

Sustainability Report

2016





Westminster Tower, London SE1

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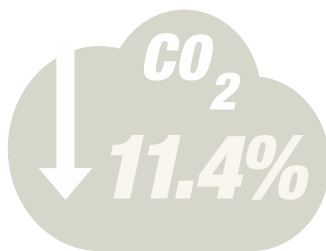
Reflex, Bracknell

Rüdesheimer Strasse 9, Munich



2016 AT A GLANCE

A YEAR OF SUBSTANTIAL PROGRESS



Reduction in carbon emissions

Carbon emission reduced across the Group



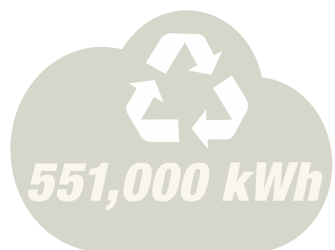
Smart meters installed within our properties

Number of new smart meters installed across our UK assets to improve our monitoring and management



CSR events

The number of CSR events which took place across the Group



Renewable and low carbon generation

Total renewable and low carbon generation (enough to power 275 typical UK homes per year)



Recycling

Recycling achieved across our managed UK assets



EPC compliant

UK properties fully compliant with the EPC regulation which comes into effect in 2018



Sustainability building certifications

The total number of sustainability building certifications in progress or achieved across the Group

CHIEF EXECUTIVE OFFICER'S STATEMENT



THE GROUP IS COMMITTED TO ITS CORPORATE, SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES; THE BOARD ACTIVELY ENCOURAGES SUSTAINABLE INTEGRATION INTO THE BUSINESS BY EMPLOYEES ACROSS THE GROUP

The global climate change summit held in Paris towards the end of 2015 and known as COP21 was a significant milestone in addressing worldwide environmental challenges.

Europe continues to lead the way towards lower carbon economies, with record renewable generation. With no global growth of fossil fuel generation there is a clear indication that pledges made at COP21 are coming into effect.

We want to ensure that as a business, we also play our part in reducing our impact on the environment whilst developing our role within the communities in which we operate. I believe sustainability is cultural and should be integral in our business processes and I fully support our in-house sustainability team to deliver on our commitments.

In 2016, we implemented a number of technological innovations that improved the way we monitor, manage and reduce unnecessary energy usage within the managed portfolio. Through the use of smart metering we now have greater visibility to make energy savings and are able to engage with our tenants at an early stage. This has resulted in a reduction of 11.4% (2015: 7.7%) in carbon emission across our managed buildings, which is an excellent achievement. We continue to make improvements to the energy efficiency of our buildings and have no investment properties with an EPC rating of below D.

I am proud to note that this year our staff have supported more community events than before, with 27 social and charitable events raising £52,000 in the year. It is one of our Group objectives that the majority of our employees participate in a community event during 2017.

We have a busy year ahead, focusing on our energy mix across the Group as we plan to install nine photovoltaic systems and smart metering across our French and German assets.

Fredrik Widlund
Chief Executive Officer

8 March 2017

Mission Marchand, Paris



Centenary Court, Bradford

SUSTAINABILITY PRINCIPLES

PROTECTING NATURAL RESOURCES WHILE IMPROVING OUR ECONOMIC OUTCOME

BACKGROUND

Founded in 1987, CLS is a commercial property investment company with assets in the UK, France and Germany, and has been listed on the London Stock Exchange since 1994. We have always set high environmental and sustainable ambitions which we see as a vital part of the success of the Company.

We have grown significantly, and as at 31 December 2016 we had a property portfolio of £1.6bn, comprising 115 properties managed by 84 staff.

CLS has a corporate strategy to invest in buildings which create long-term shareholder value and high-yield returns. To achieve our corporate objective of creating long-term shareholder value, we employ a business model which focuses on investments, customers, cost control and finance. We operate in some of the most densely populated urban landscapes in Western Europe. Faced with the challenges of ever-growing urban populations and macro trends such as climate change, the case for improving the sustainability and resilience of our cities has never been clearer.

CLS has an important role to play across a range of issues:

- lowering energy and water usage, and carbon intensity
- improving resource efficiency and levels of recycling
- improving sustainability by pushing boundaries in building design
- enhancing the well-being of our employees and occupiers
- making our assets better places to live and work

We also have an important role to play in supporting the local communities in which we operate. We focus on tackling social exclusion through our charitable initiatives and the way we do business, and on creating opportunities for our young people to gain the skills and expertise that they need to develop.

