¹ (pence)	7.6	9.2	(17.4)
Statutory (IFRS) earnings per share (pence)	(12.6)	(23.6)	Nm ²
Dividend per share (pence)	4.0	5.28	(24.2)
EPRA net tangible assets ¹ (NTA) per share (pence)	200.7	215.0	(6.7)
Statutory net asset value (NAV) per share (pence)	186.4	197.3	(5.5)
Total Accounting Return (%)	(4.8)	(11.9)	Nm ²

¹ A reconciliation of statutory to alternative performance measures is set out in Note 5 to the Group financial statements

² Nm = Not meaningful

Fredrik Widlund, Chief Executive Officer of CLS, commented:

"In 2025, CLS has focused on achieving its strategic priorities, concentrating on what is within our control and continuing to navigate a prolonged downturn in the property cycle amid significant domestic and international economic and political uncertainty. We are clear on what we need to do to refocus the business and drive operational efficiency, strengthen our balance sheet and position our assets for long-term growth: we made good progress in 2025 and expect that to continue in 2026."

FINANCIAL HIGHLIGHTS

- EPRA EPS fell 17.4% to 7.6 pence (2024: 9.2 pence) per share reflecting loss of rent from disposals and the above-target vacancy rate, partly offset by reduced finance and administration costs. Prior year EPS also benefited from 0.7 pence related to a forfeited deposit.
- Portfolio valuation fell 3.8% in local currency (UK -4.6%, Germany -2.7% and France -4.5%), although the UK was impacted by a change in the valuation basis of Spring Gardens to a residential development site. Excluding this, our UK portfolio fell by 1.6%.
- Statutory loss after tax of £50.3 million (2024: £93.6 million loss) primarily due to a £79.2 million (2024: £127.7 million) net valuation decline on investment properties. This translates to statutory loss per share of 12.6 pence (2024: 23.6 pence loss).
- EPRA NTA per share fell 6.7% to 200.7 pence (2024: 215.0 pence) primarily as a result of the decline in property values, offset partly by net foreign exchange gains from our portfolios in Germany and France. Total accounting return for the year was -4.8% (2024: -11.9%).
- A final dividend of 2.7 pence per share (2024: 2.68 pence) will be proposed at the Annual General Meeting, resulting in a full dividend of 4.0 pence per share (2024: 5.28 pence per share). The full year dividend is 1.9 times covered by EPRA EPS, in line with the Group's dividend policy.
- Conditional upon shareholder approval at the 2026 AGM, we are proposing to offer an optional enhanced scrip dividend scheme for the final dividend under which shareholders are able to opt to take new shares instead of cash at a 5% discount to the reference share price, increasing their investment in the company and enhancing our ability to invest in our portfolio.

OPERATIONAL HIGHLIGHTS

- Net rental income decreased by 11.1% to £101.3 million (2024: £114.0 million) reflecting the combination of a like-for-like decrease of 6.3% due to increased portfolio vacancy and disposals during the year. The prior year also benefited from £2.9 million from a forfeited deposit which did not reoccur in 2025.
- Disposals totalling £144.2 million completed during the year, including Spring Mews Student, Vauxhall. In December 2025, we signed a conditional sale agreement with a residential developer for Spring Gardens, Vauxhall, which is expected to complete in late 2026 or early 2027.
- We secured contracted annual rent of £17.0 million (2024: £16.6 million) across 99 new lettings and renewals in 2025 (2024: 112), including an eight-year, index-linked lease for 14,700 sqm at Gotic Haus, due to commence in

November 2026. As a whole, leases were signed at 6.3% above 31 December 2024 estimated rental values. Rent collection rates remain high at 99% of contracted rent due.

- Vacancy increased to 14.5% (2024: 12.7%) largely reflecting anticipated lease expiries at New Printing House Square in London and Inside in Paris, as well as the previously announced two large unforeseen insolvencies in our German portfolio late in the year. We are seeing a good level of enquiries for our vacant space so far this year and are also evaluating strategic refurbishment or redevelopment opportunities to support medium-term value creation.
- Our embedded focus on improving the sustainability credentials of our portfolio continues: we achieved a 5.8% reduction in like-for-like landlord energy usage (2024: 4.9% reduction) and 84% of our UK portfolio has an Energy Performance Certificate rating of A-C (2024: 82%).

FINANCING

- Net debt fell by £86.2 million during the year, mainly reflecting our disposal activity. Our loan-to-value (LTV) ratio was 50.0% at 31 December 2025 (2024: 50.7%) reflecting lower debt levels, offset by the decline in portfolio value.
- We refinanced or repaid an exceptionally high £373.7 million of loans during the year with a minimal impact on the weighted average cost of debt which was 3.8% at 31 December 2025 (2024: 3.8%). This activity both increased the average debt maturity to 3.6 years (2024: 3.2 years) and smoothed the future maturity profile.
- 69% of debt is at fixed rates and 7% is subject to interest rate caps (2024: 80% fixed and 4% caps).
- Our balance sheet remains resilient with cash and cash equivalents (including restricted cash) of £49.4 million (2024: £60.5 million) and undrawn credit facilities of £38.0 million (2024: £60.0 million).

OUTLOOK

- We remain confident in both our long-term strategy of owning and actively managing high-quality, well-located, multi-let office assets in Europe's three largest economies, and our near-term strategic priorities of reducing our vacancy, strengthening our balance sheet through active refinancing and disposals, and investing in our properties.
- Economic conditions remain subdued across Europe but the outlook was becoming more supportive before the war in the Middle East. It is early days and therefore difficult to judge the short- and longer-term impact of the war on Europe's economies and, therefore, property markets. Local factors remain important: Germany should be well positioned to benefit from stimulative fiscal policy and, in a number of our markets, office supply constraints are beginning to emerge following a prolonged period of limited new construction.
- We are focusing on executing initiatives within our control to deliver on our strategic priorities. We are encouraged by letting interest so far this year and we continue to work hard to reduce our vacancy rate towards our long-term target of 5%.
- We expect to dispose between £100 million and £150 million of assets during 2026 to help reduce our leverage towards our target LTV range of between 35% and 45%. In addition, we have submitted the planning application for the Spring Gardens residential redevelopment and, subject to achieving permission later this year, we expect to complete the disposal in late 2026 or early 2027.
- While the effects of our disposal programme, refinancing activity and preparation of certain larger assets for redevelopment are likely to impact earnings in 2026, we believe these necessary actions will bear fruit in the medium-term, improving and focusing our portfolio, driving higher occupancy and strengthening our balance sheet, creating a business capable of delivering attractive and sustainable long-term value for shareholders.

DIVIDEND TIMETABLE

Ex-dividend date	9 April 2026
Record date	10 April 2026
Scrip Reference Share Price calculation period	9 - 15 April 2026 (5 dealing days)
Scrip Reference Share Price and Enhanced scrip dividend alternative announced	16 April 2026
Latest date for receipt of scrip elections	30 April 2026
Payment date	22 May 2026

- ends -

Results presentation

A presentation for analysts and investors will be held in-person at Panmure Liberum, by webcast on Friday 13 March 2026 at 8:30am followed by Q&A. Questions can be submitted online via the webcast.

- Panmure Liberum: Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY
- Webcast: The live webcast will be available to access here:
<https://sparklive.lseg.com/CLSHoldings/events/05fc441f-3fb4-4171-9f61-86215644c490/cls-holdings-plc-full-year-results-2025>

Further information

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Forward-looking statements

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Group at a glance

Our office portfolio at a glance (at 31 December 2025)

Valuation data ¹	Market value of property £m	Underlying valuation movement (%)	EPRA net initial yield (%)	EPRA 'topped-up' net initial yield (%)	Equivalent yield (%)	Reversion (%)	Over-rented (%)
United Kingdom	641.7	(4.6)	5.5	6.6	7.5	4.9	9.8
Germany	800.4	(2.7)	4.2	4.9	5.3	3.7	14.0
France	223.6	(4.5)	4.7	5.3	6.2	2.6	6.2
Total office portfolio	1,665.7	(3.8)	4.8	5.6	6.1	4.1	11.2

Lease data ¹	Average lease length		Contracted rent of leases expiring in:				ERV of leases expiring in:			
	To break years	To expiry years	Year 1 £m	Year 2 £m	3 to 5 years £m	After 5 years £m	Year 1 £m	Year 2 £m	3 to 5 years £m	After 5 years £m
United Kingdom	2.6	3.8	16.2	4.0	15.7	11.5	14.0	3.7	16.2	11.2
Germany	7.4	7.4	4.8	9.2	13.1	18.6	4.9	8.4	12.1	15.6
France	2.5	5.3	0.8	0.7	3.9	7.7	0.8	0.7	3.7	7.4
Total office portfolio	4.7	5.5	21.8	13.9	32.7	37.8	19.7	12.8	32.0	34.2

Rental data ¹	Lettable space sqm ('000)	Contracted rent £m	ERV of lettable space £m	Contracted rent subject to indexation %	EPRA vacancy rate %
United Kingdom	146.9	47.4	55.0	30.7	18.0
Germany	323.1	45.7	46.1	76.0	11.1
France	63.6	13.1	14.3	100.0	12.1
Total office portfolio	533.6	106.2	115.4	58.7	14.5

¹ The above tables comprise data for our offices in investment properties and held for sale (see note 12 and 14). They exclude owner-occupied space, student accommodation and hotels.

Chief Executive's review

Introduction

The economic backdrop of our three chosen geographies of the UK, Germany and France during 2025 was stable but with slow economic growth. When combined with varying levels of political uncertainty both domestically and internationally, the environment was not conducive to improved investment and employment levels which are so important for office occupier demand. Post-pandemic hybrid and flexible working practices are stabilising and, in areas, reversing. Businesses and their employees recognise that offices have an important role to play in efficient, productive and collaborative working. Equally, occupiers now expect more from their offices in terms of amenities, collaborative space, higher sustainability standards (not least to reduce occupancy costs) and a greater focus

collaborative space, higher sustainability standards (not least to reduce occupancy costs) and a greater focus on employee wellbeing.

The office sub-markets in which we operate have varying degrees of strength at the moment. Core city markets tend to be characterised by limited supply and rental growth; suburban and regional markets have more availability with softer lease terms while supply stabilises through a combination of lettings and the removal of older offices through change of use, mainly to residential space. All of our properties are located in or close to major European cities and they are characterised by being in strong local business centres with good transport links. We remain confident in the long-term success of these markets, particularly as companies look for space convenient for their employees, with shorter commutes and lower-cost, high quality space.

Recent structural changes have reshaped the office market and CLS is responding to these changes. We constantly review our portfolio, selling properties no longer core to our strategy and those for which we have maximised value, but also focusing on multi-let offices where we can benefit from tenant diversification. This reduces concentration risk and the impact of structural changes to any one sector of the economy. For example, the revolutionary impact of Artificial Intelligence (AI) presents both challenges and opportunities.

We use AI to make our own business more productive, and we are mindful that our diversified tenant base will be impacted in different ways and at different times. By having in-house asset management, we keep close to our tenants and ensure that we can react quickly to their evolving needs, as well as directing our capital expenditure to ensure that we are well positioned to benefit from new businesses and technologies that will emerge as part of the AI revolution.

Internally, we have undertaken some difficult but necessary measures to reduce our cost base to reflect the size of our portfolio. The actions we are taking to improve our operational performance will result in a leaner CLS and one that is fit for the future.

Delivering on our strategic priorities

We continue to make progress in reshaping the business to ensure long-term success based on our four strategic priorities.

Reduce vacancy and improve earnings growth

As expected, vacancy increased during the first half of the year from 12.7% at the end of 2024 to 15.1% at June 2025 as newly refurbished space was completed. Since the half-year, we have made good progress in letting this new space at Artesian (now 35% full), The Coade (now 41% full) and at Gothic Haus in Dortmund with an eight year, 14,700 sqm lease taking the building to 85% occupied.

As a result of this increased second half letting activity, vacancy fell to 14.5% at the end of 2025 and would have fallen further to 13.7% had it not been for two larger tenants unexpectedly entering into insolvency in Germany. During the year, leases signed were on average 6.3% ahead of valuers' estimated rental values (ERV) and 2026 has started well with a good level of enquiries, and we continue to work hard to reduce the vacancy rate towards our long-term target of 5%.

Reduce debt through targeted asset sales

In 2025, we made further progress with our sales programme but in a consciously disciplined manner. In 2024 we completed £66.1 million of sales and the progress accelerated in 2025 with £144.2 million of properties sold. A particular highlight was the £101.1 million sale of Spring Mews Student, which was well-timed given the more recent downturn in the purpose-built student accommodation market.

In 2026, we are aiming to dispose of between £100-£150 million of assets, excluding Spring Gardens where we have exchanged contracts to sell the property to a residential developer, conditional on achieving satisfactory planning permission. We have initiated sales programmes on more than the targeted level and are under offer on around £140 million, including Spring Gardens.

CLS remains committed to bringing its LTV to within the targeted range of between 35% and 45%. At the end of 2025, our LTV was 50.0% (2024: 50.7%), reflecting a balance of asset disposals and property value declines during the year. Successful completion of £100-£150 million of disposals, absent further property value declines, will reduce LTV to between 45% and 47%. However, we may consider more sales if LTV does not reduce sufficiently quickly, particularly if we receive favourable unsolicited offers.

Successful refinancing or repayment of debt due in 2025

Due to lease expiries and short-term debt extensions, CLS had a disproportionately higher amount of debt maturing in 2025. As a result of refinancings and the restructuring of some portfolio loans, all £373.7 million across 11 loans with nine lenders was successfully refinanced, extended or repaid.

The profile of debt maturities is now more evenly spread in future years such that no more than £200 million is expiring in any year going forward. As at 31 December 2025, we had £199.3 million of debt maturing in 2026. This comprised £145.5 million across seven loans, £42.0 million of committed facilities and £11.8 million of amortisation. We are confident that debt expiring in 2026 will be refinanced or repaid alongside sales.

Investing in our properties to unlock additional value

The pandemic accelerated occupier demands for higher quality buildings in terms of amenities, flexibility, wellbeing, digital infrastructure and sustainability. During the year, we invested £14.3 million in our portfolio, although capital expenditure requirements vary year to year depending on occupier demand and timing of projects. We are also more consciously linking expenditure to pre-lets, as well as regulatory requirements, to ensure faster and more certain returns on this investment.

Financial results

In 2025, EPRA earnings per share (EPS) fell by 17.4% to 7.6 pence (2024: 9.2 pence), reflecting primarily reduced net rental income largely as a result of disposals, particularly of Spring Mews Student, offset in part by lower financing costs as a result of lower levels of net debt and lower operating and administrative costs. 2024 EPS also benefited by 0.7 pence from the receipt of a forfeited deposit which was not repeated in 2025.

IFRS EPS improved to a loss of 12.6 pence (2024: loss of 23.6 pence) reflecting the lower overall decline of our portfolio value and lower net finance costs compared to 2024. These contributed to a 6.7% reduction in EPRA NTA to 200.7 pence per share (2024: 215.0 pence) and a 5.5% reduction in statutory NAV per share to 186.4 pence (2024: 197.3 pence).

Dividends

We are recommending a final dividend of 2.70 pence per share, in line with the 2.68 pence final dividend declared in 2024. The total dividend for the year is therefore 4.0 pence, 24% lower than the 2024 dividend (5.28 pence), reflecting the dividend policy established in 2024 that dividends should be 1.5 to 3.0 times covered by EPRA earnings. The 2025 full dividend is 1.9 times covered by EPRA EPS of 7.6 pence.

Subject to shareholder approval, we are proposing to offer an enhanced scrip dividend scheme for the 2025 final dividend. Under the UK REIT rules, we are obliged to distribute substantially all of our UK earnings, leaving us with limited ability to retain capital in the business for future investment. By offering an enhanced scrip scheme, shareholders are able to opt to take new shares at a 5% discount to the Reference Share Price instead of a cash dividend, increasing their investment in the company and enhancing our ability to invest in our portfolio.

Property portfolio

At 31 December 2025, the value of our investment portfolio, including assets held for sale, was £1.70 billion (2024: £1.85 billion), reflecting disposals during the year as well as a 3.8% decline in value on a constant currency basis (2024: 5.8% decline). Within this, the UK portfolio fell by 4.6%, or by 1.6% excluding Spring Gardens (2024: 8.3% decline), Germany by 2.7% (2024: 3.5% decline) and France by 4.5% (2024: 5.1% decline).

The lower valuation reflected a slight softening of property yields, by 16 basis points to an equivalent yield of 6.1% (2024: 5.9%) and ERVs which fell by 0.1% (2024: 0.8% fall).

The overall decline was lower than last year, reflecting our belief that values are stabilising in a lower interest rate environment. One of the largest individual moves was Spring Gardens where the valuers have adjusted the basis of valuation to reflect the conditional agreement to sell the property for residential development. This comprises a payment on satisfaction of the conditions (primarily planning permission) and potential overage payments which will not be known until the new owner completes the development.

Asset and property management

At 31 December 2025, our lettable portfolio totalled 533,597 sqm and generated £91.1 million of annualised (passing) rent. Most of our buildings are multi-let, housing 669 tenants of which 30.2% are government agencies, 32.2% are large corporations and 13.4% are medium-sized companies. The strength of our occupier base is reflected in a billed rent collection rate of 99% (2024: 99%). In addition to rent currently being paid, a further £15.1 million of rent will be paid once rent-free periods expire.

Over the course of the year, we signed £17.0 million of new annualised rent (2024: £16.6 million) across 99 lettings and renewals at an average 6.3% above ERV.

Our vacancy rate at the end of 2025 was 14.5% (2024: 12.7%), the increase due in part to planned expiries at New Printing House Square and other buildings as we work towards vacant possession in advance of redevelopment, and two tenant insolvencies in Germany towards the end of the year. We also have a number of properties which are subject to planned future development, conversion to alternative use, or actively undergoing significant refurbishment or development. These buildings form our future pipeline of opportunities to add value to our portfolio.

During the year, we invested £14.3 million of capital in our existing portfolio, and delivered 9,532 sqm of newly refurbished or developed space of which 6,194 sqm has been let.

In 2026, there are a number of known and potential upcoming expiries, not least at Spring Gardens where the National Crime Agency lease expires in September, shortly before we expect to sell the site for residential development, and at Harman House and New Printing House Square, both earmarked for medium-term redevelopment. While we are working hard to retain tenants, these may cause short-term volatility in earnings and vacancy while we work to realise the attractive medium-term opportunities they present.

Balance sheet and financing

At 31 December 2025, net debt fell by 9.2% to £852.5 million (2024: £938.7 million), reflecting disposals during the year. The weighted average cost of debt remained stable despite the refinancing activity, while the weighted maturity of the debt book increased to 3.6 years (2024: 3.2 years) as a result of the refinancing activity carried out during the year, lengthening and smoothing the future maturity profile.

Our primary leverage indicator is balance sheet loan to value (LTV) ratio and this improved slightly to 50.0% (2024: 50.7%) reflecting the lower debt levels, offset by the reduction in the value of the property portfolio. An alternative leverage measure, net debt to EBITDA (earnings before interest, tax, depreciation and amortisation) increased to 12.4 times (2024: 11.9 times) reflecting the interplay between the lower level of earnings during the year and lower net debt at the end of the year. As we make progress on our strategic priorities (reducing net debt and improving earnings), we expect this measure to fall. Interest cover (defined as EBITDA divided by net finance costs), was 1.8 times (2024: 1.9 times) reflecting lower net finance costs, following the debt repayments in 2025, offset by lower EBITDA than in 2024.

During the year, we refinanced or repaid £373.7 million of debt across 11 loans from nine lenders. In 2026, the refinancing requirements are substantially lower, with £199.3 million of maturing secured loans and credit facilities. Discussions are underway with new and existing lenders, with most of the debt maturing in the second half of the year.

At 31 December 2025, the Group had cash and cash equivalents (including restricted cash - see note 16) of £49.4 million (2024: £60.5 million), £28.0 million of undrawn committed facilities (2024: £50.0 million) and a £10.0 million overdraft facility (2024: £10.0 million).

