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PRESS RELEASE

CLS Holdings plc
("CLS", the "Company" or the "Group")
Interim Management Statement for the period 1 January 2011 to 10 May 2011

The Company today announces its Interim Management Statement for the period 1 January 2011 to 10 May 2011.

HIGHLIGHTS

- Occupational demand continues to improve; vacancy level remains low at 4.1%
- New leases, lease renewals and extensions completed on 8,470 sq m
- New pre-let development in Germany for an extra 2,000 sq m on a long lease
- Launch of proposals for 110,000 sq m mixed-use scheme at Vauxhall Square, London
- Further significant progress at Catena AB
- Successful launch of SEK 300 million five year unsecured corporate bond
- Refinancing of over £55 million completed
- Over £165 million of liquid resources for investment

OVERVIEW - Since 1 January, the Group's occupational markets have continued to improve, progress has been made on development opportunities and financing activity has been positive. The Group has maintained a low vacancy rate of 4.1% on its investment portfolio and we continue to be cautiously encouraged by a steady level of demand and new enquiries from occupiers. 66% of the Group's rental income is subject to indexation, and 41% is derived from government occupiers. In February, we announced major proposals for a 110,000 sq m mixed-use scheme at Vauxhall Square, London, and in April secured a further pre-let of 2,000 sq m of offices to EON on a 17 year lease at Landshut, Germany. During the period, the Group has raised a SEK 300 million five year unsecured corporate bond, signed a five year refinancing for €28.8 million on our Adlershofer property in Berlin, and refinanced a £30 million short-term facility.

LONDON - Based on GDP figures, the UK economy appears to have been growing slowly since the start of the year. The prime property investment market has continued to be attractive to international, non-debt based buyers, whilst the banks are increasingly acting to reduce their loan books. This has presented more opportunities for us and we have been bidding on a number of properties.

The letting markets have appeared to us to be healthy for our style of high-yielding property. We have reduced our London vacancy to 4.1% (31 December 2010: 4.7%) with new lettings totalling 4,620 sq m, including 1,191 sq m at Great West House, Brentford, 953 sq m at Cambridge House, W6, and 217 sq m at Quayside, SW6, as well as 1,951 sq m in Ipswich. Lease renewals and extensions totalled 3,956 sq m and tenants vacated from 1,408 sq m. The refurbishment programme at Westminster Tower, SE1 has been completed and good interest is being expressed in the vacant space.

The proposals for a major new 110,000 sq m mixed-use scheme, Vauxhall Square, which we announced in February, are being progressed through the design stage, taking into account early comments received from a variety of stakeholders. A detailed planning submission is expected to be made by the end of 2011, with consent targeted in the second half of 2012.

FRANCE - Whilst French GDP is forecast to grow in 2011 at a steady 1.7%, the 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 continue to seek new acquisitions but the supply of suitable product for us has been limited. Occupational markets have been steady, reflecting our 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 1,194 sq m expired, of which 688 sq m were renewed together with a further 432 sq m being let. This resulted in a similar vacancy to that at the year end of 3.5%. Properties at la Garenne-Colombes and Rue des Petits Hôtels in Paris are being upgraded in 2011, which should lead to higher rents on new lettings.

GERMANY - The German economy is growing robustly with GDP growth forecast at 2.7% for 2011. Both the investment and letting markets have appeared solid, with a number of occupiers discussing long-term investment plans and requirements.

We announced an additional pre-let to EON in Landshut, near Munich, for 2,000 sq m on a 17 year lease. Upon completion of the building in 2012, this will result in an additional rent receivable of €249,000, thus totalling €659,000 with the previously announced 3,400 sq m pre-let. Planning consent for this property, and also for the 1,642 sq m extension at Grafelfing, Munich, are both expected in the summer.

Leases totalling 2,730 sq m were signed, with a further 3,710 sq m renewed or extended. The vacancy rate increased to 5.8% due to the bankruptcy of the sole tenant in a 1,993 sq m property in Hamburg; however, we are already in active discussion with a potential new tenant for the whole building.

SWEDEN - The main activity in Sweden has been the progress at our 29.9% associate, Catena AB. Following the completion of the sale of its SEK 1.5 billion portfolio in January, it paid a total dividend to shareholders of SEK 59 per share in April, of which the Group received £20.3 million. Positive progress has been made on the 150,000 sq m mixed-use development proposals for Catena's remaining property. Following the dividend, the Catena share price of SEK 120 at 10 May, means the current market value of our interest exceeds book value by £27.8 million, which would add 61 pence per share to CLS's net asset value.

The void rate at Vänerparken, the Group's only directly held property in Sweden, is 2.0%.

FINANCE – In April, when CLS issued a SEK 300 million five year unsecured corporate bond in Stockholm, it was the first overseas property company to do so in Sweden. The bond, which carries a floating rate coupon of 3.75% above three months' STIBOR, is expected to be listed on the NASDAQ OMX Stockholm Stock Exchange later this year. At Adlershofer Tor in Berlin, in March we refinanced a €28.8 million five year facility, and we have also extended a £30 million short-term corporate facility. In addition to the proceeds from the SEK 300 million bond, the Group received the £20.3 million dividend from Catena. In April, the Group paid a distribution to shareholders of £7.1 million through a tender offer buy-back. Consequently, at the end of April 2011, borrowings were £620.7 million (31 December 2010: £589.3 million), of which 84% was at fixed rates or hedged and the Group had a weighted average total cost of debt of 4.6%. Cash and undrawn facilities stood at £81.2 million (31 December 2010: £48.3 million), and the Group held corporate bonds with a value of £84.4 million (31 December 2010: £78.1 million).

At 29 April 2011 the Group had 55 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.

Underlying profit continued to be resilient, with stable net rental income, high debt collection rates, and tightly controlled costs.

Executive Chairman of CLS, Sten Mortstedt, commented:

"I am very pleased with the financial performance of the Group since the beginning of the year. We continue to be encouraged by our operational performance, healthy tenant demand and our success in maintaining a low vacancy rate through active asset management of the existing portfolio. This has underpinned our progress in the year to date and provides the platform for the rest of the year. Our focus remains on cash-on-cash returns from high net initial yields and a low cost of debt, whilst advancing a number of short and medium-term development opportunities.

"In addition, we are delighted to have successfully issued the first public CLS bond, raising SEK 300 million (£29.4 million), which underlines the strength of our balance sheet and credibility in the capital markets. This, together with our other substantial cash and liquid resources, ensure the Company's ability to take advantage of attractive opportunities as they arise."

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