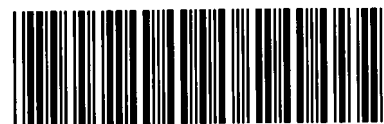


Company Registration No. 10607929 (England and Wales)

VAUXHALL SQUARE (NOMINEE 2) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD 8 FEBRUARY 2017 TO 31 DECEMBER 2017

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VAUXHALL SQUARE (NOMINEE 2) LIMITED

CONTENTS

	Page
Directors' Report	1 - 3
Independent Auditor's Report	4 - 6
Statement of Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 - 14

VAUXHALL SQUARE (NOMINEE 2) LIMITED

DIRECTORS' REPORT

FOR THE PERIOD 8 FEBRUARY 2017 TO 31 DECEMBER 2017

The Directors present their annual report and financial statements for the period 8 February 2017 to 31 December 2017.

The Directors' Report has been prepared in accordance with the special provision relating to small companies under section 415a of the Companies Act 2006.

The Company has also taken advantage of the small companies' exemption from preparing a Strategic Report.

Principal activities

The Company was incorporated on 8 February 2017.

The principal activity of the Company is that of investment in commercial property.

The Directors are actively seeking opportunities for investment and expect the principal activities of the Company to remain unchanged for the foreseeable future.

Results and dividends

The results for the period are set out on page 7.

No dividends were paid. The Directors do not recommend payment of a final dividend.

Directors

The Directors who held office during the period and up to the date of signature of the financial statements were as follows:

Henry Klotz	(Appointed 8 February 2017)
Alain Millet	(Appointed 8 February 2017)
John Whiteley	(Appointed 8 February 2017)
Fredrik Widlund	(Appointed 8 February 2017)
Simon Wigzell	(Appointed 8 February 2017)

Directors' insurance

Qualifying third-party indemnity provisions (as defined in section 234 of the Companies Act 2006) are in force for the benefit of the Directors who held office during the period 8 February 2017 to 31 December 2017.

Future developments

At the date of approval of this report, the future developments of the Company are not intended to change from those described as principal activities.

VAUXHALL SQUARE (NOMINEE 2) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD 8 FEBRUARY 2017 TO 31 DECEMBER 2017

Statement of 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 have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 *Reduced Disclosure Framework*. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company at the balance sheet date and of the profit or loss of the Company for the period ending on that date. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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.

Auditor

Deloitte LLP were appointed as auditor to the Company and in accordance with the Company's articles, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Principal risks and uncertainties

The Directors consider there are a number of potential risks and uncertainties which could have a material impact on the Company's performance and could cause the actual results to differ materially from expected or historical results; the management and mitigation of these risks are the responsibility of the Directors of the Company. The Company is a wholly-owned subsidiary of the CLS Holdings plc Group (the "Group") and is managed on a day-to-day basis by employees of the Group. The principal risks and uncertainties facing the Company are broadly grouped as political and economic risk.

Political and Economic Risk

The exit of the United Kingdom from the European Union remains an adverse risk to the overall economy, which may impact the value of net assets and profitability. It is the Directors' view that the United Kingdom's economy remains sufficiently robust to weather any immediate adverse economic effects.

The Directors have considered the risks attached to the Company's financial instruments. The Company's exposure to price risk, credit risk, liquidity risk and cash flow risk is not considered material to the assessment of assets and liabilities in the financial statements. Further discussion of risks and uncertainties, in the context of the Group as a whole, is provided in the Group's annual report which does not form part of this report and can be found on www.cls Holdings.com or from its registered address (refer note 8).