Sustainability

CLS is half-way into the delivery of its 2030 Sustainability Strategy and Net Zero Carbon (NZC) Pathway. Since the launch date in 2020, both the Group's near and medium-term business strategy and the sustainability landscape have evolved. To ensure the ongoing and future strategic alignment of the Group's approach to building and value chain decarbonisation and its overall business strategy, CLS is undertaking a review of its current NZC Pathway. The Group remains committed to becoming a net zero carbon business and any amendments to the current Pathway will be validated by the Science Based Targets initiative (SBTi), ensuring alignment with the latest climate science.

In 2025, as part of the Group's current NZC Pathway, CLS has continued to deliver energy efficiency and carbon reduction projects across the portfolio and the annual, like-for-like, landlord energy consumption decreased by 5.8% whilst our Scope 1 and 2 greenhouse gas emissions reduced by 9.3%, meaning we remain on track to deliver our

current NZC Pathway targets. We also expect to meet near-term regulatory requirements in our geographies including minimum Energy Performance Certificate (EPC) ratings in the UK and Décret Tertiaire in France: 84% of our UK buildings by space have an EPC rated C or better. Our investment in this important area continues in 2026 with a number of projects involving the replacement of gas supply with renewable and cleaner sources of energy.

In 2025, the Group maintained its EPRA sBPR Gold award for sustainability disclosure and its GRESB four-stars rating for the sustainability of its portfolio. In 2026, CLS has chosen not to participate in GRESB to reduce the burden of reporting allowing us to focus our time and resources on direct decarbonisation of our portfolio. We will continue to assess our buildings using certification schemes including BREEAM In-Use which we believe are more meaningful for both occupiers and investors.

As part of our continued commitment to being a responsible company and a long-term investor in our local communities, we maintained our support for local and industry-related charities and community organisations as well as our Living Wage Employer accreditation, covering both UK employees and regular contractors.

Our staff and our culture

It has not escaped the attention of most market observers that the property sector has experienced one of its longer downturns which has naturally impacted not just our financial results but also our employees. We hold regular town halls and all staff meetings to ensure there are plenty of opportunities to provide feedback on how we can maintain and improve our well-established, positive culture throughout the organisation. I am pleased that our excellent teams have delivered, and continue to deliver, a resolute focus on executing our strategic priorities. On behalf of the Board, I want to reiterate our ongoing thanks for their tremendous dedication to, and achievements for, CLS.

Outlook

We remain confident that the core of the CLS strategy, which has delivered resilient performance through multiple market cycles, is the right approach for the Company over the long term. The strategy continues to focus on the ownership and active management of high-quality, well-located, multi-let office assets across Europe's three largest economies.

Economic conditions remain subdued across Europe but the outlook was becoming more supportive before the war in the Middle East. It is early days and therefore difficult to judge the short- and longer-term impact of the war on Europe's economies and its property markets. However, local factors remain important. Germany should be well positioned to benefit from stimulative fiscal policy with investment in defence and infrastructure expected to support economic growth and, in turn, office occupier and investor demand over the medium-term. Additionally, in a number of our markets, supply constraints are beginning to emerge for high-quality office space following a prolonged period of limited new construction.

Notwithstanding the wider geopolitical and economic uncertainties, we are making good progress in delivering operational improvements and executing initiatives within our control to advance our strategic priorities. These actions are concentrated on: letting available space to reduce vacancy and drive earnings growth; executing sales, at appropriate values, to reduce balance sheet gearing; exploiting opportunities to capture value uplifts as well as fund ongoing investment to improve the quality of the portfolio; and refinancing debt maturities and improving Group liquidity.

In the short term, 2026 has started well with a noticeable uptick in enquiries for our space. However, the combined effects of our disposal programme, refinancing activity and the preparation of certain larger assets for redevelopment are likely to impact earnings in 2026.

In the medium-term, we expect these actions to bear fruit, improving occupancy and creating workplaces in structurally resilient locations where businesses want to be, driving improved values for our properties, reducing our gearing and strengthening our balance sheet.

CLS has successfully navigated several market cycles throughout its history, and we are confident that the Company is well positioned to emerge from the current period as a stronger, more focused business, delivering sustainable long-term value for shareholders.

Fredrik Widlund
Chief Executive Officer

United Kingdom

Value of property portfolio £677.4m	Percentage of Group's property interests 40%	Number of properties 33
Number of tenants 203	EPRA vacancy rate 18.0%	Lettable space (sqm) 146.9k
Government and large companies 70.4%	Weighted average lease length to expiry (years) 3.8	Leases subject to indexation 30.7%

UK market review

The UK economy experienced another volatile year, initially driven by global economic uncertainty following the imposition of US trade tariffs, and subsequently by business and consumer caution ahead of the November Budget.

The commercial property investment market improved, with investment volumes reaching c.£53 billion, up over 20% compared with 2024. The strongest improvement occurred in the fourth quarter of the year.

Office leasing take-up in London totalled c.10.0 million sq. ft, while the wider South East market recorded c.3.5 million sq. ft, both broadly in line with the previous year. Year-end vacancy in London fell from 9.2% to 8.4%, driven by limited availability of prime properties. Vacancy in the South East decreased from 12.3% to 11.6%.

Portfolio movement and valuation summary

In 2025, the value of the UK portfolio decreased by £129.6 million as a result of a revaluation decline of £32.6 million or 4.6%, disposals of £101.7 million, including Spring Mews Student, Vauxhall, and depreciation of £0.1 million, partly offset by capital expenditure of £4.8 million. The overall valuation decline of 4.6% was largely shaped by movement at Spring Gardens, Vauxhall reflecting a change in valuation approach for this asset to reflect its conditional sale as a residential development.

Excluding Spring Gardens, the portfolio experienced a more modest decline of 1.6%, influenced by a 13 basis point expansion in equivalent yields on a like-for-like basis and higher vacancy following lease expiries. Encouragingly, ERVs edged upwards by 0.2% on a like-for-like basis.

Asset management

EPRA vacancy reduced from 18.5% at 31 December 2024 to 18.0% due to leasing progress at Artesian, Aldgate and The Coade, Vauxhall offset by the scheduled expiry of all leases at New Printing House Square, London in June 2025.

In 2025, 52 lease extensions and new leases secured £8.1 million of rent at an average of 7.9% below 31 December 2024 ERVs, reflecting some short-term, flexible leases at properties due for medium-term development.

The most significant new leasing transaction in 2025 was the letting of 1,217 sqm at Artesian to a serviced office operator whilst a further 578 sqm was let to a social media tech company. There was also meaningful progress at The Coade in Vauxhall where further lettings were secured to a mixture of financial, media and professional services companies.

In terms of existing tenants, despite the expiry of all leases at New Printing House Square, renewals were signed with a significant number of existing tenants which secured a total rent of c.£4 million per annum as part of the strategy to reposition the building in 2029.

Developments and refurbishments

Total capital expenditure in 2025 was £4.8 million, which was reduced from the £9.4 million spent in 2024 as our focus switched to smaller fit-outs to meet tenant requirements.

At Spring Gardens, let to the National Crime Agency, we exchanged a contract for sale with London Square Developments Limited conditional on achieving planning consent for a major residential scheme. The planning application was submitted in February 2026. To support this strategy we extended the leases with the National Crime Agency to September 2026, securing additional income of £7.0 million.

The application for Permitted Development Rights at Columbia House, Bracknell was recently approved and we will commence the design process shortly for our repositioning of New Printing House Square.

Disposals

During 2025 we completed the sale of the student accommodation at Spring Mews for £101.1 million, in line with book value.

We continue to look at opportunities to exit some of our smaller assets, or assets which have a higher value as alternative use, as market conditions allow.

Outlook

Economic growth in 2026 is expected to remain muted. Recent reductions in interest rates have been supportive for the property sector but it remains sensitive to the continuing international political and economic uncertainty. The November 2025 budget avoided several business tax measures expected by commentators which helped build optimism for greater occupier and investment activity. The degree to which this will translate into sustainable momentum will depend significantly on how the war in the Middle East develops.

Germany

Value of property portfolio £802.1m	Percentage of Group's property interests 47%	Number of properties 29
Number of tenants 320	EPRA vacancy rate 11.1%	Lettable space (sqm) 323.1k
Government and large companies 55.9%	Weighted average lease length to expiry (years) 7.4	Leases subject to indexation 76.0%

Germany market review

Germany experienced another year of weak growth, characterised by low business confidence and political uncertainty. Concerns regarding the long-term impact of trade tariffs and energy supply continued to place pressure on the export sector and overall economic growth.

Commercial property investment remained subdued, declining to c.€24 billion, down 4% compared with 2024.

Office leasing activity across the seven largest cities totalled c.2.7 million sqm, representing a slight increase on the previous year. Average vacancy rose to 8.0%, with Berlin recording the largest increase in availability. Vacancy rates vary significantly between cities, with Cologne among the lowest at 5.0%, while Düsseldorf remains elevated at 11.3%.

Portfolio movement and valuation summary

In 2025, the value of the German portfolio decreased by £13.6 million, reflecting a revaluation decline of £21.9 million or 2.7% in local currency, disposals totalling £38.8 million and depreciation of £0.1 million. These impacts were partly offset by a £41.8 million foreign exchange gain and £5.4 million of capital expenditure. In Sterling, the property valuation growth was 2.6% when incorporating foreign exchange effects and disposals.

The 2.7% valuation decline in local currency reflected a 4 basis point expansion in equivalent yields on a like-for-like

The 2.7% valuation decline in local currency reflected a 4 basis point expansion in equivalent yields on a like-for-like basis and higher vacancy. ERVs also reduced by 60 basis points on a like-for-like basis.

Asset management

The vacancy rate increased to 11.1% as at 31 December 2025 (2024: 6.7%) as a result of the expected departure of some large tenants. We were also impacted by two tenants unexpectedly filing for insolvency: one has terminated their lease and the other has downsized after being acquired. We are focused on reconfiguring this space to offer a high-quality product to the market.

In 2025, we completed 27 lease extensions and new lettings, securing £7.5 million of rent at an average of 31.5% above ERV. This was primarily due to a large eight year lease with a government department of the Federal State of North Rhine-Westphalia for 14,700 sqm at Gothic Haus, Dortmund. The lease resulted in a valuation uplift of more than 40% at the property. Excluding this transaction, the remaining deals were achieved at 17.6% above ERV.

This lease follows earlier successful government lettings at The Brix, Essen and The Yellow, Dortmund in 2023 and 2024 respectively, demonstrating our continued ability to compete effectively in this market.

Rent from leases subject to indexation increased by an average of 2.5%.

Developments and refurbishments

Development projects across our German portfolio are expected to deliver meaningful ERV growth and are already contributing to valuation uplifts. Works associated with our 30-year lease with the City of Essen at The Brix completed on time, and the tenant is in occupation. Construction relating to the 20-year lease with the City of Dortmund at The Yellow and the eight-year lease with the Federal State of North Rhine Westphalia at Gothic Haus has commenced and is progressing well.

We invested £5.4 million in smaller refurbishment projects across the portfolio to improve sustainability performance, meet regulatory requirements and address evolving occupier needs. The largest project was at Technisches Rathaus in Bochum, where we are upgrading the façade and modernising the lifts to support our tenant's 30 year lease. We are also expanding marketing suites in several properties to aid the re letting of recently vacated space.

Disposals

In 2025, we disposed of Jarrestrasse, Hamburg, and Grafelfing Munich, for a total of £35.6 million at a combined discount to pre-sale values of 8.9%.

Outlook

The €500 billion infrastructure spending package introduced by the government is expected to support growth, encouraging higher office take up and strengthening investor confidence.

The German commercial real estate market is set for a selective recovery in 2026, underpinned by stabilising, lower interest rates and an ongoing shift towards high quality, sustainable assets. The Energy Performance of Buildings Directive provisions become legally binding in 2026, increasing the impetus for renovation as new efficiency standards for non residential buildings come into force.

We are optimistic that vacancy rates in major cities will peak during the year, reflecting a marked slowdown in new construction. At the same time, demand is likely to remain focused on core, modern and energy efficient space in prime locations, reinforcing the relative resilience of higher quality assets.

France

Value of property portfolio £225.3m	Percentage of Group's property interests 13%	Number of properties 15
Number of tenants 146	EPRA vacancy rate 12.1%	Lettable space (sqm) 63.6k
Government and large companies 56.1%	Weighted average lease length to expiry (years) 5.3	Leases subject to indexation 100.0%

France market review

Political uncertainty and a softer macroeconomic backdrop dominated the French economy in 2025, with significant debate surrounding rising government debt and its impact on sovereign bond yields.

The commercial property investment market improved, with volumes reaching c.€14 billion, up 10% compared with 2024, and once again dominated by domestic investors.

Office leasing activity remained challenging, although performance varied significantly between submarkets. Conditions softened in the CBD, while several outer arrondissements recorded some improvement. Take-up declined by 9% to c.1.6 million sqm in Paris, while Lyon fell by 20% to c.0.2 million sqm. Year-end vacancy in Paris increased from 10.2% to 10.7%, and in Lyon from 7.0% to 7.8%

Portfolio movement and valuation summary

In 2025, the value of the French portfolio decreased by £2.2 million as a result of a revaluation decline of £10.4 million or 4.5% in local currency and disposals of £7.9 million, partly offset by capital expenditure of £4.1 million and a foreign exchange gain of £12.0 million. The 4.5% valuation decline reflected a 8 basis point expansion in equivalent yields on a like-for-like basis and higher vacancy following the departure of a major tenant at Inside, Paris. ERVs were flat on a like-for-like basis, and all leases remain fully indexed.

Asset management

As at 31 December 2025, the EPRA vacancy rate in our French portfolio rose to 12.1% (2024: 8.3%), largely due to the expected lease expiry at Inside, Paris and the completion of refurbishment works at Bellevue, Paris. We intend to use this opportunity at Inside to refurbish the space and reconfigure it to accommodate a broader range of floor plates.

In 2025, excluding contractual indexation uplifts, 20 lease extensions and new leases secured £1.4 million in rent, averaging 7.1% below ERV. Notably, we experienced an uptick in leasing activity in Q4, with several new leases in Paris completed despite a difficult leasing market, removing some of the vacancy during the year.

Rent from leases subject to indexation increased by an average of 1.5% in 2025.

The most significant transaction in Paris was a lease extension for 675 sqm at Sigma, located east of La Défense. This renewal was with a long-standing tenant that has occupied space at Sigma for over ten years, highlighting the benefits of our customer-focused asset management approach in a competitive leasing market. In Lyon, the largest transaction was at Park Avenue for 855 sqm with an IT services company.

Developments and refurbishments

A major milestone in the first quarter was the completion of the £1.5 million redevelopment of Petits Hôtels, a centrally located 2,081 sqm asset in Paris. The project involved a full refurbishment of one of the buildings, which has since been let at ERV to a specialist tour operator company.

At Bellevue, Paris, we completed our £1.1 million refurbishment programme in the third quarter of 2025. The scheme upgraded five floors totalling 1,301 sqm, delivering best-in-class space with enhanced sustainability features. The improved specification has already generated strong interest, with two new leases signed in December, and we expect this momentum to continue into 2026.

Disposals

In August, we completed the sale of Les Reflets in Lille which we acquired in 2019. This sale marked our exit from Lille. Our French portfolio is now focused on France's two largest property markets, Paris and Lyon.

Outlook

France's economy is expected to grow modestly in 2026 but it is sensitive to the continuing domestic and international political uncertainty.

Investment volumes ended 2025 with a more balanced distribution across offices, retail and logistics. Conditions in 2026 are expected to remain broadly stable, with stronger momentum anticipated from 2027 onwards.

Leasing activity is likely to remain relatively muted, although we expect a gradual improvement in the second half of 2026, led by the Paris Île de France market and followed by regional markets, particularly with small-to-medium size businesses targeted by CLS.

Chief Financial Officer's review

Summary

The hard work undertaken by the whole CLS team to make progress on our strategic priorities is having its desired effect, with lower net debt, a more streamlined cost base and occupancy starting to improve. These actions have had short-term negative impacts on our earnings and NTA, but they are vital to creating the foundations for medium- and long-term growth, delivering a portfolio and business that are fit for the future.

EPRA net tangible assets (NTA) per share fell by 6.7% to 200.7 pence (2024: 215.0 pence) and basic net assets per share by 5.5% to 186.4 pence (2024: 197.3 pence), primarily reflecting the 3.8% like-for-like decline in the valuation of our portfolio.

EPRA earnings per share (EPS) were 7.6 pence (2024: 9.2 pence) whilst the IFRS loss after tax of £50.3 million (2024: £93.6 million loss) generated basic earnings per share of -12.6 pence (2024: -23.6 pence). We are proposing a final dividend of 2.7 pence (2024: 2.68 pence), equating to a full dividend for 2025 of 4.0 pence (2024: 5.28 pence).

The Total Accounting Return per share (the reduction in EPRA NTA plus the dividends paid in the year) was -4.8% (2024: -11.9%).

CLS uses a number of Alternative Performance Measures (APMs) alongside statutory figures. We believe that these assist in providing stakeholders with additional useful information on the underlying trends, performance and position of the Group. Note 5 and our Supplementary disclosures gives a full description and reconciliation of our APMs.

Income statement

EPRA profit after tax was lower than last year at £30.2 million (2024: £36.4 million), reflecting the impact of disposals and higher vacancy costs, offset by lower net finance and administration expenses. 2024 EPRA earnings also benefited from a deposit forfeited by a potential buyer of one of our properties which equated to £2.9 million (0.7 pence per share).

Net rental income in 2025 of £101.3 million fell by 11.1% (2024: £114.0 million), mainly reflecting the lost income from disposals early in the year, and higher vacant space. Like-for-like net rental income fell 6.3% to £106.8 million due to lease expiries and movement of properties to development stock, which reduced rental income by £9.2 million and £0.4 million respectively, and lower other income of £1.0 million. New leases, renewals and indexation added £2.6 million and £0.8 million respectively. Income from student operations fell £4.0 million reflecting the disposal of Spring Mews Student in early 2025, and a further £1.9 million of rent was lost from other property disposals.

CLS' tenant relationships remain strong and the quality and diversity of our tenant base has continued to be reflected in our rent collection. As in previous years, we collected over 99% of rent and this trend has continued into the first quarter of 2026.

Overall administration and property expenses, excluding amortisation of intangibles, decreased by £2.0 million to £33.4 million (2024: £35.4 million). Administration costs were £1.2 million lower compared with 2024 reflecting action taken to reduce our cost base during the year. Property expenses were £0.8 million lower as a result of the disposal of the student property early in the year, offset by increased vacancy costs. The proportion of index-linked rent was 58.7% (2024: 54.4%) of total contracted rent.

Although administration and property expenses were lower, CLS' administration cost ratio increased to 16.1% (2024:

15.4%) and the EPRA cost ratio increased to 36.2% (2024: 33.6%) as a result of lower gross rental income and higher costs associated with vacant space.

The valuation of CLS' properties declined by 3.8% (2024: 5.8% decline) on a like-for-like basis, although much of this was concentrated on two properties: Spring Gardens, where the valuers adjusted their valuation approach to reflect the conditional agreement to sell; and the Spring Mews hotel which will be subject to higher business rates than previously assumed. The reduction in the value of investment properties was £79.2 million (2024: £127.7 million reduction) with falls in the UK of 4.6%, Germany 2.7% and France 4.5% in local currencies.

Four properties were sold in 2025 for an aggregate consideration of £144.2 million. This consideration was in-line with the

pre-sale book values but, after costs, resulted in a loss on sale of investment properties before tax of £10.9 million (2024: £2.3 million loss). At year-end, we have classified £94.9 million (2024: £133.0 million) of assets as being held for sale, recognising that we expect to dispose of these assets in the first half of the year. This does not include Spring Gardens, the current headquarters of the National Crime Agency in Vauxhall, London as the sale is conditional on planning permission being obtained from the local council to redevelop the property from offices into residential space. We are working in partnership with the acquiror on this deal and submitted planning permission in February 2026. The transaction is expected to release equity in stages over the next two years, following the repayment of associated debt.