THE SUSTAINABILITY CHARTER

Our Sustainability Charter (the "Charter") aims to promote our sustainability aspirations within the context of the environment, the local community, the economy and our key stakeholders. The Group undertakes:

- to mitigate our impact on climate change by reducing our carbon footprint
- to be accountable for our impact on climate change by reporting regularly against measurable indicators
- to make the most effective use of our duties, powers and resources to minimise the impact of our actions on the environment, and to enhance the environment, community and economy wherever possible
- to monitor our progress by carrying out regular assessments against the key actions of the Charter
- to use our Charter to influence the behaviour of our partners, tenants, suppliers and other stakeholders, to promote the principles on which it is based
- to promote and support social and charitable events to ensure we contribute in the communities in which we invest

OUR STRATEGY

Our sustainability strategy is to deliver the aims of our Charter, to make our business sustainable for the medium to long term and improve the working environment for all our stakeholders.

In order to achieve our strategy, we have an in-house sustainability department whose task is to deliver on our key objectives and report our performance against them to the Board.

STAKEHOLDER INCLUSIVENESS

We define our stakeholders as anyone who occupies office space in our buildings, works with us or for us, or invests in us. As our culture is entrepreneurial, professional, open and friendly, this allows for constructive feedback to be reviewed and to influence all levels of the business ensuring we are constantly improving. We also carry out staff and customer satisfaction surveys across the business to ensure that we understand and adapt to our stakeholders' views.

PERFORMANCE DATA

LIKE-FOR-LIKE CARBON EMISSIONS (2014 TO 2016)

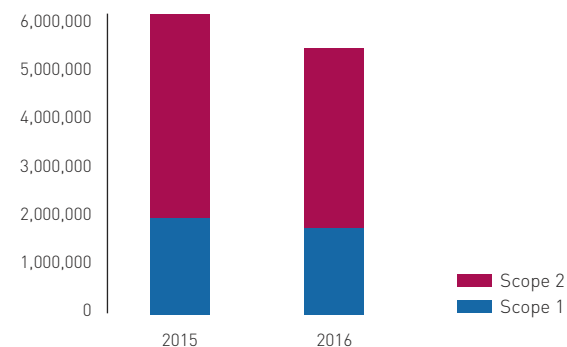
This shows our like-for-like emissions, split out by country using scope emissions reporting between 2014 and 2016. We use this table to compare against our targets set out each year. Definitions of Scope 1, Scope 2 and Scope 3 can be found in our methodology statement on page 11.

Country	Fuel	2014	2015	2016	% Performance
HQ	Scope 1	0	0	0	0.0%
	Scope 2	64,721	55,857	52,680	-5.7%
	Total	64,721	55,857	52,680	-5.7%
	Scope 3	2,317	2,145	1,376	-35.9%
UK	Scope 1	1,297,381	1,347,197	1,359,269	0.9%
	Scope 2	2,545,910	3,182,954	2,592,747	-18.5%
	Total	3,843,291	4,530,151	3,952,016	-12.8%
	Scope 3	2,578,594	3,031,585	2,496,661	-17.6%
France	Scope 1	33,799	34,369	17,827	-48.1%
	Scope 2	167,066	191,172	130,569	-31.7%
	Total	200,865	225,540	148,396	-34.2%
	Scope 3	19,450	24,183	21,802	-9.8%
Germany	Scope 1	210,290	384,179	318,164	-17.2%
	Scope 2	603,711	1,054,364	1,063,663	0.9%
	Total	814,000	1,438,543	1,381,826	-3.9%
	Scope 3	31,156	36,197	36,360	0.5%
CLS Group	Scope 1	1,541,469	1,765,744	1,695,259	-4.0%
	Scope 2	3,381,408	4,484,347	3,839,659	-14.4%
	Total	4,922,877	6,250,091	5,534,918	-11.4%
	Scope 3	2,631,517	3,094,110	2,556,199	-17.4%

