



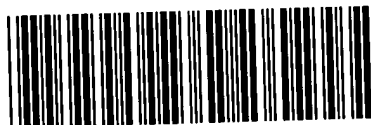
LGIM Real Assets Limited

REPORT AND FINANCIAL STATEMENTS

Company Number: 10673702

31 December 2018

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LGIM Real Assets Limited

CONTENTS

Page

- 1 Strategic Report
- 5 Directors' Report
- 7 Independent Auditor's Report to the members of LGIM Real Assets Limited
- 9 Statement of Comprehensive Income
- 10 Statement of Financial Position
- 11 Statement of Changes in Equity
- 12 Notes to the Financial Statements

Registered Office:
One Coleman Street
London
United Kingdom
EC2R 5AA
Registered in England & Wales No. 10673702

LGIM Real Assets Limited
STRATEGIC REPORT
For the year ended 31 December 2018

The directors present their Strategic report on LGIM Real Assets Limited ("the Company") for the year ended 31 December 2018. The Company was incorporated on the 16 March 2017 in England and Wales.

Business review and future developments

LGIM Real Assets Limited is a holding company for operating entities that comprise the real assets division within the Legal & General Investment Management business.

The Company continues to act as a holding company and does not envisage any change in its activities in the foreseeable future.

Principal risks and uncertainties

The Company's business involves the management of risk. The principal risks and uncertainties facing the Company are shown below.

1) Financial Markets and Economic Conditions

The Company holds investments in companies that manage client investments across real estate and private credit. The performance and liquidity of the real estate and private credit sectors, interest rate movements and inflation can impact the value of these client investments. This in turn may impact the earnings, profitability and the capital requirements of the Company. Significant falls in investment asset values can impact fee income from investment management activities, whilst broader economic conditions can influence the demands for investment products and the period over which the business is retained.

Global investment markets have returned to pre-financial crisis levels, responding both to the more positive economic outlook and the conditions created by the monetary policies being exercised by central banks. However, there is limited resilience in the current environment for "shocks" such as those from an abrupt change in monetary policy or heavily indebted Euro zone countries unwinding their positions, with potential for significant falls in the value of certain asset classes should markets reassess risk and returns. Extreme market shocks may impact our ability to execute hedging strategies that ensure the profile of our asset and liability cash flows is appropriately matched, whilst economic shocks may impact consumer attitudes in the markets in which we operate.

Competitor activity and changes in market product shape and client requirements would impact the Company's ability to raise new funds. The Company's principal business channels are the real estate and private credit markets and uncertainty in these markets would limit investment from new and existing clients.

2) Confidence in the Financial Services Sector and specifically the Company

Events in the financial services sector outside the control of the Company and the Group may impact earnings and profitability, due to their potential impact on the value of funds under management.

Principal risks and uncertainties (continued)

A number of these potential events are beyond the Group's control although the Group seeks wherever practicable to mitigate the effects of these contagion risks. Historically such events have included:

- Failings by competitors, or
- Actions by regulators within the industry, or
- Shock events such as significant market failures, or
- Adverse performance of investment markets.

In addition, internal processes and client service standards, whilst carefully controlled and managed, may fail or be impacted by, say, fraud or IT systems failure, giving rise to adverse client reaction and a resultant loss of existing clients or inability to write new business.

The L&G Group actively engages with regulators as well as promoting effective governance to support understanding of risk drivers in the markets in which it operates.

3) Regulation and Legislation

The corporate debt and infrastructure debt markets in which subsidiaries of the Company operate are highly regulated, with regulation and legislation defining the overall framework for the design, marketing and distribution of products, the acceptance and administration of business, and the prudential capital that regulated companies should hold. Legislation and government fiscal policy may also influence the design of products and impact future business. Additionally, the volume of regulatory and legislative change is increasing globally which can impact the Company.

The Company's activities and strategies are based upon prevailing legislation and regulation, with continuous monitoring to ensure that the Company meets its regulatory obligations. Sudden, unanticipated changes in fiscal policy or legal and regulatory regimes without consultation or advanced notification to the sector, or the differing interpretation and application of regulation over time, may have a detrimental effect on the Company's strategy and profitability. Fundamental changes in regulation, such as those that may arise from market events, may also impact strategies.

