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Release date: 17 November 2011
Embargoed until: 07:00

PRESS RELEASE

CLS Holdings plc
("CLS", the "Company" or the "Group")
Interim Management Statement for the period 1 July 2011 to 16 November 2011

The Company announces its Interim Management Statement for the period 1 July 2011 to 16 November 2011.

HIGHLIGHTS

- Occupational demand continues to improve; vacancy level reduced further to 4.0%
- New leases, lease renewals and extensions completed on 7,360 sq m
- Acquisition of Falcon House and Quest House in Hounslow, London for £5.5 million
- Planning consent achieved and pre-let developments begun on two schemes in Germany
- Proposals for 140,000 sq m mixed-use scheme at Vauxhall Square, London and a 18,500 sq m mixed-use scheme at Spring Mews, London progressing
- Refinancing of all loans from Anglo Irish Bank completed for £8.6 million
- Weighted average cost of debt 4.5%
- Over £190 million of liquid resources for investment

OVERVIEW - Since 1 July, the Group's core operations have continued to deliver: occupational markets have proven resilient; and progress has been made on development opportunities. The Group has further reduced its vacancy rate to 4.0% (30 June 2011: 4.2%) on its investment portfolio and we continue to be cautiously encouraged by a steady level of demand and new enquiries from occupiers. 67% of the Group's rental income is subject to indexation, and 41% is derived from government occupiers. Proposals for our two separate mixed-use developments in Vauxhall, London are both on schedule to be submitted for planning permission before the end of the year. In addition, two pre-let development schemes in Germany, with an aggregate area of over 7,000 sq m of new space, are now on site and progressing on time and on budget.

Since July, the volatile financial markets caused by the Eurozone issues have led to the euro falling against sterling to around its level at the beginning of the year, an increase in the market value of our interest rate derivative liabilities, and the reduction of the market value of our corporate bond investments.

LONDON - The prime property investment market in London has continued to be attractive to international, non-debt based buyers, whilst the banks have increasingly acted to reduce their loan books. This has presented opportunities for CLS and we bid on a number of properties. In September, we acquired Falcon House and Quest House in Hounslow, London for £5.5 million. These buildings, which comprised 4,693 sq m in aggregate, provided a yield after costs of 10.1%, rising to 10.9% within twelve months, from tenants such as Aer Lingus, Alitalia, and Telefonica O2.

The letting market for the high-yielding type of property in which we specialise has been healthy, and our London vacancy rate has fallen to 4.1% (30 June 2011: 4.2%). New lettings have been achieved on 2,694 sq m, including 966 sq m at Great West House, Brentford, 520 sq m at Westminster Tower, SE1, and 274 sq m at CI Tower, New Malden. Lease renewals and extensions totalled 1,245 sq m, while tenants vacated from 3,649 sq m.

Spring Mews, a mixed-use proposal for over 400 student beds and a 120 bed hotel in Vauxhall has been through consultation with stakeholders and will be submitted for planning by the year end. It is expected to total over 18,500 sq m, and the Group is in active discussions with operators for pre-lets.

The proposals, which we announced in February, for a major new mixed-use scheme, Vauxhall Square, have been progressed through the design stage, taking into account comments received from a variety of stakeholders. A detailed planning submission is expected to be made before the end of the year, with consent targeted for the second half of 2012. The scheme is now planned to total over 140,000 sq m.

FRANCE - The French real estate investment market has continued to be strong across both prime and secondary markets, with greater availability of bank debt than in London. We have continued to seek new acquisitions but the supply of suitable product has been limited. Occupational markets have been encouraging, probably better than the media's perception of the broader economy. There appears to be very little new construction of offices, which should reduce availability and thus be good for rental levels in Paris and Lyon.

During the period, leases totalling 1,861 sq m expired, of which 1,472 sq m was renewed together with a further 1,086 sq m being let. As a result the vacancy rate fell to only 3.0% (30 June 2011: 3.5%).

GERMANY - Both the investment and letting markets in Germany have been robust, with a number of occupiers discussing long-term investment plans and requirements.

Since 1 July we have received planning consent for, and begun construction of the 5,400 sq m development of, a fourth building pre-let to EON in Landshut, near Munich on a 17 year lease. Upon completion of the building in 2012, this will result in an additional rent receivable of €659,000. Planning consent was also gained for the 1,642 sq m extension at Gräfelfing, Munich, pre-let to Dr. Hölne AG, and construction has begun.

Leases totalling 573 sq m were signed and, consequently, by 1 November the vacancy rate had fallen to 6.0% (30 June 2011: 6.3%).

SWEDEN - Positive progress has been made on the 150,000 sq m mixed-use development proposals for the remaining property owned by our 29.9% associate, Catena. Catena's share price of SEK 64 at 16 November means the current market value of our interest exceeds book value by £7.4 million, which would add 16 pence per share to CLS's net asset value.

The void rate at Vänerparken, the Group's only directly held property in Sweden, fell to 1.6% (30 June 2011: 2.0%) on the letting of a further 290 sq m.

FINANCE – Core profit has continued to be resilient, with stable net rental income, high debt collection rates, tightly controlled costs, and a low cost of debt of 4.5%.

At 30 September the Group had cash and liquid resources of over £190 million. Since 1 July, loans of £8.6 million from the Irish Bank Resolution Corporation (formerly Anglo Irish Bank) have been repaid from cash resources or loans from other banks. At 16 November 2011 the Group had 58 loans from 20 lenders, in addition to its unsecured corporate bond; none of the loan covenants was in breach, none of the debt was securitised, and the Group had no exposure to the CMBS market. The Group's unsecured corporate bond began trading in Stockholm in July and has maintained a price at or around par.

The financial turmoil in Europe since 1 July has created volatility in the values of some of the net assets of the Group: the euro, in which half of our business is conducted, has returned to around its level at the start of the year against our reporting currency of sterling; the long-term swap rate has fallen to historically low levels, increasing the mark-to-market value of our derivative liabilities; and the market value of corporate bonds has fallen.

The corporate bond portfolio is generating an attractive interest coupon of over 9.5% on current values, and we continue to monitor actively the underlying strength and performance of all the issuers. There are currently 40 different bonds in the portfolio, giving broad diversification. Since 1 January 2011, the total return for the bond investments has been minus 3.7%.

Executive Chairman of CLS, Sten Mortstedt, commented:

"The operating performance of our core property activities remains robust, with the vacancy rate falling still further, driven by an encouraging number of new lettings.

"I highlighted in the Half-Yearly Report the challenges within the financial markets. We are not immune from their effects but the benefits of our strategy to raise finance in the first six months of the year are now clear. The balance sheet is strong, and our liquid resources remain at high levels.

"We are delighted with our recent London purchase, are actively seeking more acquisitions, and are excited by the progress of our development opportunities, which may add significant value in the medium term."

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