Net finance costs, excluding movement in derivatives, fell by 10.3% to £36.7 million (2024: £40.9 million) reflecting primarily lower debt during the year, and the impact of disposals in late 2024 and the sale of Spring Mews Student in early 2025.

Approximately 52% of the Group's sales are conducted in the reporting currency of Sterling and 48% in Euros. The year-end Sterling rate against the Euro weakened by 5.1% and the average Sterling rate weakened by 1.2%, resulting in a foreign exchange gain of £0.2 million in the income statement (2024: £0.6 million loss).

The low tax expense primarily reflects our status as a UK REIT which means that we do not pay corporation tax on our property-related profits in our UK business.

The components of the EPRA earnings are as shown below:

	2025 £m	2024 £m
Revenue	139.7	151.9
Service charges and similar expenses	(38.4)	(37.9)
Net rental income	101.3	114.0
Administration expenses ¹	(16.1)	(17.3)
Other property expenses	(17.3)	(18.1)
Net finance costs ¹	(36.7)	(40.9)
Foreign exchange gain/(loss)	0.2	(0.6)
Taxation expense ¹	(1.2)	(0.7)
EPRA earnings	30.2	36.4
EPRA earnings per share	7.6p	9.2p

¹ Balances include EPRA adjustments; the reconciliation to the IFRS figures can be found in note 5(i).

EPRA net tangible assets and gearing

At 31 December 2025, EPRA net tangible assets (NTA) per share were 200.7 pence (2024: 215.0 pence), a fall of 6.7%. The main reasons for the decrease were property valuation decreases of 3.8% in local currency (20.4 pence per share), dividends paid in the year of 4.0 pence per share, and a loss on disposal of investment properties of 3.5 pence per share. These were partly offset by EPRA earnings per share of 7.6 pence per share and foreign exchange uplifts on our European business of 7.2 pence per share.

The impact of reduced level of debt in the business was partly offset by a decline in the value of our property portfolio, resulting in a slight improvement in balance sheet loan-to-value ratio at 31 December 2025 to 50.0% (2024: 50.7%). We retain our intention to reduce LTV to between 35% and 45% in the medium-term through disposals and value-enhancing investment. We believe that this LTV range is more appropriate for the business.

Cash flow and net debt

	2025	2024
Borrowings (£m)	901.9	999.2
Cash and cash equivalents (£m)	(49.4)	(60.5)
Net debt (£m)	852.5	938.7
EBITDA (£m)	68.5	79.2
Net debt:EBITDA ratio (times)	12.4	11.9
Balance sheet loan-to-value ratio (%)	50.0	50.7
Weighted average cost of debt (%)	3.8	3.8
Interest cover (times)	1.8	1.9
Weighted average unexpired debt (years)	3.6	3.2

As at 31 December 2025, the Group's cash and cash equivalents balance (including restricted cash - see note 16) was £49.4 million (2024: £60.5 million) as set out in note 16 to the Group financial statements. Available undrawn facilities totalled £28.0 million (2024: £50.0 million), with a further £10 million uncommitted facility (2024: £10 million) which was undrawn at year-end. Net cash flow from operating activities, after payment of £38.0 million for financing costs and tax, generated £14.6 million (2024: £29.5 million) mainly reflecting the impact of disposals and higher vacancy, as well as £1.7 million of non-recurring costs related to the staffing review and financial structuring carried out during the year. Excluding the non-recurring costs, operating cash flows cover the £15.9 million cash cost of the interim and final dividend for 2025.

Borrowings decreased by £97.3 million to £901.9 million (2024: £999.2 million) due primarily to the net repayment of loans of £126.8 million, partially offset by the impact of the weakening Sterling exchange rate on the Sterling value of our Euro-denominated debt. During the year, CLS increased the size of its two committed revolving credit facilities from £50 million to £70 million. It also has a £10 million overdraft facility. As at 31 December 2025, CLS had drawn down £42 million on the revolving credit facilities. No overdraft was utilised as at 31 December 2025.

The weighted average cost of debt at 31 December 2025 was stable at 3.8% (2024: 3.8%), translating to group interest cover of 1.8 times (2024: 1.9 times).

Financing strategy and covenants

The Group's financing strategy is based substantially on raising secured debt against its properties, whether individually or in multi-property facilities. At Group level, we have a target balance sheet LTV ratio of between 35% and 45%. At 31 December 2025, LTV was 50.0%, a level which we are working to reduce through disposals and investment to enhance the value of our properties.

Most of our properties have debt secured against them. Properties not subject to secured debt at 31 December 2025 totalled £64.4 million (2024: £41.3 million).

At the start of 2025, the Group had £373.7 million of debt (including £9.6 million of amortisation) across 11 loan facilities expiring in 2025, all of which have been refinanced, extended or repaid. We took the opportunity to spread the maturities over a longer period to smooth out future refinancing peaks: the £222.8 million of new loans taken out during the year had a weighted average all-in rate of 5.5%, within which £51.6 million were fixed at a weighted average all-in rate of 4.1%. Consequently, the Group's debt maturity risk profile is more evenly spread, and the weighted average maturity has increased to 3.6 years (2024: 3.2 years).

In 2026, the Group has £145.5 million of long-term debt maturing and comprising of seven loans; loan amortisation of £11.8 million and a further £42.0 million of expiring short-term credit facilities which we are currently in discussions to extend or refinance with existing and new lenders.

CLS' objective remains to keep a high proportion of fixed rate debt but to retain some floating rate debt to provide flexibility to allow early repayments expected from planned disposals without incurring break costs typically associated with fixed rate loans.

At 31 December 2025, 69% of the Group's borrowings were at fixed rates or subject to interest rate swaps, 7% were subject to caps which had been hit and 24% of loans were unhedged.

At 31 December 2025, the Group had 36 loans (26 through SPVs, eight portfolios and two credit facilities) from 23 different lenders. The loans vary in terms of the number and nature of their covenants, although the three most common relate to LTV ratio, interest cover and debt service cover.

On average, across the 36 loans, CLS has between 23% and 28% headroom against these three most common covenants. In the event of an actual or forecast covenant breach, all of the loans have equity cure mechanisms to repair the breach, which allow CLS to either repay part of the loan, substitute property or deposit cash, for the period the loan is in breach after which the cash can be released.

Distributions to shareholders

The final dividend for 2024 of 2.68 pence per share (£10.7 million) was paid in May 2025. In October 2025, CLS paid an interim dividend for 2025 of 1.30 pence per share (£5.2 million).

We are proposing to maintain the final dividend at 2.7 pence per share (2024: 2.68 pence), in line with the dividend policy established a year ago, equating to a cash amount of £10.7 million (2024: £10.7 million). This equates to a full year distribution of 4.0 pence per share (£15.9 million), covered 1.9 times by EPRA earnings per share, within our policy of the dividend being covered 1.5 to 3.0 times by EPRA earnings.

Under the terms of being a UK REIT, CLS is obliged to distribute a minimum of 90% of its UK property income as a Property Income Distribution (PID). The final dividend will be paid entirely as a PID. As a result of this high distribution requirement, the ability of a UK REIT to retain capital in the business for investment is limited. Therefore, we are proposing to offer shareholders the option of receiving the dividend in new shares rather than cash, in the form of an enhanced scrip dividend, allowing those who take the scrip alternative to increase their investment in CLS and to receive a benefit by doing so in the form of a 5% discount to the reference share price.

Harry Stokes
Chief Financial Officer

Risk management

Our Risk Management Structure

Risk management is a critical component of the operation of our business, allowing us to take advantage of opportunities whilst ensuring that we do not expose the business to excessive risk, thereby generating shareholder value over the long term in a sustainable and compliant manner.

The Board

- Sets our overarching risk appetite and ensures that we manage risks appropriately across the Group within a robust internal control framework. The Board delegates oversight of risk management activities to the Audit Committee.
- Annual assessment of principal and emerging risks.

The Audit Committee

- Key oversight function for risk management, internal controls and viability.
- Receives updates on risks and the control environment including the results of any internal control review procedures and other assessments undertaken in the period at each Audit Committee meeting.

procedures and other assessments undertaken in the period at each Audit Committee meeting.

- Reports to the Board on the effectiveness of the external auditors, risk management and internal controls.

Management Committees

- Several management committees have the responsibility for overseeing and mitigating risks associated with safety, sustainability, treasury and energy procurement amongst other things.
- Responsible for the day-to-day operational oversight of risk management.
- Major business-wide decisions such as property acquisitions, disposals, significant strategy changes and the wider changing geopolitical landscape are discussed. These decisions are assessed with reference to risk appetite.

The Senior Leadership Team

- Comprised of the CEO, the CFO, the COO and senior members of the property operations, finance and human resources teams.
- Reviews and monitors the Group's principal and emerging risks taking into account the appetite for, and impact of, risk in all areas of the business. These are presented to the Audit Committee every six months for further discussion.

Group Finance

- Responsible for the management of the Group's risk and internal controls.
- Conducts regular testing and monitoring of material controls.
- Responsible for following up and tracking any process or control improvements.
- The Group has policies set by the Board that govern key risks across the business. These are regularly reviewed to ensure they are up to date and comply with laws and regulations

Business units

- Risk management embedded in day-to-day operations including identifying, evaluating and reviewing within these units.
- Execute strategic actions in compliance with the Group's objectives and policies.

What we did in 2025

- Implemented a Failure To Prevent Fraud ('FTPF') Policy and staff training in advance of the FTPF provisions of the Economic Crime and Corporate Transparency Act 2023 which became enforceable from September 2025.
- Upgraded the IT firewall at our London head office to ensure our defences against potential cyber attacks remain robust.
- Addressed internal control recommendations from our external auditor.
- Progressed towards providing a declaration of effectiveness of material controls by 31 December 2026 by performing testing on a selection of our material controls.
- Implemented minor process improvements based on observations from control testing.
- Refinanced, extended or repaid £373.7 million of debt falling due in 2025.

Our priorities for 2026

- Increasing letting activity to reduce vacancy and improve earnings.
- Executing sales to reduce LTV to our target range of 35%-45%.
- Completing refinancings due in 2026.
- Investing in our properties to unlock the value within the portfolio.
- Continuing to deliver on our roadmap activities for the UK Government's corporate reforms. This includes:
 - agreeing the cadence for and performing cycles of material controls testing; and
 - preparing a draft of the material controls declaration including any ineffectiveness explanations.

Management of risk throughout the Group

1. Identification

We proactively identify potential risks across all processes and the wider environment that could impact our organisation.

2. Prioritisation

We evaluate and rank risks based on their potential impact and likelihood of occurrence. Using risk matrices and scoring systems, we focus our resources on the most critical risks. This prioritisation process allows us to address the most significant threats first, ensuring that our risk management efforts are both effective and efficient.

3. Controls and responses

We develop and implement strategies to mitigate or manage risks. We design controls to prevent or reduce the impact of risks and plan responses for when risks materialise. Our controls include preventive, detective, and corrective measures.

4. Governance and reporting

We have established a robust governance framework to oversee our risk management. Roles and responsibilities are clearly defined, and policies and procedures are set to ensure accountability. Regular reporting to senior management and the Board keeps them informed of the risk landscape and the effectiveness of our risk management activities, ensuring transparency and oversight.

5. Monitoring

Continuous monitoring is a key part of our risk management process. We track identified risks, assess the

performance of controls, and detect new risks. Regular reviews and updates to our risk management plan help us adapt to changes in the internal and external environment, ensuring that our risk management practices remain effective and relevant.

6. Audit and assurance

We conduct independent reviews and audits to provide assurance that our risk management process is functioning as intended. Reviews both internally and by our external auditors help evaluate the effectiveness of our controls and compliance with policies. These assurance activities help us identify gaps and areas for improvement, ensuring that we maintain a robust risk management framework.

Based on the size of its balance sheet and market capitalisation, CLS is a large business, but it is relatively small based on the number of people working directly in the business. The small number of employees and our internal control structures allow the Group to safeguard its assets, prevent and detect material fraud and errors and ensure accuracy and completeness of the accounting records used to produce reliable financial information, while still allowing the flexibility to take advantage of opportunities to further the business strategies of the Group.

Risk assessment

As part of annual business planning, the Board undertakes an assessment of the risks that could threaten the Group's strategic objectives, future performance, solvency or liquidity.

We use a risk scoring matrix to consider the likelihood and impact of each risk at regular points throughout the year. We evaluate risks on an inherent (before mitigating actions) and residual (after mitigating actions and controls) basis. To do so, we identify principal risks (current risks with relatively high impact and certainty) and emerging risks (risks where the extent and implications are not yet fully understood).

Throughout the year, the Board monitored the changing economic and market situation and considered its effect on the business, as it will continue to do going forward. The impact of the macro-economic factors is discussed in the CEO review and the country reviews.

Our principal risks are set out on the following pages. In evaluating these risks, any potential impact as a result of market uncertainties has been considered. Changes in the risk profile between 2024 and 2025 are identified on these pages.

Risk appetite

The Board reviews our risk appetite at least annually. The risk appetite of the Group is assessed with reference to changes that have occurred, or trends that are beginning to emerge in the external environment, and changes in the principal risks and their mitigation. These will guide the actions we take in executing our strategy. Whilst our appetite for risk will vary over time, in general we maintain a balanced approach to risk.

Risk appetite vs risk assessment

The Board's risk appetite in relation to the Group's principal risk assessment is broadly aligned. As shown in the detailed description of our principal risks, there is divergence of risk appetite and risk status in relation to the financing and sustainability risks. The Board accepts that there are factors in relation to these risks that are outside the Group's control and are likely to change over time. Mitigating actions have been put in place to ensure financing risk is adequately managed and monitored to reduce the potential impact on the Group. We expect the sustainability risk appetite and assessment to align in the medium-term. The Board recognises that not all risks can be fully mitigated and that they need to be balanced alongside commercial, and political and economic considerations.

The Group uses five risk categories to allocate its risk appetite:

Very low:	Avoid risk and uncertainty
Low:	Keep risk as low as reasonably practical with very limited, if any, reward
Medium:	Consider options and accept a mix of low and medium risk options with moderate rewards
High:	Accept a mix of medium and high-risk options with better rewards
Very high:	Choose high risk options with potential for high returns

On reviewing our risk appetite, the Board recognised that there are factors outside of the Group's control, for example the property market environment, that influences risk appetite in any one year.

Our principal risks

Our principal risks and risk assessments are discussed over the following pages along with: any change in their risk profile since the last year end; the current direction of travel; and our risk mitigation actions and plans. Whilst we do not consider that there has been any material change to the nature of the Group's principal risks over the last 12 months, several risks remain elevated as a result of the challenging external environment and significant ongoing uncertainty.

The following pages are only focused on our principal risks being those that have the greatest impact on our strategy and/or business model. In addition, there are many lower level operational and financial risks which are managed on a day-to-day basis through the effective operation of a comprehensive system of internal controls.

Key to strategy:

1	We acquire the right properties
2	We secure the right finance
3	We deliver value through active management and cost control
4	We continually assess whether to hold or sell properties
5	We reward shareholders, customers and employees

Key to change in risk profile in year/direction of travel:

- Increasing

— Decreasing

« No Change

1 Property**Link to strategy:**

Market fundamentals and/or internal behaviours lead to adverse changes to capital values of the property portfolio or ability to sustain and improve income generation from these assets.

1

Key risks:

- Cyclical downturn in the property market which may be indicated by an increase in yields
- Changes in supply of space and/or demand (vacancy rate)
- Poor property/facilities management
- Inadequate due diligence and/or poor commercial assessment of acquisitions
- Higher tenant expectations with respect to fit outs and amenities
- Failure of tenants
- Rising business rates
- Insufficient health and safety risk protection
- Building obsolescence

Mitigation:**2025**

- Maintained strong relationships with our occupiers, agents and direct investors active in the market and actively monitored trends in our sectors
- Asset management committees meet once a month to discuss each property
- Targeted capital expenditure with a focus on sustainability to meet tenant demands
- Rigorous and established governance approval processes for capital and leasing decisions
- Engagement with tenants to understand their needs and space requirements
- Disposal of properties with low yield, limited asset management potential or unfavourably balanced risk/reward ratio
- Continued monitoring of covenant strength of tenants
- High quality provision of property and facilities management services with our in-house team
- Health and Safety Committee met throughout the year and provided regular updates to the Board
- Monitored changes in the regulatory environment, particularly in relation to the Building Safety Act 2022 which may impact the permitted uses and viability of future schemes

Appetite:

High

Risk assessment:

High

Change in risk profile in year:

«

Direction of travel:

«

KPIs:

- TSR(R)
- TAR
- EPS

2 Sustainability**Link to strategy:**

As a result of a failure to plan properly for, and act upon, the potential environmental and social impact of our activities, changing societal attitudes, and/or a breach of any legislation, this could lead to damage to our reputation and customer relationships, loss of income and/or property value, and erosion of shareholder confidence in the Group.

1 3

Key risks:**Transition risks**

- These include regulatory changes, economic shifts, obsolescence, and the changing availability and price of resources.

Physical risks

- These are climate-related events that affect our supply chain as well as the buildings' physical form and operation; they include extreme weather events, pollution and changing weather patterns.

Mitigation:**2025**

- Monitoring and oversight by the Sustainability Committee over key projects and regulatory requirements
- Detailed sustainability risk registers maintained, reviewed, and updated
- Evaluation of the physical climate risk profiles of all properties
- Continued implementation and active monitoring of NZC Pathway projects
- Completion of planned energy efficiency and carbon reduction projects
- Continuation of EPC upgrade programme
- Recertification of relevant properties across all three regions to BREEAM In-Use
- Integration of sustainability data platform for group-wide data management
- Independent assurance on EPRA sBPR KPI data
- Completion of biodiversity appraisals in the UK
- Maintained living wage accreditation

Appetite:

Medium

Risk assessment:

Low

Change in risk profile in year:

—

Direction of travel:

—

KPIs:

- TSR(R)
- TAR
- Vacancy Rate

3 Business interruption**Link to strategy:**

Data loss; or disruption to corporate or building management systems; or catastrophic external attack; or disaster; may limit the ability of the business to operate resulting in negative reputational, financial and regulatory implications for long-term shareholder value.

4

Key risks:

- Cyber threat
- Large scale terrorist attack
- Environmental disaster, power shortage or pandemic

Mitigation:**2025**

- Completed the migration of files from on-premise servers to cloud service to reduce ransomware risk
- Maintained a Centre of Internet Security 'A' rating (internet-facing systems)
- Continued implementation of shared property and finance system across the Group
- Engaged external partners for specialist cyber security

Appetite:

Low

Risk assessment:

Low

Change in risk profile in year:

«

Direction of travel:

..

- Engaged external partners for specialist cyber security activities and independent reviews
 - Continued use of continuous, automated patching across systems
 - Continued to test and train employees on cyber security
- «
- KPIs:**
- TSR(R)
 - TAR

4 Financing

Link to strategy:
2

The risk of not being able to source funding in cost-effective forms will negatively impact the ability of the Group to meet its business plans or satisfy its financial obligations.

<p>Key risks:</p> <ul style="list-style-type: none"> Inability to refinance debt at maturity due to lack of funding sources, market liquidity, etc. Unavailability of financing at acceptable terms Risk of rising interest rates on floating rate debt Risk of breach of loan covenants Foreign currency risk Financial counterparty risk Risk of not having sufficient liquid resources to meet payment obligations when they fall due 	<p>Mitigation: 2025</p> <ul style="list-style-type: none"> Financed, refinanced, repaid or extended all loans maturing in 2025 Weekly treasury meetings took place with the CEO and CFO including discussion of financing, rolling 12-month cash flow forecasts, FX requirements and hedging, amongst other items Mitigated risk of interest rate fluctuations, ensuring the majority of the Group's borrowings are fixed rate or subject to interest rate caps Regularly monitored loan covenants CLS borrows in local markets and in local currencies via individual SPVs to provide a 'natural' hedge All loans have equity cure mechanisms to repair breaches Maintained banking relationships with a wide number of lenders across the Group to diversify funding sources Maintained low weighted average cost of debt Increased average debt maturity Significant headroom across three main loan covenants 	<p>Appetite: Medium</p> <p>Risk assessment: High</p> <p>Change in risk profile in year: «</p> <p>Direction of travel: «</p> <p>KPIs:</p> <ul style="list-style-type: none"> Cost of debt EPS
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5 Political & economic

Link to strategy:
3

Significant events or changes in the Global and/or European political and/or economic landscape may increase the reluctance of investors and customers to make timely decisions and thereby impact the ability of the Group to plan and deliver its strategic priorities in accordance with its core business model.