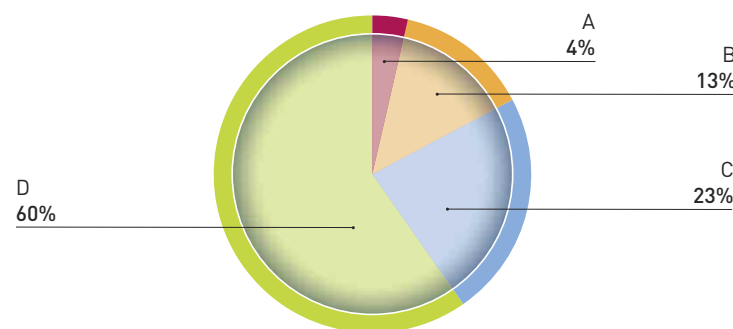
GROUP WIDE LIKE-FOR-LIKE CARBON EMISSIONS (2015 TO 2016)

This shows our Scope 1 and 2 carbon emissions across the Group demonstrating our 11.4% reduction against target.

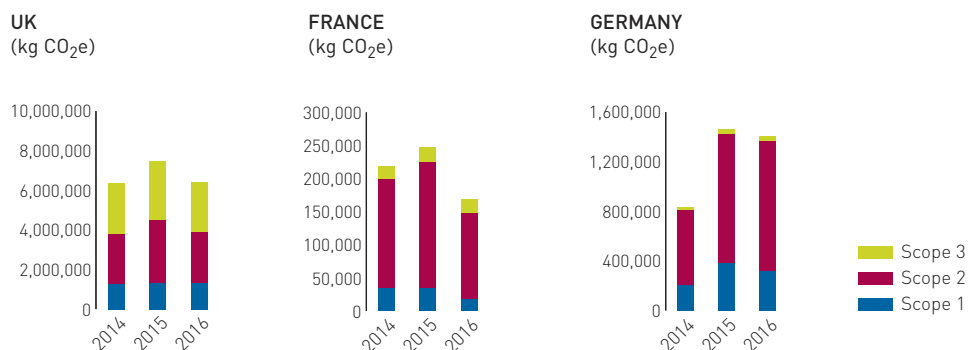
CARBON EMISSIONS
(kg CO₂e)



UK INVESTMENT PROPERTY EPC RATINGS



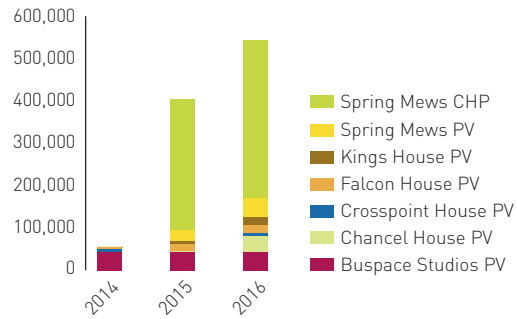
The Energy Performance Certificate ("EPC") mix in the UK portfolio demonstrates that we have no properties with F or G rating, meaning we are ready for the upcoming Minimum Energy Efficiency Scheme regulation in 2018.



RENEWABLE ENERGY AND LOW CARBON

ON-SITE RENEWABLE AND LOW CARBON ELECTRICITY GENERATION

(Total kWh)



CLS's on-site renewable and low carbon electricity generation increased by 32% between 2015 to 2016 which resulted from a significant investment in on-site renewable and low carbon technology.

SITE	TYPE	TOTAL (KWH) 2015	TOTAL (KWH) 2016
Spring Mews	CHP	313,425	376,297
Spring Mews	PV	26,330	46,087
Kings House	PV	6,120	19,958
Falcon House	PV	18,605	18,005
Crosspoint House	PV	7,399	7,361
Chancel House	PV	380	39,855
Buspace Studios	PV	45,300	43,056
		417,559	550,619