VAUXHALL SQUARE (NOMINEE 2) LIMITED

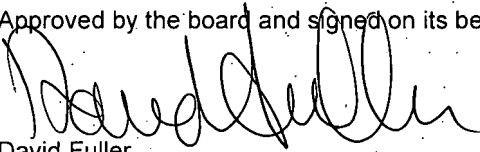
DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD 8 FEBRUARY 2017 TO 31 DECEMBER 2017

Going concern

The Directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future despite the net liability position as at 31 December 2017. The Directors are in receipt of an unequivocal letter of support from the parent company confirming that sufficient funds will be available to ensure all liabilities are met as they fall due for a period of 12 months from the date of approval of the financial statements, so long as the Company is a wholly owned direct or indirect subsidiary of its current ultimate parent company. The Directors do not expect that the ownership of the Company will change in the foreseeable future and thus continue to adopt the going concern basis of accounting in preparing the financial statements.

Approved by the board and signed on its behalf



David Fuller

Secretary

9 May 2018

12th Floor Westminster Tower

3 Albert Embankment, London, SE1 7SP

VAUXHALL SQUARE (NOMINEE 2) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VAUXHALL SQUARE (NOMINEE 2) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Vauxhall Square (Nominee 2) Limited (the 'Company') which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 8.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

VAUXHALL SQUARE (NOMINEE 2) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF VAUXHALL SQUARE (NOMINEE 2) LIMITED

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' report.

VAUXHALL SQUARE (NOMINEE 2) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

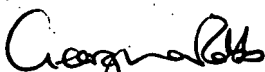
TO THE MEMBERS OF VAUXHALL SQUARE (NOMINEE 2) LIMITED

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a Strategic Report.

We have nothing to report in respect of these matters.



Georgina Robb FCA (Senior statutory auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

9 May 2018

VAUXHALL SQUARE (NOMINEE 2) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD 8 FEBRUARY 2017 TO 31 DECEMBER 2017

	Notes	8 February 2017 to 31 December 2017 £
Administrative expenses		(3,001)
Operating loss		(3,001)
Tax on loss	5	575
Loss for the financial period attributable to the owners of the Company		(2,426)

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

There were no items of other comprehensive income other than those stated above for the period.

The notes 1 to 8 form part of these financial statements.

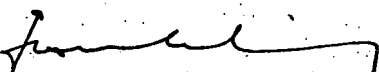
VAUXHALL SQUARE (NOMINEE 2) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £
Current assets		
VAT recoverable		600
Current tax recoverable		575
		<u>1,175</u>
Creditors: amounts falling due within one year		
Trade and other payables	6	(3,600)
		<u>(2,425)</u>
Net current liabilities		<u>(2,425)</u>
Total assets less current liabilities		<u>(2,425)</u>
Net liabilities		<u>(2,425)</u>
Capital and reserves		
Called up share capital	7	1
Profit and loss account		(2,426)
		<u>(2,425)</u>
Total equity		<u>(2,425)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 9 May 2018 and are signed on its behalf by:


John Whiteley
Director

Company Registration No. 10607929

VAUXHALL SQUARE (NOMINEE 2) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD 8 FEBRUARY 2017 TO 31 DECEMBER 2017

	Notes	Share capital £	Profit and loss account £	Total £
Balance at 8 February 2017		-	-	-
Issue of share capital	7	1	-	1
Loss for the period		-	(2,426)	(2,426)
Balance at 31 December 2017		<u>1</u>	<u>(2,426)</u>	<u>(2,425)</u>

VAUXHALL SQUARE (NOMINEE 2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 8 FEBRUARY 2017 TO 31 DECEMBER 2017

1 Accounting policies

Company information

Vauxhall Square (Nominee 2) Limited is a private company limited by shares and incorporated in the United Kingdom under the Companies Act 2006, and is registered in England. The registered office is 12th Floor, Westminster Tower, 3 Albert Embankment, London, SE1 7SP.

1.1 Accounting convention

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 *Reduced Disclosure Framework* as issued by the Financial Reporting Council.

The nature of the Company's operations and its principal activities are set out in the Directors' report on page 1.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group accounts of CLS Holdings plc. The group accounts of CLS Holdings plc are available to the public and can be obtained as set out in note 8.

As the Company was incorporated on 8 February 2017, no comparative information is available for presentation in the financial statements for the period ended 31 December 2017.