<p>Key risks:</p> <ul style="list-style-type: none"> Global geopolitical and trade environments Potential impact of US tariffs on inflation and interest rates 	<p>Mitigation: 2025</p> <ul style="list-style-type: none"> Monitored events and trends closely, making business responses if needed Maintained membership of key industry bodies Monitored tenants for sanction issues 	<p>Appetite: Medium</p> <p>Risk assessment: Medium</p> <p>Change in risk profile in year: «</p> <p>Direction of travel: -</p> <p>KPIs:</p> <ul style="list-style-type: none"> EPS
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6 People

Link to strategy:
5

The failure to attract, develop and retain the right people with the required skills, and in an environment where employees can thrive, will inhibit the ability of the Group to deliver its business plans in order to create long-term sustainable value.

<p>Key risks:</p> <ul style="list-style-type: none"> Failure to recruit senior management and key executives with the right skills Excessive staff turnover levels Lack of succession planning and development opportunities Poor employee engagement levels 	<p>Mitigation: 2025</p> <ul style="list-style-type: none"> Bi-annual townhall meetings held by Senior Independent Director to listen to employee concerns and suggestions and discuss with the Board Employee compensation packages reviewed at least annually to ensure they remain competitive Continuation of wellbeing, social and diversity, equity, and inclusion activities 	<p>Appetite: Medium</p> <p>Risk assessment: Medium</p> <p>Change in risk profile in year: -</p> <p>Direction of travel: -</p> <p>KPIs:</p> <ul style="list-style-type: none"> TSR(R) TAR
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Emerging risks

We define emerging risks to be those that may either materialise or impact over a longer timeframe. They may be a new risk, a changing risk or a combination of risks for which the broad impacts, likelihoods and costs are not yet well understood, and which could have a material effect on CLS' business strategy.

Emerging risks may also be superseded by other risks or cease to be relevant as the internal and external environment in which we operate evolves. The Senior Leadership Team, which has representatives from each area of the business, is tasked with identifying emerging risks for the business and discussing what impact these risks may have on the business and what steps we should be taking to mitigate these risks. The Board reviews these assessments on an annual basis.

Emerging risk	Potential impact	Mitigation	Short <2yrs	Medium 2-5yrs	Long >5yrs
Artificial intelligence	The automation of certain tasks through AI may lead to job displacement for those whose roles are automated but it will also create jobs. The adoption of these technologies by our customers may impact their office space requirements.	Active monitoring of the changing landscape through attendance at AI industry talks and regular discussion/awareness at the senior leadership team level of opportunities, risks and regulatory frameworks.	Ä	Ä	Ä
Adoption of technology	Failure to embrace technology could result in the Group falling behind its competitors in efficiency, thereby risking a loss of competitive edge. As buildings evolve to incorporate smart features, tenants may prefer such technologically advanced spaces over those lacking similar amenities. Neglecting occupant preferences for technology could diminish the attractiveness of the Group's office properties, potentially leading to vacancies and declines in property values and rental revenue.	We thoroughly examine emerging technologies to ensure that we extract the utmost value from any new system or service we opt to incorporate into our comprehensive digital and technological framework. We consider applicable regulatory frameworks to ensure adoption of new technologies are compliant.	Ä	Ä	Ä
Regulation/ compliance	Increased capital cost of maintaining our property portfolio. Increased administration costs to ensure resources sufficient to deliver corporate compliance.	Continued ongoing assessment of all properties against emerging regulatory changes and benchmarking of fit-out and refurbishment projects against third party schemes.	Ä	Ä	Ä
Increasing energy and construction costs	Increased cost of operating properties will reduce attractiveness of tenancies to existing and potential customers. Increased costs of refurbishments and developments leading to reduced investment returns.	Ongoing consideration of, and investment in, energy efficient plant and building-mounted renewable energy systems. Continued monitoring of materials, investment in key skills for staff and viability assessments of buildings.	Ä	Ä	Ä
Changes in office occupation trends	Changes in societal attitudes to agile and flexible working practices may reduce demand for space compared to historical trends.	In-house asset management model provides the means for the property team to: proactively manage customers; and gain real-time insight and transparency on changes in needs and trends allowing us to adapt our properties to meet these. Regular review of our assets to assess viability of change of use, leading to greater diversity of properties in our portfolio.	Ä	Ä	Ä
Climate change, natural resources and biodiversity risks	Increased risk of weather-related damage to property portfolio and reputational impact of not evolving sustainability goals in line with global benchmarks and/or public expectations. Inability to obtain sufficient carbon credits at suitable price to offset residual carbon emissions in order to achieve net zero carbon.	Our sustainability strategy continues to evolve and has been developed in alignment with Global Real Estate Sustainability Benchmarks (GRESB), consideration of the UN Sustainable Development Goals (SDGs) and climate risk modelling. We are investigating various solutions to achieve sufficient offsets by 2030.		Ä	Ä

Going concern statement

Background

CLS' strategy and business model include regular secured loan refinancings, and capital deployment and recycling through acquisitions, capital expenditure and disposals. Over the last thirty years, the Group has successfully navigated several periods of economic uncertainty, including the recent macroeconomic stresses resulting from global conflict, the resulting inflationary pressures and transition to a higher interest rate environment.

The Group continues to have very high levels of rent collection and low bad debts, and has a long-term track record in financing and refinancing debt including £373.7 million completed in the twelve months to 31 December 2025 and a further £38.7 million has been completed or well advanced subsequent to year-end, whereby terms sheets have been

obtained or they have reached a first stage credit review.

The Directors note that the group financial statements for the year ended 31 December 2024 contained disclosure of a Material Uncertainty related to going concern due to the timing and amounts of the planned refinancing of debt and disposals of property being outside of Management's control. In this context the Directors set out their considerations and conclusions in respect of going concern for these financial statements below.

Going concern period and basis

The Group's going concern assessment covers the period to 31 July 2027 ("the going concern period"). The period chosen takes into consideration the maturity date of loans totalling £254.2 million that expire by July 2027. The going concern assessment uses the forecast approved by the Board at its November 2025 meeting as the Base case. The assessment also considers a Severe but plausible case. The Directors have also considered the period between the date of Board approval and the date of signing the accounts. Based on a review of events since Board approval in November 2025, the Directors conclude that there have been no significant changes since the forecast was approved.

Forecast cash flows - Base case

The forecast cash flows prepared for the Base case take account of the Group's principal risks and uncertainties and reflect the challenging economic backdrop. The forecast cashflows have been updated using assumptions regarding forecast forward interest curves, inflation and foreign exchange, and include revenue growth, principally from contractual increases in rent, and increasing cost levels in line with forecast inflation.

The Base case is focused on the cash and working capital position of the Group throughout the going concern period. In this regard, the Base case assumes continued access to lending facilities in the UK, Germany and France, and specifically that debt facilities of £254.2 million with 13 lenders expiring within the going concern period will be refinanced or extended as expected (£164.4 million) or will be repaid (£89.8 million), some of which are linked to forecast property disposals. The Board acknowledges that these refinancings are not fully within its control; however, they remain confident that refinancings or extensions of these loans will be executed within the required timeframe, having taken into account:

- existing banking relationships and ongoing discussions with the lenders in relation to these refinancings;
- CLS' track record of prior refinancings, particularly in the 12 months to 31 December 2025 when £373.7 million was successfully repaid, refinanced or extended;
- recent refinancings subsequent to 31 December 2025 that have reached an initial credit committee review stage by lenders, or where term sheets have been obtained, totalling £38.7 million of the £164.4 million noted above; and
- other ongoing discussions with lenders.

The Base case includes property disposals in the going concern period in line with the Group's business model and the forecast cash flows approved by the Board in November 2025. The Board acknowledges that property disposals are not fully within its control; however, they are confident these transactions will be completed within the going concern period, based on their history of achieving disposals (with disposals of £144.2 million achieved in the 12 months to 31 December 2025). The value of the properties available for disposal is in excess of the value of the debt maturing during the going concern period.

The Group's financing arrangements, which utilise ring-fenced property loans, contain Loan to Value ('LTV'), Interest Cover Ratio ('ICR') and Debt Service Coverage Ratio ('DSCR') covenants. In the Base case, minimal cure payments have been forecast given that the Group expects to maintain its compliance with the covenant requirements.

The near-term impacts of climate change risks within the going concern period are expected to be immaterial following an assessment of potential significant inflation resulting from climate change, in the context of increased property and administrative costs, as part of the reverse stress testing performed by CLS. Furthermore, the forecast cash flows prepared for the Base case include all necessary capital expenditure to meet the minimum energy efficiency standards required in the countries where CLS operates.

Forecast cash flows - Severe but plausible case

A Severe but plausible case has been assessed which has been produced by flexing key assumptions further including: lower rents, increased service charges, higher property and administration expenses, falling property values and higher interest rates.

These flexed assumptions are more severe than CLS experienced during the 2007-2009 global financial crisis and other downturns such as that experienced in 2020-2022 during the Covid-19 pandemic. A key assumption in this scenario is a further reduction to the Base case in property values of 10% until July 2027, impacting forecast refinancings, sales and cash cures. This is in addition to the reduction experienced of 3.8% in 2025 and cumulative c.25.4% decline from 30 June 2022 to 31 December 2025.

Assumptions around refinancing and investment property disposals are adjusted to incorporate the higher interest rates and lower property values noted above. A reduction in property values of 10% results in additional cure payments of £1.1 million being necessary for the Group to remain in compliance with its covenant requirements. Similarly, the assumptions of lower rents and increased expenses result in additional cure payments of £1.6 million.

Due to the severity of the assumptions used in this scenario, which is Severe but plausible and therefore not remote, the liquidity of the Group is exhausted even after putting in place controllable mitigating actions as set out below.

Mitigating actions

In the Severe but plausible case, CLS is assumed to take mitigating actions including depositing cash to cure covenant shortfalls under the facilities' equity-cure provisions, scaling back uncommitted capital expenditure (specifically where reductions do not affect tenant revenue streams over the going concern period) and reducing the dividend to the Property Income Distribution required under the UK REIT rules as well as drawing the currently available £30.8 million of its existing £80.0 million revolving credit and overdraft facilities. If needed, further disposals could be considered as there are no sale restrictions on CLS' £1.7 billion of properties, albeit the timing and the amount of these potential disposals are not in the Group's control.

Additionally, the Directors note that the loans that require refinancing in the going concern period are all through ring-fenced SPV borrower structures. Accordingly, in extremis, the lender could enforce their security on an individual property with no claim on the rest of the Group's assets apart from certain limited guarantees and limited recourse security granted by the Company and certain Group companies.

Material uncertainty related to going concern

As described above, the Group is reliant in the Base case and Severe but plausible case upon its ability to both refinance the debt maturing and to complete a number of investment property disposals in the going concern period in challenging market conditions.

Whilst the Directors remain confident that a combination of sufficient refinancings and property disposals will be achieved, the timing and value of both the planned refinancing of facilities falling due within the going concern period, and planned property disposals, are outside of Management's control and consequently a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

Notwithstanding this material uncertainty on the going concern assumption, given our track-record and reputation, the Directors are confident that the debt falling due for repayment in the going concern period will be refinanced or settled in line with their plans for the reasons set out above, rather than requiring repayment on maturity, or will be extinguished as part of property disposals in the period. In extremis, the loans requiring refinancing are all through ring-fenced SPV structures, save for certain limited guarantees and limited recourse security granted by the Company and certain other Group companies. Therefore, the Directors continue to adopt the going concern basis in preparing these Group financial statements.

The financial statements do not include any adjustments that would be necessary if the Group and the Company were unable to continue as going concerns.

Viability statement

The Group's viability assessment follows a similar methodology to the going concern assessment in terms of analysing the Base case financial forecasts and a Severe but plausible case but makes the assessment of the viability of the Company to continue in operation and meet its liabilities as they fall due over a longer period.

The viability assessment covers the period to 31 December 2029 ("the viability period"), as it coincides with the forecasts approved by the Board at its November 2025 meeting. These forecasts comprise the Base case, reviewed against the actual results for 2025 and incorporating updated assumptions. The period of four years is a balance between the Group's weighted lease term and weighted average debt maturity, and so aligns with the period over which the Group has good operational visibility.

In performing this assessment, the Board notes that the financial information for the year ended 31 December 2025 contained disclosure of a Material Uncertainty related to going concern because the timing and amounts of the planned refinancing of debt and disposals of property at the time were outside of Management's control. In this context the Directors set out their considerations and conclusions in respect of their viability statement for these financial statements below.

Viability assessment

As with the Going Concern assessment, the financial forecast prepared for the Base case takes account of the Group's principal risks and uncertainties, and reflects the current challenging economic backdrop. The forecast uses forward interest rate curves, inflation and foreign exchange.

The Base case forecast is focused on the cash, liquid resources and working capital position of the Group including covenant compliance. It also assumes continued access to lending facilities. Within the viability period, it is assumed that expiring debt facilities of £508.3 million will be refinanced as expected or repaid from the proceeds of disposals. The Board acknowledges that these refinancings are not fully within management's control but remains confident that refinancings or extensions of these loans will be executed within the required timeframe, having taken into account:

- existing banking relationships;
- CLS' track record of prior refinancings, particularly in the 12 months to 31 December 2025 when £373.7 million was successfully repaid, refinanced or extended;
- recent refinancings subsequent to 31 December 2025 that have reached an initial credit committee review stage by lenders, or where term sheets have been obtained, totalling £38.7 million of the £508.3 million noted above; and
- other ongoing discussions with lenders.

A Severe but plausible case was also produced by flexing key assumptions including: lower rents, increased service charges, higher property and administration expenses, falling property values (mainly a further 10% reduction in 2026 and no recovery during the viability period), higher interest rates and reduced achievements of refinancings and disposals. These flexed assumptions are derived by considering the negative market and economic impacts experienced during the 2007-2009 global financial crisis and other downturns such as the Covid-19 pandemic.

Assumptions around refinancing and property disposals are adjusted to include only those agreed or considered significantly advanced by management. In addition, a reduction in property values of 10% results in additional equity cure payments of £1.1 million to remain in compliance with covenant requirements. Similarly, the assumptions of lower rents and increased expenses result in additional equity cure payments of £1.6 million.

The impacts of climate change risks within the viability period have been considered in the Severe but plausible case and are expected to be immaterial.

Due to the severity of the assumptions used in this scenario, the liquidity of the Group is exhausted even after putting in place mitigating actions wholly within management's control as set out below.

Mitigating actions

In the Severe but plausible case, CLS would need to take mitigating actions in terms of depositing cash to equity cure covenants under the facilities, scaling back uncommitted capital expenditure and reducing the dividend as well as drawing the currently available £30.8 million of its revolving credit and overdraft facilities. If needed, further disposals could be considered as there are no sale restrictions on CLS' £1.7 billion of properties, albeit the timing and the amount of these potential disposals are not wholly within management's control.

Additionally, the Board notes that the properties that require refinancing in the going concern period are on a non-recourse basis to the Group. Accordingly, in extremis, the lender could enforce their security on an individual property with no claim on the rest of the Group's assets.

Material uncertainty

The Directors highlighted in their going concern assessment that whilst they remain confident in the future prospects for the Group and its ability to continue as a going concern, the Group is reliant upon its ability both to refinance the debt maturing and to complete property disposals in the going concern period in what are assumed to be continued challenging market conditions. The same material uncertainty applies to the future viability of the Group.

Directors' responsibility statement

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with the Companies Act 2006 and United Kingdom adopted International Accounting Standards and International Financial Reporting Standards (IFRSs) and have elected to prepare the Parent Company financial statements in accordance with FRS 101 of United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing the Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This statement of responsibilities was approved by the Board on 12 March 2026.

Approved and authorised on behalf of the Board

David Fuller BA FCG

Company Secretary

12 March 2026

Group income statement

for the year ended 31 December 2025

	Notes	2025 £m	2024 £m
Revenue	4	139.7	151.9
Service charges and similar expenses	4	(38.4)	(37.9)
Net rental income	4	101.3	114.0
Administration expenses		(16.4)	(17.7)
Other property expenses		(17.3)	(18.1)
Non-recurring items ¹		(1.7)	-
Operating profit before revaluation and disposals		65.9	78.2
Net revaluation movements on investment property	12/14	(79.2)	(127.7)
Net revaluation movements on equity investments		0.1	(0.6)
Loss on sale of investment property		(10.9)	(2.3)
Loss on sale of other equity investments		-	(0.1)
Operating loss		(24.1)	(52.5)
Finance income	8	1.1	1.4
Finance costs	9	(39.1)	(45.7)
Foreign exchange gain/(loss)		0.2	(0.6)
Loss before tax		(61.9)	(97.4)
Taxation	10	11.6	3.8
Loss for the year attributable to equity shareholders		(50.3)	(93.6)
Basic and diluted earnings per share	5/24	(12.6)p	(23.6)p

The notes are an integral part of these Group financial statements.

1 During the year, we conducted a review of staffing and financial structuring. This resulted in non-recurring costs including redundancy costs being incurred.

Group statement of comprehensive income

for the year ended 31 December 2025

	Notes	2025 £m	2024 £m
Loss for the year		(50.3)	(93.6)
Other comprehensive income/(expense):			
Items that may be reclassified to profit or loss			
Revaluation of property, plant and equipment	26	(1.6)	1.3
Foreign exchange differences	26	25.2	(21.6)
Corporation tax on exchange differences		(0.5)	-
Deferred tax on revaluation of property, plant and equipment	18	0.7	(0.1)
Total items that may be reclassified to profit or loss		23.8	(20.4)
Total other comprehensive income/(expense)		23.8	(20.4)
Total comprehensive expense for the year attributable to equity shareholders		(26.5)	(114.0)

The notes are an integral part of these Group financial statements.

Group balance sheet

at 31 December 2025

	Notes	2025 £m	2024 £m
Non-current assets			
Investment properties	12	1,570.8	1,676.5
Property, plant and equipment	13	40.6	42.5
Intangible assets		2.6	2.7
Equity investments		0.8	0.6
Derivative financial instruments	20	0.5	0.7
		1,615.3	1,723.0
Current assets			
Trade and other receivables	15	10.5	14.2
Current tax		0.5	-

Derivative financial instruments	20	0.1	1.1
Cash and cash equivalents	16	49.4	60.5
		60.5	75.8
Assets held for sale	14	94.9	133.0
Total assets		1,770.7	1,931.8
Current liabilities			
Trade and other payables	17	(57.6)	(65.7)
Current tax		-	(0.9)
Borrowings	19	(198.0)	(372.4)
		(255.6)	(439.0)
Non-current liabilities			
Deferred tax	18	(65.4)	(78.1)
Borrowings	19	(703.9)	(626.8)
Leasehold liabilities		(3.4)	(3.3)
Derivative financial instruments	20	(0.3)	(0.4)
		(773.0)	(708.6)
Total liabilities		(1,028.6)	(1,147.6)
Net assets		742.1	784.2
Equity			
Share capital	23	11.0	11.0
Share premium		83.1	83.1
Other reserves	26	111.0	86.9
Retained earnings		537.0	603.2
Total equity		742.1	784.2

The financial statements of CLS Holdings plc (registered number: 02714781) were approved by the Board of Directors and authorised for issue on 12 March 2026 and were signed on its behalf by:

Mr F Widlund
Chief Executive Officer

Mr H Stokes
Chief Financial Officer

The notes are an integral part of these Group financial statements.