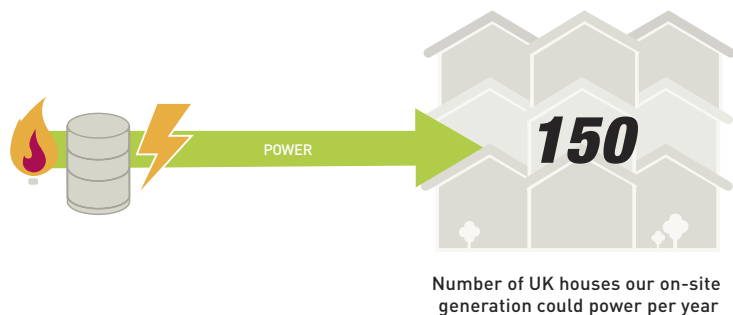
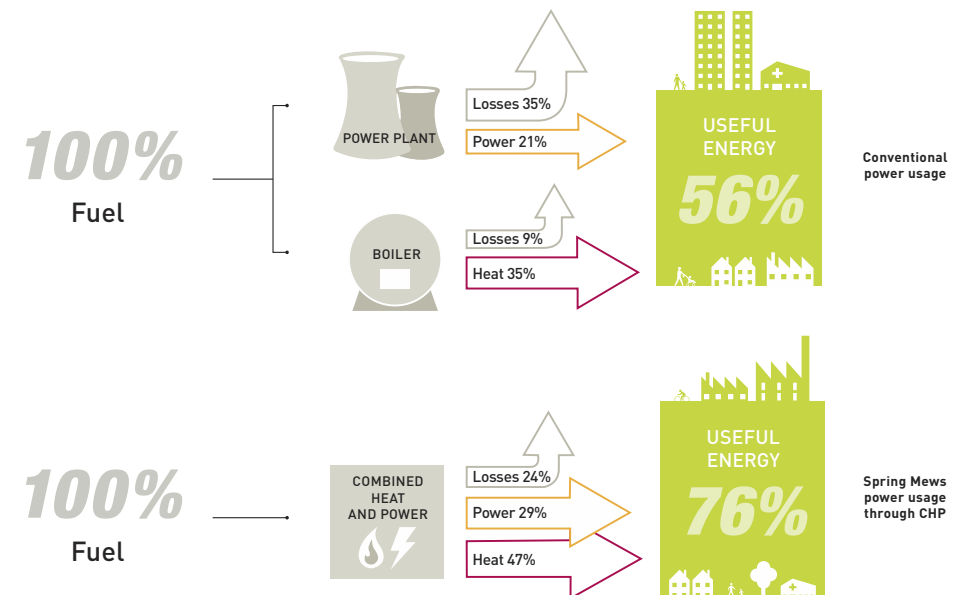
Falcon House, Hounslow



Kings House, Bromley

PERFORMANCE OF SPRING MEWS CHP IN 2016

The graphic below shows the difference between conventional operations (to import electricity and generate heat in offices) and a combined heat and power plant (CHP) which generates both heat and electricity on site. This shows why we believe CHP is a good investment both for the environment and our tenants. We will continue to explore suitable buildings for future CHP opportunities.



COMMITTED TO WHERE WE LIVE AND WORK



RACE FOR LIFE

CLS ladies took part in the Race for Life 5k run. The team raised £1,805 (2015: £1,075). CLS contributed £1,000 towards this donation.



FM STAR AWARDS 2016

CLS awards Facility Managers who make the most significant reduction in electricity, gas and water in their buildings on an annual basis.



CLEANING THE THAMES

CLS's UK Finance Team spent a morning working with the charity Thames21, to clear rubbish from the banks of the River Thames in London. Thames21 is one of the country's leading waterway charities. They mobilise thousands of volunteers every year to clean the capital's 400 mile network of waterways.



LANDAID 10K RUN

A team from CLS took part in the 10k LandAid charity run. CLS donated £1,000 in sponsorship, which went towards helping young people who are experiencing or are at risk of homelessness.



BIG PARK SLEEPOVER

The charity 'Father Nature' held its Big Park Sleepover to an inner city park in south London where low income and local families enjoyed an overnight camping mini-festival. CLS donated £4,727 to help fund the event.

COMMITTED TO WHERE WE LIVE AND WORK

CONTINUED



CHRISTMAS JUMPER DAY

This year all offices were invited to take part in what has traditionally been a UK based event. The total amount raised between all offices was £270 which was split between the following charities;

UK/Germany – Refuge – for women and children against domestic violence.

Luxembourg – St Elisabeth, Orphanage for handicapped children.

France – Restaurants du Coeur, charity which provides free meals to the homeless.



PROPERTY CHALLENGE DAY

The UK Property Team participated in a gardening volunteering day at Battersea Park. The day was overseen by 'Thrive', a leading charity in the UK that uses gardening to bring about positive changes in the lives of people who are living with disabilities or ill health, or are isolated, disadvantaged or vulnerable.



REFURBISHMENTS AND DEVELOPMENTS

Our in-house team is committed to ensure that all our new developments and major refurbishments are built to the highest sustainability standards to minimise their environmental impact during their life-cycle. We aim to meet our Sustainability Charter and work with our main contractors to do the same. We also recognise that embodied carbon is a key component in the construction process, with CO₂ being emitted from building materials and their manufacture, assembly and transportation. Therefore we ensure all our procurement supply chains are monitored closely to minimise any unnecessary waste.