4) Counterparty and Third Party Risk

The Company has reliance on a number of third parties which undertake or advise on transactions as part of the investment and disposal processes, or custodian services in respect of client assets. Despite the rigorous selection process and continuous monitoring of performance, the financial failure of a third party or the inability to perform obligations would impact the reputation of the Company and could adversely impact client funds under management.

Principal risks and uncertainties (continued)

Whilst clients of the operating subsidiaries continue to experience a very low level of actual defaults, we assess the occurrence of a major bank default or Sovereign event as being a more extreme outcome than in previous years but the risk and associated uncertainties remain.

5) Failure to maximise opportunities in the Pensions and Insurance Markets and distribution formats

Significant changes in the markets in which we operate may require the review and realignment of elements of our business strategy. A failure to be sufficiently responsive to potential change and understand the implications to our business, or the incorrect execution of change may impact the achievement of our strategic objectives.

The nature of the products and structures that pensions and investment clients choose to invest their assets in is influenced by a number of factors outside the immediate control of the Company including government policy, taxation, competitor activity, social conditions, distribution models and the general economic environment. Uncertainty over any of these factors may have a detrimental effect on the markets in which the Company operates and potential earnings. In particular, significant changes in government policy that relate to pension provision and/or significant price pressure from competitors may lead to a re-assessment by clients and consultants as to how they wish their future investment activity to be delivered, and result in significant movements of assets away from the Company.

6) Material failure in business processes

Whilst the Company has constructed a framework of governance and internal controls to minimise the risk of unanticipated loss or damage to our reputation, no system of internal control can completely eliminate the risk of error, financial loss, fraudulent actions or reputational damage.

The Company's plans for growth bring new risks and will introduce new processes and systems changing the profile of operational risks across the business. Accordingly, the Company continues to invest in system capabilities and business processes to ensure that we meet the expectations of our customers, comply with regulatory, legal and financial reporting requirements, and mitigate the risks of loss or reputational damage from operational risk events. In addition to these, the Company has a strong focus on Risk Culture and continually seeks to ensure our core values are understood and followed across our footprint.

7) Cyber Crime

The financial services sector is increasingly becoming a target of "cyber crime". As we and our business partners increasingly digitalise our businesses, we are inherently exposed to the risk that third parties may seek to disrupt our operations, steal customer data or perpetrate acts of fraud using digital media. A significant cyber event could result in reputation damage and financial loss.

The Company is focused on ensuring that it maintains a robust and secure IT environment that protects its customer and corporate data and minimises the potential for the penetration of cyber acts. Processes exist to evaluate the securities of systems and proactively address emerging threats.

Principal risks and uncertainties (continued)

8) Brexit

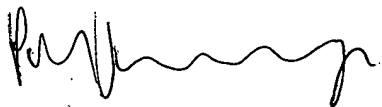
Following Parliament's double rejection of the Government's deal to leave the EU, failed vote of no confidence in the Government, and subsequent political turmoil through various further parliamentary votes and amendments around a deal and the backstop, we are still unclear on the final outcomes. Despite various amendments in early March to avoid no deal and push for a delay to Brexit, the circumstances change day by day. We continue, however, to monitor the on-going discussions and negotiations to inform our contingency planning.

LGIM is comfortable with its preparations despite this uncertainty, and has realigned its business model to cope with a short notice no-deal scenario and capitalise on all likely outcomes. Scenario planning has occurred, and there are measures in place to monitor and manage rapidly changing political and economic circumstances.

Key performance indicators

The directors review a range of performance indicators to monitor the performance of the Company. The level of dividends distributed to the Parent company is considered to be a key performance indicator. During the year a dividend of £20m was declared and distributed (2017: £23m).

By Order of the Board



Paul Sweeney
For and on behalf of Legal & General Co Sec Limited
Company Secretary
28 March 2019

LGIM Real Assets Limited
DIRECTORS' REPORT
For the year ended 31 December 2018

The directors present their annual report together with the audited financial statements of LGIM Real Assets Limited for the period ended 31 December 2018. LGIM Real Assets Limited was incorporated on 16 March 2017.

Principal activities

The principal activity of LGIM Real Assets Limited ("the Company") is to act as a holding company for operating entities that comprise the real assets division within the Legal & General Investment Management group.