Group statement of changes in equity

for the year ended 31 December 2025

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity £m
	Note 23		Note 26		
Arising in 2025:					
Total comprehensive income/(expense) for the year	-	-	23.8	(50.3)	(26.5)
Share-based payments	-	-	0.3	-	0.3
Dividends to shareholders	-	-	-	(15.9)	(15.9)
Total changes arising in 2025	-	-	24.1	(66.2)	(42.1)
At 1 January 2025	11.0	83.1	86.9	603.2	784.2
At 31 December 2025	11.0	83.1	111.0	537.0	742.1
Arising in 2024:					
Total comprehensive expense for the year	-	-	(20.4)	(93.6)	(114.0)
Share-based payments	-	-	0.6	-	0.6
Dividends to shareholders	-	-	-	(31.6)	(31.6)
Total changes arising in 2024	-	-	(19.8)	(125.2)	(145.0)
At 1 January 2024	11.0	83.1	106.7	728.4	929.2
At 31 December 2024	11.0	83.1	86.9	603.2	784.2

The notes are an integral part of these Group financial statements.

Group statement of cash flows

for the year ended 31 December 2025

	Notes	2025 £m	2024 £m
Cash flows from operating activities			
Cash generated from operations	27	52.6	71.2
Interest received		1.1	1.4
Interest paid		(37.9)	(40.6)
Income tax paid on operating activities		(1.2)	(2.5)
Net cash inflow from operating activities		14.6	29.5
Cash flows from investing activities			
Capital expenditure on investment properties		(17.3)	(22.3)
Proceeds from sale of properties		136.7	63.8
Income tax paid on sale of properties		(4.9)	-
Purchases of property, plant and equipment		(0.1)	(0.2)
Purchase of intangibles		(0.2)	(0.2)
Net cash inflow from investing activities		114.2	41.1
Cash flows from financing activities			
Dividends paid	25	(15.9)	(31.6)
Cash received on settlement of derivative financial instrument		0.1	0.7
Purchase of derivative financial instrument		(0.3)	(1.2)
Proceeds from borrowings		61.2	8.8
Transaction costs related to borrowings		(1.5)	(1.0)
Repayment of borrowings		(186.5)	(55.5)
Net cash outflow from financing activities		(142.9)	(79.8)
Cash flow element of net decrease in cash and cash equivalents		(14.1)	(9.2)
Foreign exchange gain/(loss)		3.0	(0.9)
Net decrease in cash and cash equivalents		(11.1)	(10.1)
Cash and cash equivalents at the beginning of the year		60.5	70.6
Cash and cash equivalents at the end of the year	16	49.4	60.5

The notes are an integral part of these Group financial statements.

Notes to the Group financial statements

for the year ended 31 December 2025

1. General information

CLS Holdings plc (the 'Company' or 'Ultimate Parent') and its subsidiaries (together 'CLS Holdings' or the 'Group') is an investment property group which is principally involved in the investment, management and development of commercial properties. The Group's principal operations are carried out in the United Kingdom, Germany and France.

The Company is an incorporated public limited company and is registered and incorporated in the United Kingdom. Its registration number is 02714781, with its registered address at 16 Tinworth Street, London SE11 5AL. The Company is listed on the London Stock Exchange and domiciled in the United Kingdom.

2. Annual financial report

The financial information set out in this announcement has been prepared in accordance with the requirements of the Companies Act 2006 and United Kingdom adopted International Accounting Standards and International Financial Reporting Standards (IFRSs).

The financial information set out in this announcement does not constitute the Group's financial statements for the year ended 31 December 2025 or 31 December 2024 as defined by Section 434 of the Companies Act 2006. Statutory accounts for 2024 have been delivered to the Registrar of Companies and those for 2025 will be delivered following the Company's Annual General Meeting.

The Group's full financial statements for the year ended 31 December 2025 were approved by the Board of Directors and reported on by the auditors, BDO LLP, on 12 March 2026. The independent auditor's report is unqualified, does not contain statements under section 498 (2) or (3) of the Companies Act 2006, however does include reference to a material uncertainty related to going concern.

The financial statements have been prepared on the historical cost basis, except for the revaluation properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies. The consolidated financial statements, including the results and financial position, are presented in pounds sterling, which is the functional and presentational currency of CLS Holdings plc. The amounts presented in the financial statements are rounded to the nearest £0.1 million.

The annual financial report (produced in accordance with the Disclosure and Transparency Rules) can be found on the Company's website www.clsholdings.com. The 2025 Annual Report and Accounts is expected to be posted to shareholders on 23 March 2026 and will also be available on the Company's website.

3. Going concern

The Company's going concern assessment has been performed as part of the Group's going concern assessment.

Background

CLS' strategy and business model include regular secured loan refinancings, and capital deployment and recycling through acquisitions, capital expenditure and disposals. Over the last thirty years, the Group has successfully navigated several periods of economic uncertainty, including the recent macroeconomic stresses resulting from global conflict, the resulting inflationary pressures and transition to a higher interest rate environment.

The Group continues to have very high levels of rent collection and low bad debts, and has a long-term track record in financing and refinancing debt including £373.7 million completed in the twelve months to 31 December 2025 and a further £38.7 million has been completed or well advanced subsequent to year-end, whereby terms sheets have been obtained or they have reached a first stage credit review.

The Directors note that the group financial statements for the year ended 31 December 2024 contained disclosure of a Material Uncertainty related to going concern due to the timing and amounts of the planned refinancing of debt and disposals of property being outside of Management's control. In this context the Directors set out their considerations and conclusions in respect of going concern for these financial statements below.

Going concern period and basis

The Group's going concern assessment covers the period to 31 July 2027 ("the going concern period"). The period chosen takes into consideration the maturity date of loans totalling £254.2 million that expire by July 2027. The going concern assessment uses the forecast approved by the Board at its November 2025 meeting as the Base case. The assessment also considers a Severe but plausible case. The Directors have also considered the period between the date of Board approval and the date of signing the accounts. Based on a review of events since Board approval in November 2025, the Directors conclude that there have been no significant changes since the forecast was approved.

Forecast cash flows - Base case

The forecast cash flows prepared for the Base case take account of the Group's principal risks and uncertainties and reflect the challenging economic backdrop. The forecast cashflows have been updated using assumptions regarding forecast forward interest curves, inflation and foreign exchange, and include revenue growth, principally from contractual increases in rent, and increasing cost levels in line with forecast inflation.

The Base case is focused on the cash and working capital position of the Group throughout the going concern period. In this regard, the Base case assumes continued access to lending facilities in the UK, Germany and France, and specifically that debt facilities of £254.2 million with 13 lenders expiring within the going concern period will be refinanced or extended as expected (£164.4 million) or will be repaid (£89.8 million), some of which are linked to forecast property disposals. The Board acknowledges that these refinancings are not fully within its control; however, they remain confident that refinancings or extensions of these loans will be executed within the required timeframe, having taken into account:

- existing banking relationships and ongoing discussions with the lenders in relation to these refinancings;
- CLS' track record of prior refinancings, particularly in the 12 months to 31 December 2025 when £373.7 million was successfully repaid, refinanced or extended;
- recent refinancings subsequent to 31 December 2025 that have reached an initial credit committee review stage by lenders, or where term sheets have been obtained, totalling £38.7 million of the £164.4 million noted above; and
- other ongoing discussions with lenders.

The Base case includes property disposals in the going concern period in line with the Group's business model and the forecast cash flows approved by the Board in November 2025. The Board acknowledges that property disposals are not fully within its control; however, they are confident these transactions will be completed within the going concern period, based on their history of achieving disposals (with disposals of £144.2 million achieved in the 12 months to 31 December 2025). The value of the properties available for disposal is in excess of the value of the debt maturing during the going concern period.

The Group's financing arrangements, which utilise ring-fenced property loans, contain Loan to Value ('LTV'), Interest Cover Ratio ('ICR') and Debt Service Coverage Ratio ('DSCR') covenants. In the Base case, minimal cure payments have been forecast given that the Group expects to maintain its compliance with the covenant requirements.

The near-term impacts of climate change risks within the going concern period are expected to be immaterial following an assessment of potential significant inflation resulting from climate change, in the context of increased property and administrative costs, as part of the reverse stress testing performed by CLS. Furthermore, the forecast cash flows prepared for the Base case include all necessary capital expenditure to meet the minimum energy efficiency standards required in the countries where CLS operates.

Forecast cash flows - Severe but plausible case

A Severe but plausible case has been assessed which has been produced by flexing key assumptions further including: lower rents, increased service charges, higher property and administration expenses, falling property values and higher interest rates.

These flexed assumptions are more severe than CLS experienced during the 2007-2009 global financial crisis and other downturns such as that experienced in 2020-2022 during the Covid-19 pandemic. A key assumption in this scenario is a further reduction to the Base case in property values of 10% until July 2027, impacting forecast refinancings, sales and cash cures. This is in addition to the reduction experienced of 3.8% in 2025 and cumulative c. 25.4% decline from 30 June 2022 to 31 December 2025.

Assumptions around refinancing and investment property disposals are adjusted to incorporate the higher interest rates and lower property values noted above. A reduction in property values of 10% results in additional cure payments of £1.1 million being necessary for the Group to remain in compliance with its covenant requirements. Similarly, the assumptions of lower rents and increased expenses result in additional cure payments of £1.6 million.

Due to the severity of the assumptions used in this scenario, which is Severe but plausible and therefore not remote, the liquidity of the Group is exhausted even after putting in place controllable mitigating actions as set out below.

Mitigating actions

In the Severe but plausible case, CLS is assumed to take mitigating actions including depositing cash to cure covenant shortfalls under the facilities' equity-cure provisions, scaling back uncommitted capital expenditure

(specifically where reductions do not affect tenant revenue streams over the going concern period) and reducing the dividend to the Property Income Distribution required under the UK REIT rules as well as drawing the currently available £30.8 million of its existing £80.0 million revolving credit and overdraft facilities. If needed, further disposals could be considered as there are no sale restrictions on CLS' £1.7 billion of properties, albeit the timing and the amount of these potential disposals are not in the Group's control.

Additionally, the Directors note that the loans that require refinancing in the going concern period are all through ring fenced SPV borrower structures. Accordingly, in extremis, the lender could enforce their security on an individual property with no claim on the rest of the Group's assets apart from certain limited guarantees and limited recourse security granted by the Company and certain Group companies.

Material uncertainty related to going concern

As described above, the Group is reliant in the Base case and Severe but plausible case upon its ability to both refinance the debt maturing and to complete a number of investment property disposals in the going concern period in challenging market conditions.

Whilst the Directors remain confident that a combination of sufficient refinancings and property disposals will be achieved, the timing and value of both the planned refinancing of facilities falling due within the going concern period, and planned property disposals, are outside of Management's control and consequently a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

Notwithstanding this material uncertainty on the going concern assumption, given our track-record and reputation, the Directors are confident that the debt falling due for repayment in the going concern period will be refinanced or settled in line with their plans for the reasons set out above, rather than requiring repayment on maturity, or will be extinguished as part of property disposals in the period. In extremis, the loans requiring refinancing are all through ring-fenced SPV structures, save for certain limited guarantees and limited recourse security granted by the Company and certain other Group companies. Therefore, the Directors continue to adopt the going concern basis in preparing these Group financial statements.

The financial statements do not include any adjustments that would be necessary if the Group and the Company were unable to continue as going concerns.

4. Segment information

Each property represents an operating segment which the Group aggregates into two reporting segments with similar characteristics - investment properties and other investments. Other investments comprise the hotel at Spring Mews and other small corporate investments. Central administration relates to the operating costs of the Group's headquarters and are not allocated to any reporting segment. The Group manages the investment properties division on a geographical basis due to its size and geographical diversity. Consequently, the Group's principal reporting segments are:

Investment properties: United Kingdom
Germany
France

Other investments

	2025						Total £m
	Investment properties			Other investments	Central administration		
	United Kingdom £m	Germany £m	France £m				
Year ended 31 December 2025							
Rental income	44.2	38.3	12.3	-	-	94.8	
Other property-related income	7.1	1.1	0.2	6.0	-	14.4	
Service charge income	14.9	10.8	4.8	-	-	30.5	
Revenue	66.2	50.2	17.3	6.0	-	139.7	
Service charges and similar expenses	(18.4)	(14.4)	(5.6)	-	-	(38.4)	
Net rental income	47.8	35.8	11.7	6.0	-	101.3	
Administration expenses	(7.2)	(2.9)	(1.2)	(0.1)	(5.0)	(16.4)	
Other property expenses	(8.0)	(5.3)	(0.3)	(3.7)	-	(17.3)	
Non-recurring items ¹	(0.3)	(0.1)	(0.3)	-	(1.0)	(1.7)	
Revenue less costs	32.3	27.5	9.9	2.2	(6.0)	65.9	
Net revaluation movements on investment property	(35.4)	(33.4)	(10.4)	-	-	(79.2)	
Net revaluation movements on equity investments	-	-	-	0.1	-	0.1	
Loss on sale of investment property	(3.0)	(4.9)	(3.0)	-	-	(10.9)	
Segment operating (loss)/profit	(6.1)	(10.8)	(3.5)	2.3	(6.0)	(24.1)	
Finance income	0.9	-	-	0.2	-	1.1	
Finance costs	(19.9)	(13.5)	(4.5)	(1.2)	-	(39.1)	
Foreign exchange gain	-	-	-	0.2	-	0.2	
Segment (loss)/profit before tax	(25.1)	(24.3)	(8.0)	1.5	(6.0)	(61.9)	

¹ During the year, we conducted a review of staffing and financial structuring. This resulted in non-recurring costs including redundancy costs being incurred.

	2024						Total £m
	Investment properties			Other investments	Central administration		
	United Kingdom £m	Germany £m	France £m				
Year ended 31 December 2024							
Rental income	47.1	40.3	12.8	-	-	100.2	
Other property-related income ¹	13.2	0.3	0.3	6.0	0.1	19.9	

Service charge income	15.8	11.0	5.0	-	-	31.8
Revenue	76.1	51.6	18.1	6.0	0.1	151.9
Service charges and similar expenses	(18.6)	(13.6)	(5.7)	-	-	(37.9)
Net rental income	57.5	38.0	12.4	6.0	0.1	114.0
Administration expenses	(7.4)	(3.2)	(1.4)	(0.1)	(5.6)	(17.7)
Other property expenses	(9.7)	(4.1)	(0.8)	(3.5)	-	(18.1)
Revenue less costs	40.4	30.7	10.2	2.4	(5.5)	78.2
Net revaluation movements on investment property	(73.7)	(41.5)	(12.5)	-	-	(127.7)
Net revaluation movements on equity investments	-	-	-	(0.6)	-	(0.6)
(Loss)/profit on sale of investment property	(1.6)	(0.8)	-	-	0.1	(2.3)
Loss on sale of other equity investments	-	-	-	(0.1)	-	(0.1)
Segment operating (loss)/profit	(34.9)	(11.6)	(2.3)	1.7	(5.4)	(52.5)
Finance income	1.0	-	-	0.4	-	1.4
Finance costs	(26.9)	(14.2)	(4.3)	-	(0.3)	(45.7)
Foreign exchange loss	-	-	-	(0.6)	-	(0.6)
Segment (loss)/profit before tax	(60.8)	(25.8)	(6.6)	1.5	(5.7)	(97.4)

1 Other property-related income includes an amount of £2.9 million in the United Kingdom segment which is the forfeited deposit, net of costs, from the original purchaser upon their failure to complete on the sale of Westminster Tower.

Other segment information

	Assets		Liabilities		Capital expenditure	
	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m
Investment properties						
United Kingdom	688.4	825.1	409.3	510.5	4.8	9.4
Germany	813.0	828.8	457.3	477.4	5.4	8.3
France	230.5	233.2	158.6	158.4	4.1	3.4
Other investments	38.8	44.7	3.4	1.3	-	-
	1,770.7	1,931.8	1,028.6	1,147.6	14.3	21.1

5. Alternative Performance Measures

Alternative Performance Measures ('APMs') should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

Introduction

The Group has applied the October 2015 European Securities and Markets Authority ('ESMA') guidelines on APMs and the October 2021 Financial Reporting Council ('FRC') thematic review of APMs in these financial statements, whilst noting the International Organization of Securities Commissions ('IOSCO') 2016 guidance and ESMA's December 2019 report on the use of APMs. An APM is a financial measure of historical or future financial performance, position or cash flows of the Group which is not a measure defined or specified in IFRS.

Overview of our use of APMs

The Directors believe that APMs assist in providing additional useful information on the underlying trends, performance and position of the Group. APMs assist our stakeholder users of the financial statements, particularly equity and debt investors, through the comparability of information across the European real estate sector. APMs are used by the Directors and management, both internally and externally, for performance analysis, strategic planning, reporting and incentive-setting purposes.

APMs are not defined by IFRS and therefore may not be directly comparable with other companies' APMs, including peers in the real estate industry. There are two sets of APMs which we utilise (European Public Real Estate Association ('EPRA') APMs and similar CLS APMs) which are reconciled where possible to statutory measures on the following pages.

CLS monitors the Group's financial performance using APMs which are EPRA measures as these are a set of standard disclosures for the property industry and thus aid comparability for our stakeholder users. CLS considers the two measures below to be the most relevant as we believe that these will continue to reflect the long-term nature of our property investments most accurately:

- EPRA earnings; and
- EPRA net tangible asset value ('EPRA NTA').

The Group adopted the EPRA Best Practice Recommendations ('BPRs') September 2024 (see <https://www.epra.com/finance/financial-reporting/guidelines> for more details) in the reporting period ended 31 December 2024. This did not have a material impact on the Group's reported EPRA earnings and there was no change to the Group's APMs, with the same APMs utilised by the business being defined, calculated and used on a consistent basis. All other EPRA measures are shown within the supplementary unaudited disclosures to the financial statements.

1. EPRA APMs

	2025 Number	2024 Number
For use in earnings per share calculations		
Weighted average number of ordinary shares in circulation	398,083,875	397,410,268
Diluted number of ordinary shares	404,492,426	402,916,907
For use in net asset per share calculations		
Number of ordinary shares in circulation at 31 December	398,410,740	397,410,268

i) Earnings - EPRA earnings

	Notes	2025 £m	2024 £m
Loss for the year		(50.3)	(93.6)
Non-recurring items ¹		1.7	-
Net revaluation movement on investment property	12/14	79.2	127.7
Deferred tax thereon		(15.9)	(6.6)
Net revaluation movement on equity investments		(0.1)	0.6
Loss on sale of investment property		10.9	2.3
Current tax thereon		3.1	2.1
Movement in fair value of derivative financial instruments	9	1.3	3.4
Loss from sale of equity investments		-	0.1
Amortisation of intangible assets		0.3	0.4
EPRA earnings		30.2	36.4
Basic and diluted loss per share		(12.6)p	(23.6)p
EPRA earnings per share		7.6p	9.2p

¹ During the year, we conducted a review of staffing and financial structuring. This resulted in non-recurring costs including redundancy costs being incurred which are excluded from EPRA earnings as they are unusual in nature and very unlikely to reoccur in the foreseeable future.

ii) Net asset value measures

	2025				2024			
	IFRS NAV £m	EPRA NTA £m	EPRA NRV £m	EPRA NDV £m	IFRS NAV £m	EPRA NTA £m	EPRA NRV £m	EPRA NDV £m
IFRS Net assets	742.1	742.1	742.1	742.1	784.2	784.2	784.2	784.2
Other intangibles	-	(2.6)	-	-	-	(2.7)	-	-
Fair value of fixed interest debt	-	-	-	37.6	-	-	-	50.4
Tax thereon	-	-	-	(1.1)	-	-	-	(1.7)
Deferred tax on revaluation surplus	-	65.8	65.8	-	-	79.8	79.8	-
Adjustment for short-term disposals	-	(5.9)	-	-	-	(5.5)	-	-
Fair value of financial instruments	-	(0.3)	(0.3)	-	-	(1.4)	(1.4)	-
Purchasers' costs¹	-	-	122.6	-	-	-	132.6	-
	742.1	799.1	930.2	778.6	784.2	854.4	995.2	832.9
Per share	186.4p	200.7p	233.7p	195.6p	197.3p	215.0p	250.4p	209.6p

¹ EPRA NTA and EPRA NDV reflect IFRS values which are net of purchasers' costs. Purchasers' costs are added back when calculating EPRA NRV.