We currently have developments and refurbishments in progress totalling a combined area of 136,000 sq ft and all are designed to achieve the highest building certification standard possible.



Block D, Spring Mews, UK = BREEAM 'Excellent'



Ateliers Victoires, Paris = HQE 9 Stars



CI Tower refurbishment = BREEAM 'Very Good'



Great West House, floors 1-8 (refurbishment)



WE ARE COMMITTED TO DELIVERING SUSTAINABLE BUILDINGS FOR OUR STAKEHOLDERS ACROSS THE GROUP

Simon Wigzell
Head of Group Property

Our motivation to be a leading company in delivering sustainability is reflected in our team achieving the highest environmental standards in our projects. We are acutely aware of the impact our refurbishments and developments have on the local community in which they are built, and the impact that they can have on the environment. Looking ahead in 2017, I am passionate about ensuring we procure sustainable products and install leading renewable and low carbon technologies to create better buildings.



Ateliers Victoires, Paris



Spring Mews, Block D

We expect our contractors to share our commitment to sustainability, which we set out as a requirement in the tender process. In order to continue to improve our sustainability performance, we aim to exceed our targets whilst not compromising our impact on the communities in which we invest.

OUR TARGETS FOR 2017

IN ORDER TO CONTINUE TO DRIVE THE GROUP'S COMMITMENT TO SUSTAINABILITY AND THE CHARTER, THE BOARD HAS SET A NUMBER OF TARGETS



Corporate

- Install nine photovoltaic systems at properties in France and Germany
- Install smart metering across all major assets in France and Germany
- Ensure all investment properties maintain an EPC rating of D or greater



Social

- Ensure the majority of employees participate in a community event in 2017
- Promote health and wellbeing across our staff and tenants
- Continue to support CSR events in the communities in which we invest



Energy and Environmental

- Reduce carbon emissions by 5%, year-on-year in the like-for-like managed portfolio
- Recycle at least 70% of all UK waste collected from the managed like-for-like portfolio
- Generate 2.5% of the Group's managed like-for-like electricity usage from renewable and low carbon sources



62 Avenue Foch, Paris

CI Tower, Malden





Spring Mews – Combined Heat and Power Plant

- CLS's largest low carbon on-site generation
- Generates approximately 376,000 kWh electricity per annum and 205 kW heating capacity
- 43% more efficient than conventional boilers and grid generation
- Used to heat domestic hot water for 378 student rooms at Spring Mews, London



Crosspoint House, Surrey

- CLS has 6 active PV array systems
- A total 632 panels on 1,100sqm of roof space
- They generated 174,322 kWh in 2016

EMISSIONS REPORTING AND METHODOLOGY

The reporting period for greenhouse gas emissions is the calendar year ended 31 December 2016, which is consistent with previous years' reporting periods, and with the reporting period of the Annual Report.

DEFINITIONS

"Like-for-like": means all emissions from buildings over which the Group has had operational control in the previous 24 months and which have had a change in occupancy rate of less than 25%.

Scope 1: means emissions which are mostly attributable to space and water heating using gas.

Scope 2: means emissions which are attributable to cooling and ventilation of office space, water heating, small power and lighting.

Scope 3: means emissions which are attributable to electricity used within tenant premises and in the use of water

REPORTING

Our reporting includes all Scope 1 and Scope 2 emissions for which the Group is responsible, and Scope 3 for which data is available (across 2014 – 2016).

The Group's emissions are largely from the multi-let buildings managed by the Group. We do not report on buildings let on a full repairing and insuring basis or on developments.

Each region uses its own agreed calculated measure of floor areas in order to benchmark its energy and carbon emissions.

The CLS offices at 86 Bondway and Buspace Unit 5, London, and in Paris, Hamburg and Luxembourg occupied by the Group, have been reported separately.