1.2 Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future despite the net liability position at 31 December 2017. The Directors are in receipt of an unequivocal letter of support from the parent company confirming that sufficient funds will be available to ensure all liabilities are met as they fall due for a period of 12 months from the date of approval of the financial statements, so long as the Company is a wholly owned direct or indirect subsidiary of its current ultimate parent company (note 8). The Directors do not expect that the ownership of the Company will change in the foreseeable future and thus continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits and other short-term highly liquid investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

VAUXHALL SQUARE (NOMINEE 2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD 8 FEBRUARY 2017 TO 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.4 Financial assets

Financial assets are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

Trade and other receivables are recognised initially at fair value. An impairment provision is created where there is objective evidence that the Company will not be able to collect the receivable in full.

Impairment of financial assets

Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at each balance sheet date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.5 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or other financial liabilities. Trade and other payables are stated at cost, which equates to fair value.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's obligations are discharged or cancelled, or when they expire.

1.6 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

VAUXHALL SQUARE (NOMINEE 2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD 8 FEBRUARY 2017 TO 31 DECEMBER 2017

1 Accounting policies

(Continued)

Current tax

Current tax is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, and is calculated using rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in arriving at profit after tax, except when it relates to items recognised in other comprehensive income, in which case the deferred tax is recognised in other comprehensive income.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be used. The deferred tax assets and liabilities are only offset if there is a legally enforceable right of set-off and the Company intends to settle its current tax assets and liabilities on a net basis.

2 Critical accounting estimates and judgements

The Directors have considered the judgements that have been made in the process of applying the Company's accounting policies, which are described in note 1, and which of those judgements have the most significant effect on amounts recognised in the financial statements.

In the Directors' opinion for the period from 8 February 2017 to 31 December 2017 there are no accounting estimates or judgements that are material to the financial statements.

3 Auditor's remuneration

8 February
2017 to
31 December
2017

Fees payable to the Company's auditor and associates:

£

For audit services

Audit of the Company's financial statements

2,000

No fees were payable to Deloitte LLP and its associates for non-audit services to the Company during the current period.

4 Employees

The Company did not have any employees in the current period.

No fees or other emoluments were paid to the Directors of the Company during the current period in respect of their services to the Company as this was not practical to do so. The Directors were paid by another entity within the Group.

VAUXHALL SQUARE (NOMINEE 2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD 8 FEBRUARY 2017 TO 31 DECEMBER 2017

5 Income tax expense

8 February
2017 to
31 December
2017
£

Current tax

Current period taxation

(575)

The rate of corporation tax for the financial period beginning 8 February 2017 was 20.00%. This fell to 19.00% on 1 April 2017 and will reduce to 17.00% on 1 April 2020 under legislation substantively enacted at the balance sheet date. The weighted average corporation tax rate for the period ended 31 December 2017 was 19.16%.

The tax credit for the period can be reconciled to the statement of comprehensive income as follows:

8 February
2017 to
31 December
2017
£

Loss before taxation

(3,001)

Expected tax credit based on a corporation tax rate of 19.16%

(575)

Tax credited in the financial statements

(575)

6 Trade and other payables

2017
£

Amounts due to fellow group undertakings

3,600

7 Share capital

2017
£

Ordinary share capital

Authorised, issued and fully paid

1 ordinary share of £1

1

The Company has one class of ordinary shares issued on incorporation which carry no right to fixed income.

VAUXHALL SQUARE (NOMINEE 2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD 8 FEBRUARY 2017 TO 31 DECEMBER 2017

8 Controlling party

The Directors consider that the immediate and ultimate parent undertaking and ultimate controlling party is CLS Holdings plc, which is incorporated in the United Kingdom. The financial statements of the Company are consolidated into the CLS Holdings plc group accounts for the year ended 31 December 2017, being the largest and only Group into which the Company's financial statements are consolidated. Copies of the Group financial statements are publicly available and may be obtained from its registered address, CLS Holdings plc, 12th Floor Westminster Tower, 3 Albert Embankment, London, SE1 7SP.