6. Loss for the year

Loss for the year has been arrived at after charging/(crediting):

	Notes	2025 £m	2024 £m
Auditor's remuneration: Fees payable to the Company's Auditor for:			
Audit of the Parent Company and Group accounts		0.7	0.7
Audit of the Company's subsidiaries pursuant to legislation		0.1	0.1
Audit overrun fee for prior year ¹		0.1	0.2
Reporting accountant services		0.2	-
Depreciation of property, plant and equipment	13	0.5	0.6
Amortisation of intangible assets		0.3	0.4
Employee benefits expense	7	10.5	11.6
Foreign exchange (gain)/loss		(0.2)	0.6
Provision against trade and other receivables	15	0.8	0.1

¹ The fee in 2024 represents fees paid to the previous auditor for overruns relating to the 2023 audit.

7. Employee benefits expense

	2025 £m	2024 £m
Wages and salaries	7.5	7.4
Social security costs	1.0	1.4
Pension costs - defined contribution plans	0.3	0.4
Performance incentive plan	0.4	0.8
Other employee-related expenses	1.3	1.6
	10.5	11.6

The Directors are considered to be the only key management of the Group. Information on Directors' emoluments, share options and interests in the Company's shares is given in the Remuneration Committee Report.

The monthly average number of employees of the Group in continuing operations, including Executive Directors, was as follows:

	2025			2024		
	Property Number	Hotel Number	Total Number	Property Number	Hotel Number	Total Number
Male	48	9	57	53	11	64
Female	47	9	56	49	10	59
	95	18	113	102	21	123

8. Finance income

	2025 £m	2024 £m
Interest income on bank deposits	1.1	1.4
	1.1	1.4

9. Finance costs

	2025 £m	2024 £m
Interest expense		
Secured bank loans and facilities	36.3	40.6
Amortisation of loan issue costs	1.5	1.7
Total interest costs	37.8	42.3
Movement in fair value of derivative financial instruments	1.3	3.4
Total finance costs	39.1	45.7

10. Taxation

	2025 £m	2024 £m
Corporation tax		
Current year charge	5.0	3.0
Adjustments in respect of prior years	(0.8)	0.1
	4.2	3.1
Deferred tax (see note 18)		
Origination and reversal of temporary differences	(15.8)	(6.9)
	(15.8)	(6.9)
Tax credit for the year	(11.6)	(3.8)

A deferred tax credit of £0.7 million (2024: £0.1 million charge) and a current tax charge of £0.5 million (2024: £nil) were recognised directly in Other Comprehensive Income (note 18). The (credit)/charge for the year differs from the theoretical amount which would arise using the weighted average tax rate applicable to profits of Group companies as follows:

	2025 £m	2024 £m
Loss before tax	(61.9)	(97.4)
Expected tax credit at applicable tax rate	(12.5)	(21.2)
Expenses not deductible for tax purposes	0.7	0.3
Non-deductible loss from REIT	5.1	13.4
Deferred tax on losses not recognised	2.2	3.8
Adjustments in respect of prior years	(0.6)	0.2
Reduction in overseas tax rate	(6.7)	-
Other	0.2	(0.3)
Tax credit for the year	(11.6)	(3.8)

The weighted average applicable tax rate of 20.2% (2024: 21.8%) was derived by applying to their relevant profits and losses the rates in the jurisdictions in which the Group operated. The standard UK rate of corporation tax applied to profits is 25.0% (2024: 25.0%). The Germany corporate income tax rate will be gradually reduced by one percent per year over five years from 2028 to 2032. The effect of which was a reduction of the tax charge in 2025 of £6.7 million.

11. Property portfolio

	Notes	United Kingdom £m	Germany £m	France £m	Total £m
Investment property	12	635.4	711.8	223.6	1,570.8
Property held as property, plant and equipment ¹	13	35.7	1.7	1.7	39.1
Properties held for sale	14	6.3	88.6	-	94.9
Property portfolio at 31 December 2025		677.4	802.1	225.3	1,704.8

	Notes	United Kingdom £m	Germany £m	France £m	Total £m
Investment property	12	657.0	793.6	225.9	1,676.5
Property held as property, plant and equipment ¹	13	37.5	1.6	1.6	40.7
Properties held for sale	14	112.5	20.5	-	133.0
Property portfolio at 31 December 2024		807.0	815.7	227.5	1,850.2

1 The total balance excludes fixtures and fittings of £1.5 million (2024: £1.8 million) as shown in note 13.

12. Investment property

	United Kingdom £m	Germany £m	France £m	Total investment properties £m
At 1 January 2025	657.0	793.6	225.9	1,676.5
Capital expenditure	4.8	5.4	4.1	14.3
Disposals	-	(18.3)	(7.9)	(26.2)
Net revaluation movement	(35.4)	(33.4)	(10.4)	(79.2)
Lease incentive adjustments	4.5	11.4	-	15.9
Exchange rate variances	-	41.7	11.9	53.6
Transfer from/(to) properties held for sale	4.5	(88.6)	-	(84.1)
At 31 December 2025	635.4	711.8	223.6	1,570.8

	United Kingdom £m	Germany £m	France £m	Total investment properties £m
At 1 January 2024	836.3	768.2	246.0	1,850.5
Capital expenditure	9.4	8.3	3.4	21.1
Disposals	(8.2)	-	-	(8.2)
Net revaluation movement	(73.7)	(41.5)	(12.5)	(127.7)
Lease incentive adjustments	(0.8)	11.2	-	10.4
Exchange rate variances	-	(36.8)	(11.0)	(47.8)
Reclassification to property, plant and equipment	-	(0.1)	-	(0.1)
Transfer (to)/from properties held for sale	(106.0)	84.3	-	(21.7)
At 31 December 2024	657.0	793.6	225.9	1,676.5

Investment properties included leasehold properties with a carrying amount of £61.9 million (2024: £62.4 million).

Interest capitalised within capital expenditure in the year amounted to £0.2 million (2024: £nil).

The property portfolio, which comprises investment properties, properties held for sale (note 14), and hotel and other, detailed in note 13, was revalued at 31 December 2025 to its fair value. Valuations were based on current prices in an active market for all properties. The property valuations were carried out by independent external valuers and directors as follows:

	Investment property 2025 £m	Other property 2025 £m	Property portfolio 2025 £m	Investment property 2024 £m	Other property 2024 £m	Property portfolio 2024 £m
Cushman and Wakefield	635.4	42.0	677.4	657.0	150.0	807.0
Jones Lang LaSalle	935.4	3.4	938.8	1,019.5	23.7	1,043.2
Directors' valuation ¹	-	88.6	88.6	-	-	-
	1,570.8	134.0	1,704.8	1,676.5	173.7	1,850.2

1 The Directors' valuation includes four properties in Germany which have been classified as held for sale. The value has been determined with reference to the third party letters of intent to purchase the properties. Refer to note 14 for further details.

The total fees, including the fees for this assignment, earned by each of the valuers from the Group is less than 5% of their total revenues in each jurisdiction.

Valuation process

The Group's property portfolio, other than four properties categorised as held for sale, was valued by independent external valuers on the basis of fair value using information provided to them by the Group such as current rents, terms and conditions of lease agreements, service charges and capital expenditure. This information is derived from the Group's property management systems and is subject to the Group's overall control environment. The valuation reports are based on assumptions and valuation models used by the external valuers. The assumptions are typically market related, such as yields and discount rates, and are based on professional judgement and market evidence of transactions for similar properties on arm's length terms. The valuations are prepared in accordance with RICS Valuation - Global standards.

Each Country Head, who reports to the Chief Executive Officer, verifies all major inputs to the external valuation reports, assesses the individual property valuation changes from the prior year valuation report and holds discussions with the external valuers. When the process is complete, the valuation report is recommended to the Audit Committee and the Board, which considers it as part of its overall responsibilities.

Valuation techniques

The fair value of the property portfolio (excluding ongoing developments, see below) has been determined using the

following approaches, which are consistent with valuation methodologies in their respective countries, and are in accordance with RICS Valuation - Global Standards:

United Kingdom an income capitalisation approach whereby contracted and market rental values are capitalised with a market capitalisation rate

Germany a 10 year discounted cash flow model with an assumed exit thereafter

France both the market capitalisation approach and a 10 year discounted cash flow approach

The resulting valuations are cross-checked against the equivalent yields and the fair market values per square foot derived from comparable recent market transactions on arm's length terms. Other factors taken into account in the valuations include the tenure of the property, tenancy details, and ground and structural conditions.

Ongoing developments are valued under the 'residual method' of valuation, which is the same method as the income capitalisation approach to valuation described above, with a deduction for all costs necessary to complete the development, including a notional finance cost, together with a further allowance for remaining risk. As the development approaches completion, the valuer may consider the income capitalisation approach to be more appropriate.

All valuations have considered the environmental, social and governance credentials of the properties and the potential cost of improving them to local regulatory standards along with the broader potential impact of climate change.

These techniques are consistent with the principles in IFRS 13 Fair Value Measurement and use significant unobservable inputs such that the fair value measurement of each property within the portfolio has been classified as Level 3 in the fair value hierarchy.

There were no transfers between any of the Levels in the fair value hierarchy during either 2025 or 2024. The Group determines whether transfers have occurred between levels in the fair value hierarchy by reassessing categorisation at the end of each reporting period.

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to a loss of £79.2 million (2024: a loss of £127.7 million) and are presented in the income statement in the line item 'Net revaluation movements on investment property'. The revaluation loss for the property, plant and equipment of £1.6 million (2024: gain of £1.3 million) was included within the revaluation reserve via other comprehensive income.

All gains and losses recorded in profit or loss in 2025 and 2024 or recurring fair value measurements categorised within Level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property held at 31 December 2025 and 31 December 2024, respectively.

Quantitative information about investment property fair value measurement using unobservable inputs (Level 3)

	ERV				Equivalent yield			
	Average		Range		Average		Range	
	2025 £ per sq. ft	2024 £ per sq. ft	2025 £ per sq. ft	2024 £ per sq. ft	2025 %	2024 %	2025 %	2024 %
UK	37.99	38.08	10.00-56.55	10.00-56.41	7.56	7.39	6.16-10.05	6.21-10.03
Germany	14.28	13.41	9.72-29.07	9.19-27.59	5.32	5.23	4.40-6.55	4.30-6.40
France	23.47	21.42	13.06-47.73	12.40-45.25	6.21	6.13	4.80-8.00	4.82-7.50

Sensitivity of measurement to variations in the significant unobservable inputs

All other factors remaining constant, an increase in estimated rental value 'ERV' would increase valuations, whilst an increase in the equivalent yield would result in a fall in value, and vice versa. There are inter-relationships between these inputs as they are partially determined by market conditions. An increase in the reversionary yield may accompany an increase in ERV and would mitigate its impact on the fair value measurement.

A decrease in the equivalent yield by 25 basis points would result in an increase in the fair value of the Group's investment property by £69.0 million (2024: £79.3 million) whilst a 25 basis point increase would reduce the fair value by £68.3 million (2024: £79.2 million). A decrease in the ERV by 5% would result in a decrease in the fair value of the Group's investment property by £64.5 million (2024: £70.7 million) whilst an increase in the ERV by 5% would result in an increase in the fair value of the Group's investment property by £59.4 million (2024: £64.4 million).

Where the Group leases out its investment property under operating leases the duration is typically three years or more. No material variable contingent rents have been recognised in the current or prior year.

13. Property, plant and equipment

	Hotel £m	Owner- occupied property £m	Fixtures and fittings £m	Total £m
Cost or valuation				
At 1 January 2024	30.2	9.5	3.9	43.6
Additions	-	-	0.2	0.2
Disposals	-	-	(0.1)	(0.1)
Reclassification from investment properties	-	0.1	-	0.1
Revaluation	1.2	(0.1)	-	1.1
Exchange rate variances	-	(0.2)	-	(0.2)
At 31 December 2024	31.4	9.3	4.0	44.7
Additions	-	-	0.1	0.1
Disposals	-	-	(0.1)	(0.1)
Revaluation	(2.1)	0.3	-	(1.8)
Exchange rate variances	-	0.2	-	0.2
At 31 December 2025	29.3	9.8	4.0	43.1

Comprising:

Comprising.				
At cost	-	-	4.0	4.0
At valuation	29.3	9.8	-	39.1
	29.3	9.8	4.0	43.1
Accumulated depreciation and impairment				
At 1 January 2024	-	-	(1.8)	(1.8)
Depreciation charge	(0.1)	(0.1)	(0.4)	(0.6)
Revaluation	0.1	0.1	-	0.2
At 31 December 2024	-	-	(2.2)	(2.2)
Depreciation charge	(0.1)	(0.1)	(0.3)	(0.5)
Revaluation	0.1	0.1	-	0.2
At 31 December 2025	-	-	(2.5)	(2.5)
Net book value				
At 31 December 2025¹	29.3	9.8	1.5	40.6
At 31 December 2024	31.4	9.3	1.8	42.5

1 If the assets were held at cost, the carrying amount at 31 December 2025 would be £20.2 million for Hotel and £6.8 million for Owner-occupied property.

Valuation techniques

The fair value of the hotel and owner-occupied property has been determined using the following approach in accordance with International Valuation Standards:

Hotel	a 10-year discounted cash flow model with an assumed exit thereafter. The projected EBITDA in the 11th year is capitalised at a market yield before being brought back to present day values
Owner-occupied property	an income capitalisation approach whereby contracted and market rental values are capitalised with a market capitalisation rate

This technique is consistent with the principles in IFRS 13 Fair Value Measurement and uses significant unobservable inputs such that the fair value measurement of the hotel within the portfolio has been classified as Level 3 in the fair value hierarchy.

Sensitivity of measurement to variations in the significant unobservable inputs

All other factors remaining constant, an increase in EBITDA would increase the valuation, whilst an increase in exit capitalised yield would result in a fall in value, and vice versa. A decrease in the exit capitalisation yield by 100 basis points would result in an increase in the fair value of the hotel by £5.0 million, whilst a 100 basis point increase would reduce the fair value by £3.7 million. A decrease in EBITDA by 5% would result in a decrease in the fair value of the hotel by £1.5 million whilst an increase in the EBITDA by 5% would result in an increase in the fair value of the hotel by £1.5 million.

14. Assets held for sale

	2025				2024			
	UK £m	Germany £m	France £m	Total £m	UK £m	Germany £m	France £m	Total £m
At 1 January	112.5	20.5	-	133.0	47.3	115.6	9.8	172.7
Disposals	(101.7)	(20.5)	-	(122.2)	(40.8)	(8.3)	(9.8)	(58.9)
Transfer (to)/from investment property	(4.5)	88.6 ¹	-	84.1	106.0	(84.3)	-	21.7
Exchange rate variances	-	-	-	-	-	(2.5)	-	(2.5)
At 31 December	6.3	88.6	-	94.9	112.5	20.5	-	133.0

1 A Directors' valuation of four properties in Germany classified as held for sale has been adopted. The valuation reflects letters of intent to purchase these properties by third parties. The Directors believe this is the best indication of fair value as it is representative of an arm's length transaction.

The balance above comprises six properties (2024: four properties) that at the year-end were being marketed for sale and are expected to be disposed of within 12 months via an open market process. The properties are situated in the UK and Germany. The Directors expect that the sale proceeds achieved to be similar to their carrying amounts.

One property classified as held for sale at 31 December 2024 was transferred back into investment property during the period. Despite the Directors determining this property met the criteria of held for sale as at 31 December 2024, a suitable purchaser was not identified for this property and it is no longer classified as held for sale, as it is not being actively marketed at 31 December 2025. As held for sale properties are held at fair value, the change in classification has no material impact on the financial statements.

15. Trade and other receivables

	2025 £m	2024 £m
Current		
Trade receivables	2.6	4.2
Other receivables	5.0	5.3
Prepayments	0.8	2.7
Accrued income	2.1	2.0
	10.5	14.2

Trade receivables are shown after deducting a provision of £2.1 million (2024: £1.7 million) which is calculated as an expected credit loss. The movements in this provision were as follows:

	2025 £m	2024 £m
At 1 January	1.7	1.9
Debt write-offs	(0.2)	(0.3)
Charge to the income statement	0.8	0.1

Exchange rate variances	(0.2)	-
At 31 December	2.1	1.7

The Group uses a provision matrix to calculate the expected credit loss for trade receivables. The provision rates are based on the Group's historical observed aging of debt and the probability of default. At every reporting date, the provision rates are updated to incorporate the previous 12 months' data and forward-looking information such as actual and potential impacts of political and economic uncertainty, if applicable. In addition, on a tenant-by-tenant basis, the Group takes into account any recent payment behaviours and future expectations of likely default events. Specific provisions are made in excess of the expected credit loss where information is available to suggest a higher provision is required, for example individual customer credit ratings, actual or expected insolvency filings or company voluntary arrangements, likely deferrals of payments due, agreed rent concessions and market expectations and trends in the wider macro-economic environment in which our customers operate.

The Directors consider that the carrying amount of trade and other receivables is approximate to their fair value. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers who are paying their rent in advance. Further details about the Group's credit risk management practices are disclosed in note 21.

16. Cash and cash equivalents

	2025 £m	2024 £m
Cash at bank	49.4	60.5

At 31 December 2025, cash at bank included £39.2 million (2024: £41.4 million) which was restricted by a third-party charge. £10.1 million of the restricted cash related to tenant deposits (2024: £10.1 million).

17. Trade and other payables

	2025 £m	2024 £m
Current		
Trade payables	3.1	5.2
Social security and other taxes	1.7	1.7
Tenant deposits	10.1	10.1
Other payables	7.1	4.6
Deferred income	12.7	14.5
Accruals	22.9	29.6
	57.6	65.7

18. Deferred tax

	Liabilities				Assets				Total deferred tax £m
	UK capital allowances £m	Fair value adjustments to properties £m	Other £m	Total £m	UK capital allowances £m	Losses £m	Other £m	Total £m	
At 1 January 2024	0.7	89.9	1.5	92.1	-	(3.3)	(0.1)	(3.4)	88.7
Charged/(credited):									
to income statement	0.2	(7.6)	(0.2)	(7.6)	-	1.0	(0.3)	0.7	(6.9)
to OCI ¹	-	0.1	-	0.1	-	-	-	-	0.1
Exchange rate variances	-	(3.8)	-	(3.8)	-	-	-	-	(3.8)
At 31 December 2024	0.9	78.6	1.3	80.8	-	(2.3)	(0.4)	(2.7)	78.1
Charged/(credited):									
to income statement	0.2	(16.0)	(0.3)	(16.1)	-	0.3	-	0.3	(15.8)
to OCI ¹	-	(0.7)	-	(0.7)	-	-	-	-	(0.7)
Exchange rate variances	-	3.8	-	3.8	-	-	-	-	3.8
At 31 December 2025	1.1	65.7	1.0	67.8	-	(2.0)	(0.4)	(2.4)	65.4

¹ Other Comprehensive Income.

Deferred tax has been calculated based on local rates applicable under local legislation substantively enacted at the balance sheet date.

Deferred tax assets are recognised in respect of tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. At 31 December 2025 the Group offset tax losses valued at the applicable local tax rate of £11.0 million (2024: £13.3 million) against the deferred tax liability arising on the fair value adjustments to properties. At 31 December 2025 the Group did not recognise deferred tax assets of £13.8 million (2024: £13.6 million) in respect of losses amounting to £93.3 million (2024: £78.8 million) which may be carried forward and utilised against future taxable income or gains. There is no expiry period for the carried forward tax losses.