PERFORMANCE DATA

APPENDIX – 2016 RAW DATA AT BUILDING LEVEL

Country	Reporting Status	Site	Floor Area (sqm)	Natural Gas		Electricity (Service Charge)		Electricity (Tenant Recharge)		Renewable Electricity	Water	
				Total (kWh) 2016	Total (CO ₂ /Kg) 2016	Total (kWh) 2016	Total (CO ₂ /Kg) 2016	Total (kWh) 2016	Total (CO ₂ /Kg) 2016	Total (kWh) 2016	Total (m ³) 2016	Total (CO ₂ /Kg) 2016
UK	LFL	86 Bondway	871	-	-	97,872	43,976	-	-	-	-	-
UK	LFL	Buspace Office	20	-	-	9,800	4,403	-	-	-	-	-
France	LFL	Jean Jaurès, 3rd Floor HQ	485	-	-	67,474	4,301	-	-	-	2,039	2,145
Germany	LFL	Brodshranghen	196	-	-	Under review	Under review	Under review	Under review	-	-	-
Luxembourg	LFL	55 Avenue de la Gare	127	-	-	3,995	35,96	-	-	-	-	-

Country	Reporting Status	Site	Floor Area (sqm)	Natural Gas		Electricity (Service Charge)		Electricity (Tenant Recharge)		Renewable Electricity	Water	
				Total (kWh) 2016	Total (CO ₂ /Kg) 2016	Total (kWh) 2016	Total (CO ₂ /Kg) 2016	Total (kWh) 2016	Total (CO ₂ /Kg) 2016	Total (kWh) 2016	Total (m ³) 2016	Total (CO ₂ /Kg) 2016
UK	LFL	18/20 Miles Street	184	-	-	-	-	53,477	24,028	-	152	160
UK	Excluded	80/84 Bondway	1,593	94,560	17,399	37,593	16,891	239,107	107,436	-	-	-
UK	LFL	138 Fetter Lane	875	-	-	178,433	80,174	289,247	129,964	-	1,369	1,440
UK	LFL	Buspace Studios	2,360	-	-	24,223	10,884	-	-	43,056	2,092	2,201
UK	Excluded	Cassini Court	1,628	33,556	6,174	1,832	823	-	-	-	-	-
UK	LFL	CI Tower	8,507	807,235	148,529	210,838	94,734	984,321	442,275	-	8,385	8,821
UK	Excluded	Chancel House	3,088	256,082	47,118	515,670	231,701	-	-	39,855	6,326	6,655
UK	Excluded	Chancery House	5,132	712,598	131,116	480,427	215,865	568,061	255,241	-	3,225	3,393
UK	LFL	Crosspoint House	900	110,003	20,240	70,418	31,640	282,250	126,821	7,361	654	688
UK	LFL	Falcon House	1,460	222,266	40,896	362,835	163,029	362,835	163,029	18,005	1,620	1,704
UK	LFL	Gateway House	1,768	-	-	31,276	14,053	127,931	57,482	-	1,839	1,935
UK	LFL	Great West House (GW1 & GW2)	6,743	1,339,858	246,530	1,066,302	479,111	1,470,106	660,548	-	5,988	6,299
UK	LFL	Hygeia House	5,224	951,695	175,109	717,147	322,228	317,828	142,806	-	4,803	5,053
UK	LFL	Kings House	1,453	145,344	26,743	112,386	50,497	-	-	19,958	1,514	1,593
UK	Excluded	Melita House	766	31,146	5,731	122,832	55,191	54,634	24,548	-	252	265
UK	Excluded	One Elmfield Park	2,212	248,128	45,655	37,147	16,691	-	-	-	457	481
UK	Excluded	Pascal Place	983	216,587	39,851	167,977	75,475	8,123	3,650	-	160	168
UK	LFL	Quayside Lodge	2,538	300,880	55,361	79,286	35,625	13,663	6,139	-	2,854	3,002
UK	LFL	Quest House	1,646	434,417	79,931	253,735	114,008	350,805	157,624	-	1,773	1,865
UK	Excluded	Reflex	620	1,989,313	366,027	1,084,522	487,297	1,141,739	513,006	-	5,631	5,924
UK	LFL	Spring Gardens	NA	-	-	-	-	103,610	46,554	-	-	-
UK	LFL	Spring Mews	29,568	2,021,792	372,003	2,118,375	951,828	961,595	432,064	422,384	26,169	27,530
UK	LFL	Westminster Tower	4,470	1,053,968	193,927	545,126	244,936	88,482	39,757	-	5,018	5,279