19. Borrowings

	At 31 December 2025			At 31 December 2024		
	Current £m	Non-current borrowings £m	Total £m	Current £m	Non-current borrowings £m	Total £m
Secured bank loans and facilities	198.0	703.9	901.9	372.4	626.8	999.2

Issue costs of £3.9 million (2024: £4.3 million) have been offset in arriving at the balances in the above tables.

Secured bank loans

Interest on bank loans is charged at fixed rates ranging between 0.9% and 5.1% including margin (2024: 0.8% and 5.6%) and at floating rates of typically SONIA or EURIBOR plus a margin. Floating rate margins range between 1.0% and 2.8% (2024: 1.1% and 2.8%). The bank loans are secured by legal charges over £1,640.4 million (2024: £1,808.9 million) of the Group's properties, and in most cases a floating charge over the remainder of the assets held in the company which owns the property. In addition, the share capital of some of the subsidiaries within the Group has been charged.

Secured green loans

The Group's debt portfolio includes two sustainability linked loans:

- £146.1 million maturing between 2030 and 2032
- £57.5 million maturing in 2033.

These loans have a basis point margin incentive for meeting annual sustainability targets which align with our Net Zero Carbon Pathway for the properties which are securing them. The targets have been independently verified to be aligned with the Loan Market Association (LMA) Sustainability-Linked loan principles. The targets set for any given year are based on actual ESG data/milestones achieved in the prior year. The reduction in interest rate margin is not considered to be a substantial modification of the loan terms.

Capitalised interest

Interest capitalised within investment property capital expenditure during the year was £0.2 million (2024: £nil).

The Group has complied with all externally imposed capital requirements to which it was subject.

The maturity profile of the carrying amount of the Group's borrowings was as follows:

At 31 December 2025	Secured bank loans £m
Maturing in:	
Within one year or on demand	199.3
One to two years	136.0
Two to five years	386.7
More than five years	183.8
	905.8
Unamortised issue costs	(3.9)
Borrowings	901.9
Due within one year	198.0
Due after one year	703.9

As at 1 January 2025, the Group outstanding borrowings due within the year of £373.7 million which consisted of £364.1 million of loans maturing in 2025 and £9.6 million of scheduled loan amortisation payments. These amounts have been fully refinanced, extended or repaid in 2025.

At 31 December 2024	Secured bank loans £m
Maturing in:	
Within one year or on demand	373.7
One to two years	98.9
Two to five years	326.8
More than five years	204.1
	1,003.5
Unamortised issue costs	(4.3)
Borrowings	999.2
Due within one year	372.4
Due after one year	626.8

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	At 31 December 2025			At 31 December 2024		
	Sterling £m	Euro £m	Total £m	Sterling £m	Euro £m	Total £m
Fixed rate financial liabilities	203.6	396.5	600.1	236.1	439.6	675.7
Floating rate financial liabilities - swaps	-	25.4	25.4	107.7	16.1	123.8
Total fixed rate	203.6	421.9	625.5	343.8	455.7	799.5
Floating rate financial liabilities - capped	-	61.9	61.9	-	37.8	37.8
Floating rate financial liabilities	174.1	44.3	218.4	131.1	35.1	166.2
Total floating rate	174.1	106.2	280.3	131.1	72.9	204.0
	377.7	528.1	905.8	474.9	528.6	1,003.5
Unamortised issue costs	(1.9)	(2.0)	(3.9)	(2.4)	(1.9)	(4.3)
Borrowings	375.8	526.1	901.9	472.5	526.7	999.2

Borrowings	313.0	320.1	301.9	412.0	320.1	339.2
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Of the Group's total borrowings, 69% (2024: 80%) are considered fixed rate borrowings.

At 31 December 2025, the Group had interest rate swap agreements in place with an aggregate notional amount of £25.4 million (2024: £123.8 million) whereby the Group pays an average fixed rate of interest of 2.7% and receives interest at a daily variable rate. The swap is being used to hedge the exposure to changes in the variable rate of Sterling and Euro denominated loans.

The interest rate risk profile of the Group's borrowings was as follows:

	Weighted average interest rate ¹			Weighted average life		
	Sterling %	Euro %	Total %	Sterling Years	Euro Years	Total Years
At 31 December 2025						
Fixed rate financial liabilities	2.6	3.4	3.1	6.2	2.4	3.7
Floating rate financial liabilities - swaps	-	4.8	4.8	-	7.2	7.2
	2.6	3.4	3.2	6.2	2.7	3.8
Floating rate financial liabilities - capped	-	3.1	3.1	-	4.3	4.3
Floating rate financial liabilities	6.6	3.5	5.9	2.7	2.6	2.7
	6.6	3.2	5.3	2.7	3.6	3.0
Gross borrowings	4.4	3.4	3.8	4.6	2.9	3.6

	Weighted average interest rate ¹			Weighted average life		
	Sterling %	Euro %	Total %	Sterling Years	Euro Years	Total Years
At 31 December 2024						
Fixed rate financial liabilities	2.7	3.0	2.9	6.4	2.5	3.8
Floating rate financial liabilities - swaps	5.4	4.9	5.3	0.5	4.5	1.1
	3.5	3.1	3.3	4.5	2.5	3.4
Floating rate financial liabilities - capped	-	2.6	2.6	-	2.8	2.8
Floating rate financial liabilities	7.1	4.4	6.5	0.9	7.1	2.2
	7.1	3.4	5.8	0.9	4.9	2.3
Gross borrowings	4.5	3.1	3.8	3.5	2.9	3.2

¹ The weighted average interest rates are based on the nominal value of the debt facilities.

The carrying amounts and fair values of the Group's borrowings are as follows:

	Carrying amounts		Fair values	
	2025 £m	2024 £m	2025 £m	2024 £m
Current borrowings	198.0	372.4	198.0	372.4
Non-current borrowings	703.9	626.8	705.3	629.8
	901.9	999.2	903.3	1,002.2

The valuation methods used to measure the fair values of the Group's fixed rate borrowings were derived from inputs which were either observable as prices or derived from prices taken from Bloomberg (Level 2).

The Group had the following committed facilities available at 31 December:

	2025 £m	2024 £m
Floating rate:		
- expiring within one year ¹	70.0	20.0
- expiring after one year ²	-	30.0
	70.0	50.0

¹ £30.0 million of the facility expiring within one year and available as at 31 December 2025 was secured by selected UK properties.

² £30.0 million of the facility expiring after one year and available as at 31 December 2024 was secured by selected UK properties.

As at 31 December 2025, amounts drawn under the facilities above were £42.0 million (2024: £nil). In addition to the above committed facilities, at 31 December 2025, the Group has a £10.0 million unsecured overdraft facility available (2024: £10.0 million).

Contractual undiscounted cash outflows

The tables below show the contractual undiscounted cash outflows arising from the Group's gross debt.

	Less than 1 year £m	1 to 2 years £m	2 to 3 years £m	3 to 4 years £m	4 to 5 years £m	Over 5 years £m	Total £m
At 31 December 2025							
Secured bank loans	199.3	136.0	125.4	81.6	179.7	183.8	905.8
Interest payments on borrowings ¹	30.5	23.2	19.0	15.9	12.1	11.4	112.1
Effect of interest rate swaps	0.1	0.1	0.1	-	-	-	0.3
Effect of interest rate caps	(0.2)	(0.1)	-	(0.1)	(0.1)	-	(0.5)
Gross loan commitments	229.7	159.2	144.5	97.4	191.7	195.2	1,017.7

At 31 December 2024	Less than 1 year £m	1 to 2 years £m	2 to 3 years £m	3 to 4 years £m	4 to 5 years £m	Over 5 years £m	Total £m
Secured bank loans	373.7	98.9	125.8	115.6	85.4	204.1	1,003.5
Interest payments on borrowings ¹	36.0	17.7	14.8	11.1	8.2	13.8	101.6
Effect of interest rate swaps	(1.3)	0.1	0.1	0.1	-	-	(1.0)
Effect of interest rate caps	(0.4)	(0.2)	(0.1)	-	-	-	(0.7)
Gross loan commitments	408.0	116.5	140.6	126.8	93.6	217.9	1,103.4

¹ Interest payments on borrowings are calculated without taking into account future events. Floating rate interest is estimated using a future interest rate curve as at 31 December.

20. Derivative financial instruments

	2025 Assets £m	2025 Liabilities £m	2024 Assets £m	2024 Liabilities £m
Non-current:				
Interest rate caps and swaps	0.5	(0.3)	0.7	(0.4)
Current:				
Interest rate caps and swaps	0.1	-	1.1	-
	0.6	(0.3)	1.8	(0.4)

The valuation methods used to measure the fair value of all derivative financial instruments were derived from inputs which were either observable as prices or derived from prices (Level 2).

There were no derivative financial instruments accounted for as hedging instruments.

Interest rate caps

The aggregate notional principal of interest rate caps at 31 December 2025 was £66.7 million (2024: £37.8 million). The average period to maturity of these interest rate caps was 3.7 years (2024: 1.7 years).

Interest rate swaps

The aggregate notional principal of interest rate swap contracts at 31 December 2025 was £25.4 million (2024: £123.8 million). The average period to maturity of these interest rate swaps was 3.8 years (2024: 2.5 years).

Forward foreign exchange contracts

The Group uses forward foreign exchange contracts from time to time to add certainty to, and to minimise the impact of foreign exchange movements on, committed cash flows. At 31 December 2025, the Group had no outstanding foreign exchange contracts (2024: none).

Derivative financial instruments cash flows

The following table provides an analysis of the anticipated contractual cash flows for the derivative financial instruments using undiscounted cash flows. These amounts represent the gross cash flows of the derivative financial instruments and are settled as either a net payment or receipt.

	2025 Assets £m	2025 Liabilities £m	2024 Assets £m	2024 Liabilities £m
Maturing in:				
Less than 1 year	0.2	(0.2)	1.8	-
1 to 2 years	0.2	(0.1)	0.2	(0.1)
2 to 3 years	-	(0.1)	0.1	(0.1)
3 to 4 years	0.1	-	-	(0.1)
4 to 5 years	0.1	-	-	(0.1)
Over 5 years	-	-	-	-
	0.6	(0.4)	2.1	(0.4)

21. Financial instruments

Categories of financial instruments

Financial assets of the Group comprise: interest rate caps; foreign currency forward contracts; financial assets at fair value through other comprehensive income or fair value through profit and loss; trade and other receivables; and cash and cash equivalents.

Financial liabilities of the Group comprise: interest rate swaps; forward foreign currency contracts; bank loans; secured notes; and trade and other payables.

The fair values of financial assets and liabilities are determined as follows:

- Interest rate swaps and caps are measured at the present value of future cash flows based on applicable yield curves derived from quoted interest rates;
- Foreign currency options and forward contracts are measured using quoted forward exchange rates discounted to their present value based on applicable yield curves derived from quoted interest rates;
- The fair values of non-derivative financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices. Financial assets in this category include financial assets at fair value through other comprehensive income or fair value through profit and loss such as equity investments;

as equity investments;

- (d) In more illiquid conditions, non-derivative financial assets are valued using multiple quotes obtained from market makers and from pricing specialists. Where the spread of prices is tightly clustered the consensus price is deemed to be fair value. Where prices become more dispersed or there is a lack of available quoted data, further procedures are undertaken such as evidence from the last non-forced trade; and
- (e) The fair values of other non-derivative financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis, using prices from observable current market transactions and dealer quotes for similar instruments.

Except for fixed rate loans, the carrying amounts of financial assets and liabilities recorded at amortised cost approximate to their fair value.

Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of debt and equity balances. The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to the owners of the parent, comprising issued capital, reserves and retained earnings. Management perform 'stress tests' of the Group's business model to ensure that the Group's objectives can be met and these objectives were met during 2025 and 2024.

The Directors review the capital structure on a quarterly basis to ensure that key strategic goals are being achieved. As part of this review they consider the cost of capital and the risks associated with each class of capital.

The gearing ratio at the year-end was as follows:

	Notes	2025 £m	2024 £m
Debt	19	905.8	1,003.5
Cash and cash equivalents	16	(49.4)	(60.5)
Net debt (A)		856.4	943.0
Equity (B)		742.1	784.2
Net debt to equity ratio (A/B)		115.4%	120.2%

Debt is defined as long-term and short-term borrowings before unamortised issue costs as detailed in note 19. Cash and cash equivalents includes restricted cash (see note 16). Equity includes all capital and reserves of the Group attributable to the owners of the Company.

Externally imposed capital requirement

The Group was subject to externally imposed capital requirements to the extent that debt covenants may require Group companies to maintain ratios such as debt to equity (or similar) below certain levels.

Risk management objectives

The Group's activities expose it to a variety of financial risks, which can be grouped as:

- market risk;
- credit risk; and
- liquidity risk.

The Group's overall risk management approach seeks to minimise potential adverse effects on the Group's financial performance whilst maintaining flexibility.

Risk management is carried out by the Group's treasury department in close co-operation with the Group's operating units and with guidance from the Board of Directors. The Board regularly assesses and reviews the financial risks and exposures of the Group.

(a) Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates and foreign currency exchange rates, and to a lesser extent other price risk such as inflation. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk and also uses natural hedging strategies such as matching the duration, interest payments and currency of assets and liabilities. There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

(l) Interest rate risk

The Group's most significant interest rate risk arises from its long-term variable rate borrowings. Interest rate risk is regularly monitored by the treasury department and by the Board on both a country and a Group basis. The Board's policy is to mitigate variable interest rate exposure whilst maintaining the flexibility to borrow at the best rates and with consideration to potential penalties on termination of fixed rate loans. To manage its exposure the Group uses interest rate swaps, interest rate caps and natural hedging from cash held on deposit.

In assessing risk, a range of scenarios is taken into consideration such as refinancing, renewal of existing positions, and alternative financing and hedging. Under these scenarios, the Group calculates the impact on the income statement for a defined movement in the underlying interest rate. The impact of a reasonably likely movement in interest rates, based on historic trends, is set out below:

Scenario	2025 Income statement & equity £m	2024 Income statement & equity £m
Cash +50 basis points	0.2	0.3

Variable borrowings (including swaps and caps) +50 basis points	(2.1)	(1.8)
Cash -50 basis points	(0.2)	(0.3)
Variable borrowings (including swaps and caps) -50 basis points	1.4	1.0

An increase or decrease of 100 basis points on the cash balance would result in a gain/(loss) of £0.5 million/(£0.5 million) from cash and cash equivalents. An increase of 100 basis points on variable borrowings would result in a loss of £1.8 million and a decrease of 100 basis points on variable borrowings would result in a gain of £2.8 million.

(II) Foreign exchange risk

The Group does not have any regular transactional foreign exchange exposure. However, it has operations in Europe which transact business denominated in Euros and, to a minimal extent, in Swedish krona. Consequently, there is currency exposure caused by translating into Sterling the local trading performance and net assets for each financial period and balance sheet, respectively.

The policy of the Group is to match the currency of investments with the related borrowing, which reduces foreign exchange risk on property investments. A portion of the remaining operations, equating to the net assets of the foreign property operations, is not hedged except in exceptional circumstances. Where foreign exchange risk arises from future commercial transactions, the Group will hedge the future committed commercial transaction using foreign exchange swaps or forward foreign exchange contracts.

The Group's principal currency exposure is in respect of the Euro. If the value of Sterling were to increase or decrease in strength, the Group's net assets and profit for the year would be affected. The impact of a reasonably likely movement in exchange rates is set out below:

Scenario	2025 Net assets £m	2025 Profit before tax £m	2024 Net assets £m	2024 Profit before tax £m
1% increase in value of Sterling against the Euro	(3.7)	0.3	(3.9)	0.2
1% fall in value of Sterling against the Euro	3.8	(0.4)	4.0	(0.2)

A 10% increase in the value of the Sterling against the Euro would result in a decrease in net assets of £33.9 million and reduction of profit before tax of £3.2 million. A 10% decrease in the value of the Sterling against the Euro would result in an increase in net assets of £41.4 million and an increase of profit before tax of £3.9 million. The sensitivity disclosed related to the foreign operations, as the sensitivity related to financial instruments is not considered significant.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from the ability of customers to meet outstanding receivables and future lease commitments, and from financial institutions with which the Group places cash and cash equivalents, and enters into derivative financial instruments. The maximum exposure to credit risk is partly represented by the carrying amounts of the financial assets which are carried in the balance sheet, including derivatives with positive fair values.

For credit exposure other than to occupiers, the Directors believe that counterparty risk is minimised to the fullest extent possible as the Group has policies which limit the amount of credit exposure to any individual financial institution.

The Group has policies in place to ensure that rental contracts are made with customers with an appropriate credit history. Credit risk to customers is assessed by a process of internal and external credit review, and is reduced by obtaining bank guarantees from the customer or its parent, and cash rental deposits. At 31 December 2025, the Group held £10.1 million in rent deposits (2024: £10.1 million) against £3.0 million of trade receivables (2024: £4.2 million). The overall credit risk in relation to customers is monitored on an ongoing basis. Moreover, a significant proportion of the Group portfolio is let to Government occupiers which can be considered financially secure.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of investment grade are accepted.

At 31 December 2025 the Group held £0.6 million (2024: £1.8 million) of financial assets at fair value through profit and loss. Management considers the credit risk associated with individual transactions and monitors the risk on a continuing basis. Information is gathered from external credit rating agencies and other market sources to allow management to react to any perceived change in the underlying credit risk of the instruments in which the Group invests. This allows the Group to minimise its credit exposure to such items and at the same time to maximise returns for shareholders.

(c) Liquidity risk

Liquidity risk management requires maintaining sufficient cash, other liquid assets and the availability of funding to meet short, medium and long-term requirements. The Group maintains adequate levels of liquid assets to fund operations and to allow the Group to react quickly to potential risks and opportunities. Management monitors rolling forecasts of the Group's liquidity on the basis of expected cash flows so that future requirements can be managed effectively.

The majority of the Group's debt is arranged on an asset-specific, ring-fenced basis (mortgage type loans in SPVs), which is designed to ensure that the Group's exposure in relation to each loan is restricted to the assets of the relevant SPV borrower(s) and its/their subsidiaries with such assets being a property or number of properties in a portfolio, save for certain limited guarantees and limited recourse security granted by the Company and certain other Group companies. This allows the Group a higher degree of flexibility in dealing with potential covenant defaults than if the debt was arranged under a Group-wide borrowing facility. Portfolio loans secured by multiple properties are also used when circumstances require it or to obtain better terms.

Banking covenants vary according to each loan agreement, but typically include loan-to-value and income related covenants. In addition, the Group has two 'green' loans, each of which have a 10-basis point incentive for achieving certain sustainability targets. The Group targets a loan-to-value in the range of 25% to 45%. Balance sheet loans to

certain sustainability targets. The Group targets a loan-to-value in the range of 35% to 45%. Balance sheet loan-to-value at 31 December 2025 was 50.0% (2024: 50.7%).

Loan covenant compliance is closely monitored by the treasury department. Potential covenant breaches can ordinarily be avoided by placing additional security or a cash deposit with the lender, or by partial repayment to cure an event of default.

Effect of covenants

All of the Group's non-current borrowings amounting to £703.9 million contain covenants, which, if not met, would result in the borrowings becoming repayable on demand. These borrowings are otherwise repayable more than 12 months after the end of the reporting period. As at 31 December 2025, the Group complied with all the covenants that were required to be met on or before 31 December 2025. The covenants that are required to be complied with after the end of the current reporting period do not affect the classification of the related borrowings as current or non-current at the end of the current reporting period. Therefore, all these borrowings remain classified as non-current liabilities. The Group remains in compliance with these covenants up to the date of this report. The Group's loan facilities and other borrowings are spread across a range of 23 banks and financial institutions so as to minimise any potential concentration of risk.

22. Financial assets and liabilities

	Fair value through profit and loss £m	Amortised cost £m	Total carrying value £m
Financial assets:			
Cash and cash equivalents	-	49.4	49.4
Derivative financial assets	0.6	-	0.6
Other assets - current ¹	-	9.7	9.7
	0.6	59.1	59.7
Financial liabilities:			
Secured bank loans	-	(901.9)	(901.9)
Derivative financial liabilities	(0.3)	-	(0.3)
Other liabilities - current ²	-	(43.2)	(43.2)
	(0.3)	(945.1)	(945.4)
At 31 December 2025	0.3	(886.0)	(885.7)

	Fair value through profit and loss £m	Amortised cost £m	Total carrying value £m
Financial assets:			
Cash and cash equivalents	-	60.5	60.5
Derivative financial assets	1.8	-	1.8
Other assets - current ¹	-	11.5	11.5
	1.8	72.0	73.8
Financial liabilities:			
Secured bank loans	-	(999.2)	(999.2)
Derivative financial liabilities	(0.4)	-	(0.4)
Other liabilities - current ²	-	(49.5)	(49.5)
	(0.4)	(1,048.7)	(1,049.1)
At 31 December 2024	1.4	(976.7)	(975.3)

1 Other assets included all amounts shown as trade and other receivables in note 15 except prepayments of £0.8 million (2024: £2.7 million). All current amounts are non-interest bearing and receivable within one year.

2 Other liabilities included all amounts shown as trade and other payables in note 17 except deferred income and sales and social security taxes of £14.4 million (2024: £16.2 million). All amounts are non-interest bearing and are due within one year.

Reconciliation of net financial assets and liabilities to borrowings and derivative financial instruments

	2025 £m	2024 £m
Net financial assets and liabilities:	885.7	975.3
Other assets - current	9.7	11.5
Other liabilities - current	(43.2)	(49.5)
Cash and cash equivalents	49.4	60.5
Borrowings and derivative financial instruments	901.6	997.8

23. Share capital

Number of shares authorised, issued and fully paid			Ordinary shares in circulation £m	Treasury shares £m	Total ordinary shares £m
Ordinary shares in circulation	Treasury shares	Total ordinary shares			

At 1 January 2025	397,410,268	41,367,512	438,777,780	9.9	1.1	11.0
Issue of shares	700,474	(700,474)	-	-	-	-
At 31 December 2025	398,110,742	40,667,038	438,777,780	9.9	1.1	11.0

	Number of shares authorised, issued and fully paid			Ordinary shares in circulation £m	Treasury shares £m	Total ordinary shares £m
	Ordinary shares in circulation	Treasury shares	Total ordinary shares			
At 1 January 2024 and 31 December 2024	397,410,268	41,367,512	438,777,780	9.9	1.1	11.0

The Board is authorised, by shareholder resolution, to allot shares or grant such subscription rights (as are contemplated by sections 551(1) (a) and (b) respectively of the Companies Act 2006) up to a maximum aggregate nominal value of £3,311,752 representing one-third of the issued share capital of the Company excluding treasury shares.

24. Earnings per share

The calculation of earnings per ordinary share is based on earnings after tax and the weighted average number of ordinary shares in issue during the year.

	2025 Number	2024 Number
Weighted average number of ordinary shares in circulation	398,083,875	397,410,268
Number of ordinary shares in circulation at the year-end	398,110,742	397,410,268

For diluted earnings per share, the weighted average number of ordinary shares in issues is adjusted to assume conversion of all dilutive potential ordinary shares. The diluted earnings per share does not assume conversion of potential ordinary shares that would have an antidilutive effect on earnings per share. The diluted loss per share for the year to 31 December 2025 was restricted to a loss of 12.6 pence per share, as the loss per share cannot be reduced by dilution in accordance with IAS 33 Earnings Per Share.

The Group has three types of dilutive potential ordinary shares, being: unvested shares granted under the Long Term Incentive Plan (LTIP) for executive directors and senior management; unvested shares granted under the Element B plan for executive directors and senior management; and unvested shares granted under the Special Share Award plan to key management. The issue of all these unvested shares is contingent upon satisfying specified conditions such as length of service and company performance.

Employee share plan	2025 Number	2024 Number
Element B/Special Share Award	-	694,695
LTIP	6,408,551	4,811,944
Total potential dilutive shares	6,408,551	5,506,639

25. Dividend

	Payment date	Dividend per share p	2025 £m	2024 £m
Current year				
2025 final dividend ¹	22 May 2026	2.70	-	-
2025 interim dividend	2 October 2025	1.30	5.2	-
Distribution of current year profit		4.00	5.2	-
Prior year				
2024 final dividend	23 May 2025	2.68	10.7	-
2024 interim dividend	2 October 2024	2.60	-	10.3
Distribution of current year profit		5.28	10.7	10.3
2023 final dividend	2 May 2024	5.35	-	21.3
Dividends as reported in the Group statement of changes in equity			15.9	31.6

¹ Subject to shareholder approval at the AGM on 23 April 2026. Total cost of proposed dividend is £10.7 million. The proposed dividend is not recognised as a liability at the balance sheet date.

26. Other reserves

	Notes	Capital redemption reserve £m	Cumulative translation reserve £m	Fair value reserve £m	Share-based payment reserve £m	Other reserves £m	Total £m
At 1 January 2025		22.7	25.8	7.3	3.0	28.1	86.9
Exchange rate variances		-	25.2	-	-	-	25.2
Corporation tax on exchange differences		-	(0.5)	-	-	-	(0.5)
Property, plant and equipment:							

- net fair value losses in the year	13	-	-	(1.6)	-	-	(1.6)
- deferred tax thereon	18	-	-	0.7	-	-	0.7
Share-based payments		-	-	-	0.3	-	0.3
At 31 December 2025		22.7	50.5	6.4	3.3	28.1	111.0

	Notes	Capital redemption reserve £m	Cumulative translation reserve £m	Fair value reserve £m	Share-based payment reserve £m	Other reserves £m	Total £m
At 1 January 2024		22.7	47.4	6.1	2.4	28.1	106.7
Exchange rate variances		-	(21.6)	-	-	-	(21.6)
Property, plant and equipment:							
- net fair value gains in the year	13	-	-	1.3	-	-	1.3
- deferred tax thereon	18	-	-	(0.1)	-	-	(0.1)
Share-based payments		-	-	-	0.6	-	0.6
At 31 December 2024		22.7	25.8	7.3	3.0	28.1	86.9

The capital redemption reserve comprises of the nominal value of the Company's own shares acquired as a result of share buyback programmes.

The cumulative translation reserve comprises the aggregate effect of translating net assets of overseas subsidiaries into Sterling since acquisition.

The fair value reserve comprises the aggregate movement in the value of financial assets classified as fair value through comprehensive income, owner-occupied property and hotel since acquisition, net of deferred tax.

The amount classified as other reserves was created prior to listing in 1994 on a Group reconstruction and is considered to be non-distributable.

Share options exercised have been settled using the treasury shares of the Group. The reduction in the treasury share equity component is equal to the cost incurred to acquire the shares, on a weighted average basis. Any excess of the cash received from employees over the reduction in treasury shares is recorded in share premium. In 2025, there were 700,474 treasury shares transferred to the EBT (2024: none) to satisfy future awards under employee share plans. At 31 December 2025, the Group held 40,667,038 ordinary shares (2024: 41,367,512) with a nominal value of £1.0 million (2024: £1.1 million) in treasury. The Company's voting rights and dividends in respect of the treasury shares, including those own shares which the EBT holds, continue to be waived.

27. Notes to the cash flow

	2025 £m	2024 £m
Cash generated from operations		
Operating loss	(24.1)	(52.5)
Adjustments for:		
Net movements on revaluation of investment properties	79.2	127.7
Net movements on revaluation of equity investments	(0.1)	0.6
Depreciation and amortisation	0.8	1.0
Loss on sale of investment property	10.9	2.3
Lease incentive debtor adjustments	(15.9)	(10.4)
Share-based payments	0.3	0.6
Loss on sale of other equity investments	-	0.1
Changes in working capital:		
Decrease in receivables	3.3	2.5
Decrease in payables	(1.8)	(0.7)
Cash generated from operations	52.6	71.2

	Notes	Non-cash movements 2025					31 December 2025 £m
		1 January 2025 £m	Financing cash flows £m	Amortisation of borrowing issue costs £m	Fair value adjustments £m	Foreign exchange £m	
Changes in liabilities arising from financing activities							
Borrowings	19	999.2	(126.8)	1.9	-	27.6	901.9
Derivative financial instruments	20	(1.4)	(0.2)	-	1.3	-	(0.3)
Lease liabilities		3.3	-	-	-	0.1	3.4
		1,001.1	(127.0)	1.9	1.3	27.7	905.0

	Notes	Non-cash movements 2024					31 December 2024 £m
		1 January 2024 £m	Financing cash flows £m	Amortisation of borrowing issue costs £m	Fair value adjustments £m	Foreign exchange £m	
Changes in liabilities arising from financing activities							
Borrowings	19	1,070.6	(47.7)	1.7	-	(25.4)	999.2
Derivative financial instruments	20	(4.3)	(0.5)	-	3.4	-	(1.4)
Lease liabilities		3.5	-	-	-	(0.2)	3.3
		1,069.8	(48.2)	1.7	3.4	(25.6)	1,001.1

28. Contingencies

The Group has contingent liabilities in respect of legal claims, guarantees and warranties arising in the normal course of business. It is not anticipated that any material liabilities will arise from these contingent liabilities.

29. Commitments

At the balance sheet date the Group had contracted with customers under non-cancellable operating leases for the following minimum lease payments:

	2025 £m	2024 £m
Operating lease commitments - where the Group is lessor		
Within one year	97.4	94.2
Between one and two years	76.1	71.3
Between two and three years	63.1	59.4
Between three and four years	51.4	47.6
Between four and five years	41.1	37.3
More than five years	246.8	158.8
	575.9	468.6

Operating leases where the Group is the lessor are typically negotiated on a customer-by-customer basis and include break clauses and indexation provisions.

Other commitments

At 31 December 2025 the Group had contracted capital expenditure of £16.7 million (2024: £10.3 million). At the balance sheet date, the Group had not exchanged contracts to acquire any investment properties (2024: £nil). There were no authorised financial commitments which were yet to be contracted with third parties (2024: £nil).

30. Post-balance sheet events

There are no post-balance sheet events requiring disclosure.

Supplementary disclosures (unaudited)

Unaudited unless otherwise stated

Alternative Performance Measures

CLS discloses Alternative Performance Measures (APMs) based on methodologies determined by EPRA and used by industry peers to ensure cross-sector consistency. We also disclose a number of APMs which are commonly used by investors to assess a company's performance.

EPRA APMs

- EPRA net initial yield;
- EPRA 'topped-up' net initial yield;
- EPRA vacancy;
- EPRA capital expenditure;
- EPRA cost ratio;
- EPRA LTV; and
- EPRA like-for-like gross rental income growth.

Other APMs

CLS uses a number of other APMs, many of which are commonly used by industry peers:

- Total Accounting Return;
- Net debt and gearing;
- Balance sheet loan-to-value;
- Administration cost ratio;
- Dividend cover; and
- Interest cover.

1. EPRA APMs

i) EPRA net initial yield (NIY)

EPRA NIY is calculated as the annualised rental income based on the cash rents passing at the balance sheet date less non-recoverable property operating expenses, divided by the gross market value of the property (excluding those that are under development, student accommodation, held as PPE or occupied by CLS).

	2025				2024			
	United Kingdom £m	Germany £m	France £m	Total £m	United Kingdom £m	Germany £m	France £m	Total £m
Rent passing	40.2	39.1	11.8	91.1	46.6	41.6	12.9	101.1
Adjusted for properties in development	(0.1)	-	-	(0.1)	(0.1)	-	(0.3)	(0.4)
Forecast non-recoverable service charge	(2.8)	(3.6)	(1.0)	(7.4)	(3.9)	(2.5)	(0.5)	(6.9)

Annualised net rents (A)	37.3	35.5	10.8	83.6	42.6	39.1	12.1	93.8
Property portfolio ¹	641.7	800.4	223.6	1,665.7	668.4	814.1	225.9	1,708.4
Adjusted for properties in development	(10.7)	(1.7)	(9.9)	(22.3)	(11.4)	(2.0)	(8.3)	(21.7)
Purchasers' costs at 6.8%	42.9	54.3	14.5	111.7	44.7	55.2	14.8	114.7
Property portfolio valuation including purchasers' costs (B)	673.9	853.0	228.2	1,755.1	701.7	867.3	232.4	1,801.4
EPRA NIY (A/B)	5.5%	4.2%	4.7%	4.8%	6.1%	4.5%	5.2%	5.2%

¹ Figures in the above table include investment properties and properties held for sale and exclude owner-occupied premises, student accommodation and hotel.

ii) EPRA 'topped-up' NIY

EPRA 'topped-up' NIY is calculated by making an adjustment to EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

	2025				2024			
	United Kingdom £m	Germany £m	France £m	Total £m	United Kingdom £m	Germany £m	France £m	Total £m
Contracted rent	47.4	45.7	13.1	106.2	50.1	44.9	13.9	108.9
Adjusted for properties in development	(0.1)	-	-	(0.1)	(0.1)	-	(0.3)	(0.4)
Forecast non-recoverable service charge	(2.8)	(3.6)	(1.0)	(7.4)	(3.9)	(2.5)	(0.5)	(6.9)
'Topped-up' annualised net rents (A)	44.5	42.1	12.1	98.7	46.1	42.4	13.1	101.6
Property portfolio ¹	641.7	800.4	223.6	1,665.7	668.4	814.1	225.9	1,708.4
Adjusted for properties in development	(10.7)	(1.7)	(9.9)	(22.3)	(11.4)	(2.0)	(8.3)	(21.7)
Purchasers' costs (6.8%)	42.9	54.3	14.5	111.7	44.7	55.2	14.8	114.7
Property portfolio valuation including purchasers' costs (B)	673.9	853.0	228.2	1,755.1	701.7	867.3	232.4	1,801.4
EPRA 'topped-up' NIY (A/B)	6.6%	4.9%	5.3%	5.6%	6.6%	4.9%	5.6%	5.6%

¹ Figures in the above table include investment properties and properties held for sale and exclude owner-occupied premises, student accommodation and hotel.

iii) EPRA vacancy

The EPRA vacancy rate calculates vacancy as a proportion of the ERV of the total portfolio.

	2025 £m	2024 £m
ERV of vacant space (A)	16.8	15.1
ERV of let space	98.7	103.9
ERV of total portfolio (B)	115.5	119.0
EPRA vacancy rate (A/B)	14.5%	12.7%

iv) EPRA capital expenditure

This measure shows the total amounts spent on the Group's investment properties on an accrual and cash basis with a split between expenditure used for the creation of incremental space and enhancing space ('no incremental space'). The sum of these expenditures is included in Capital expenditure in note 12 of the Group financial statements. The Group is not party to any joint venture arrangements, therefore this measure is not disclosed.

	Notes	2025 £m	2024 £m
Acquisitions	12	-	-
Amounts spent on the completed investment property portfolio:	12		
Creation of incremental space		-	-
Creation of no incremental space		14.3	21.1
EPRA capital expenditure		14.3	21.1
Conversion from accrual to cash basis		3.0	1.2
EPRA capital expenditure on a cash basis	CF ¹	17.3	22.3

¹ Group statement of cash flows.

v) EPRA cost ratios

The Group has a policy of capitalising certain staff costs directly attributable to the management of the development of investment properties.

	Notes	2025 £m	2024 £m
Administration expenses	4	16.4	17.7
Other property expenses	4	17.3	18.1

Less: Other investments segment and student accommodation operating costs		(5.0)	(6.8)
		28.7	29.0
Net service charge costs	4	7.9	6.1
Service charge costs recovered through rents but not separately invoiced		(0.3)	(0.3)
Dilapidations receipts		(2.1)	(1.2)
EPRA costs (including direct vacancy costs) (A)		34.2	33.6
Direct vacancy costs		(9.1)	(8.2)
EPRA costs (excluding direct vacancy costs) (B)		25.1	25.4
Gross rental income	4	94.8	100.2
Service charge components of gross rental income		(0.3)	(0.3)
EPRA gross rental income (C)		94.5	99.9
EPRA cost ratio (including direct vacancy costs) (A/C)		36.2%	33.6%
EPRA cost ratio (excluding direct vacancy costs) (B/C)		26.6%	25.4%

vi) EPRA LTV

	Notes	2025 £m	2024 £m
Borrowings from financial institutions	19	901.9	999.2
Net payables		46.6	52.4
Cash and cash equivalents	16	(49.4)	(60.5)
Net debt (A)		899.1	991.1
Properties held as property, plant and equipment	13	39.1	40.7
Investment properties	12	1,570.8	1,676.5
Properties held for sale	14	94.9	133.0
Financial assets - equity investments		0.8	0.6
Total property value (B)		1,705.6	1,850.8
EPRA LTV (A/B)		52.7%	53.5%

vii) EPRA like-for-like gross rental income growth

This measure shows the growth in gross rental income on properties owned throughout the current and previous year. This growth rate excludes properties held for development, acquired or disposed in either year.

	2025	2024
(Decrease)/increase in gross rental income (%)	(6.5)	1.2
(Decrease)/increase in gross rental income (£m)	(6.5)	1.1

2. Other APMs

i) Total Accounting Return (per share)

	Notes	2025 pence	2024 pence
EPRA NTA at 31 December	5	200.7	215.0
Distribution - prior year final ¹	25	2.7	5.4
Distribution - current year interim	25	1.3	2.6
Less: EPRA NTA at 1 January (A)	5	(215.0)	(253.0)
Return before dividends (B)		(10.3)	(30.0)
Total Accounting Return (NTA) (B/-A)		(4.8)%	(11.9)%

¹ The 2024 and 2023 final dividends were 2.68 pence and 5.35 pence respectively but have been rounded to the nearest 0.1 pence for the purpose of this note.

ii) Net debt and gearing

	Notes	2025 £m	2024 £m
Borrowings short-term	19	198.0	372.4
Borrowings long-term	19	703.9	626.8
Add back: unamortised issue costs	19	3.9	4.3
Gross debt	19	905.8	1,003.5
Cash and cash equivalents	16	(49.4)	(60.5)
Net debt (A)		856.4	943.0
Net assets (B)		742.1	784.2
Net gearing (A/B)		115.4%	120.2%

iii) Balance sheet loan-to-value

	Notes	2025 £m	2024 £m
	16	100.0	87.1

Borrowings short-term	19	198.0	372.4
Borrowings long-term	19	703.9	626.8
Less: cash and cash equivalents	16	(49.4)	(60.5)
Net debt (A)		852.5	938.7
Investment properties	12	1,570.8	1,676.5
Properties in plant, property and equipment	13	39.1	40.7
Properties held for sale	14	94.9	133.0
Total property portfolio (B)		1,704.8	1,850.2
Balance sheet loan-to-value (A/B)		50.0%	50.7%

iv) Administration cost ratio

CLS' administration cost ratio represents the cost of running the property portfolio relative to its net income. CLS uses this measure to monitor the efficiency of the business as it focuses on the administrative cost of active asset management across three countries.

	Notes	2025 £m	2024 £m
Administration expenses	4	16.4	17.7
Less: Other investment segment	4	(0.1)	(0.1)
Underlying administration expenses (A)		16.3	17.6
Net rental income (B)	4	101.3	114.0
Administration cost ratio (A/B)		16.1%	15.4%

v) Dividend cover

	Notes	2025 £m	2024 £m
Interim dividend	25	5.2	10.3
Final dividend (note: 2025 final dividend is subject to approval at the AGM)	25	10.7	10.7
Total dividend (A)		15.9	21.0
EPRA earnings (B)	5	30.2	36.4
Dividend cover (B/A) (times)		1.90	1.73

vi) Interest cover

	Notes	2025 £m	2024 £m
Net rental income	4	101.3	114.0
Administration expenses	4	(16.4)	(17.7)
Other property expenses	4	(17.3)	(18.1)
Group revenue less costs (A)		67.6	78.2
Finance income (excluding derivatives and dividend income)	8	1.1	1.4
Finance costs (excluding derivatives)	9	(37.8)	(42.3)
Net interest (B)		(36.7)	(40.9)
Interest cover (-A/B) (times)		1.84	1.91

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