PERFORMANCE DATA CONTINUED

Country	Reporting Status	Site	Floor Area (sqm)	Natural Gas		Electricity (Service Charge)		Electricity (Tenant Recharge)		Renewable Electricity	Water	
				Total (kWh) 2016	Total (CO ₂ /Kg) 2016	Total (kWh) 2016	Total (CO ₂ /Kg) 2016	Total (kWh) 2016	Total (CO ₂ /Kg) 2016	Total (kWh) 2016	Total (m ³) 2016	Total (CO ₂ /Kg) 2016
France	LFL	Capitaine Guynemer	2,121	-	-	24,852	1,019	-	-	-	1,151	1,211
France	LFL	Jean Jaurès	4,031	-	-	72,610	2,977	-	-	-	1,826	1,921
France	LFL	Debussy	4,197	-	-	361,722	14,831	-	-	-	4,346	4,572
France	LFL	Forum	6,783	-	-	58,389	2,394	-	-	-	-	-
France	LFL	Front de Parc	5,373	-	-	303,373	12,438	-	-	-	3,831	4,030
France	LFL	Inside	7,304	-	-	1,365,913	56,002	-	-	-	2,940	3,093
France	LFL	La Madeleine	4,436	242,542	17,827	51,932	2,129	-	-	-	628	661
France	LFL	Mission Marchand	2,784	-	-	173,944	7,132	-	-	-	-	-
France	LFL	Petits Hôtels	2,080	-	-	128,524	5,269	-	-	-	1,255	1,320
France	LFL	Quatuor	2,459	-	-	118,197	4,846	-	-	-	631	664
France	LFL	Rue De Bellevue	2,478	-	-	48,398	1,984	-	-	-	818	861
France	Excluded	Rue Nationale	2,598	436,226	32,063	54,564	2,237	-	-	-	732	770
France	LFL	Sigma	6,690	-	-	422,037	17,304	-	-	-	2,906	3,057
France	LFL	Solférino	1,020	-	-	44,177	1,811	-	-	-	289	304
France	LFL	Stephenson	565	-	-	10,539	432	-	-	-	103	108

Country	Reporting Status	Site	Floor Area (sqm)	Natural Gas		Electricity (Service Charge)		Electricity (Tenant Recharge)		Renewable Electricity	Water	
				Total (kWh) 2016	Total (CO ₂ /Kg) 2016	Total (kWh) 2016	Total (CO ₂ /Kg) 2016	Total (kWh) 2016	Total (CO ₂ /Kg) 2016	Total (kWh) 2016	Total (m ³) 2016	Total (CO ₂ /Kg) 2016
Germany	LFL	Techocenter	8,527	-	-	-	-	-	-	-	547	575
Germany	LFL	Adlershofer Tor	19,862	-	-	-	-	-	-	-	8,015	8,432
Germany	LFL	Bismarckstrasse	6,045	425,357	62,698	394,632	187,056	-	-	-	3,629	3,818
Germany	LFL	Fangdieckstrasse	13,151	213,165	31,421	91,908	43,564	-	-	-	2,644	2,781
Germany	LFL	Jarrestrasse	5,568	309,737	45,655	178,586	84,650	-	-	-	2,861	3,010
Germany	LFL	Maximilian Forum	13,857	-	-	79,561	37,712	-	-	-	535	563
Germany	LFL	Merkurring	5,605	-	-	52,404	24,839	-	-	-	445	468
Germany	LFL	Rüdesheimer Strasse	2,588	215,984	31,836	24,949	11,826	-	-	-	345	363
Germany	LFL	Technisches Rathaus	25,007	-	-	292,252	138,527	-	-	-	4,756	5,003
Germany	LFL	Bismarckallee	7,475	894,715	131,881	644,220	305,360	-	-	-	3,100	3,261
Germany	LFL	Landshut – Kiem Pauli Strasse 2	5,389	-	-	-	-	-	-	-	1,527	1,606
Germany	LFL	Landshut – E.On Allee 5	3,711	-	-	-	-	-	-	-	942	991
Germany	LFL	Landshut – E.On Allee 3	3,321	-	-	-	-	-	-	-	994	1,046
Germany	LFL	Landshut – E.On Allee 1	3,633	-	-	-	-	-	-	-	1,423	1,497
Germany	LFL	Tangentis	14,867	-	-	255,444	121,080	-	-	-	1,923	2,023
Germany	LFL	Schellerdamm 16 (Silo)	13,237	-	-	216,990	102,853	-	-	-	877	923
Germany	LFL	Schellerdamm 2 (Fleethaus)	5,419	99,548	14,673	13,068	6,194	-	-	-	-	-



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