Events after the reporting date

In August 2018, LGIM Commercial Lending Limited ("LGIM CLL"), a subsidiary of the Company, was served with a pre-action letter of claim alleging that LGIM CLL had breached an exclusivity clause within a non-disclosure agreement relating to acquisition finance. On 18 January 2019, LGIM CLL issued a detailed response to the letter of claim and robustly rejected the claim. Proceedings have not yet been issued.

Result for the year and dividend

The results of the Company are set out on page 9. A dividend of £20m was declared and paid in 2018 (2017: £23m).

Going concern

No material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern have been identified by the directors.

Financial risk

The Company's exposure to financial risk through its financial assets and liabilities is not considered material to the assessment of the Company's assets, liabilities, financial position and the profit and loss of the Company.

Directorate

The directors of the Company, who served during the year and up to the date of signing the financial statements are shown below:

G Aitchison
N Bamber
A Banks
M Barrie
S Boylan (Resigned 18/01/2019)
P A Edwards
A Eser
W Hughes
K Laurenson
R Martin
C Walker (Resigned 14/06/2018)
M Zinkula

Directors' indemnities and Insurance

The ultimate parent company, Legal & General Group Plc, maintains an appropriate level of Directors and Officers' liability insurance which is reviewed annually.

Independent auditor

Following a tender process in 2017, KPGM LLP were appointed as the Company's external auditor commencing with the 2018 financial year and its appointment was approved by the Company's shareholder. In accordance with section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Legal & General Group Plc Annual General meeting.

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 and of the profit or loss of the Company for that period. In preparing these 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Statement of disclosure of information to the independent auditor

Each of the directors, who held office at the date the Directors' report is approved, confirms that:

(a) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(b) he/she has taken all the steps that he/she ought to have taken as a director in order to make him or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By Order of the Board



Paul Sweeney
For and on behalf of Legal & General Co Sec Limited
Company Secretary
28 March 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LGIM REAL ASSETS LIMITED

Opinion

We have audited the financial statements of LGIM Real Assets Limited ("the company") for the year ended 31 December 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;

- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you 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;

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Bill Holland (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
 15 Canada Square
 London E14 5GL
 28 March 2019

LGIM Real Assets Limited
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2018

			For the period from 16 March 2017 to 31 December 2017
	Note	2018 £	£
Revenue		-	-
Expenses	3	-	-
Dividend income from subsidiaries	9	20,000,000	23,000,000
Profit before taxation		<u>20,000,000</u>	<u>23,000,000</u>
Tax on profit on ordinary activities	4	-	-
Profit and total comprehensive income for the financial year/period		<u>20,000,000</u>	<u>23,000,000</u>

There was no other comprehensive income other than that included in the above income statement.

The notes on pages 12 to 17 form an integral part of these financial statements.

LGIM Real Assets Limited
STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Note	2018 £	2017 £
Non-current assets			
Investments	6	<u>24,395,470</u>	<u>24,395,470</u>
Total non-current assets		<u>24,395,470</u>	<u>24,395,470</u>
Current assets			
Trade and other receivables	5	<u>2</u>	<u>2</u>
Total current assets		<u>2</u>	<u>2</u>
Total assets		<u>24,395,472</u>	<u>24,395,472</u>
Net assets		<u>24,395,472</u>	<u>24,395,472</u>
Equity			
Share capital	8	2	2
Other reserves		24,395,470	24,395,470
Retained earnings		-	-
Total equity		<u>24,395,472</u>	<u>24,395,472</u>

The notes on pages 12 to 17 form an integral part of these financial statements.

The financial statements on pages 9 to 17 were authorised for issue by the board of directors on 28 March 2019 and were signed on its behalf by:

W Hughes, Director

LGIM Real Assets Limited
Registered in England & Wales No. 10673702

Andrew Banks

A Banks, Director

LGIM Real Assets Limited
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

	Called up share capital	Other* reserves	Retained earnings	Total equity
	£	£	£	£
Balance as at 1 January 2018	2	24,395,470		24,395,472
Dividend income from subsidiaries	-	-	20,000,000	20,000,000
Total comprehensive income for the period	-	-	20,000,000	20,000,000
Dividends declared	-		(20,000,000)	(20,000,000)
Balance as at 31 December 2018	2	24,395,470	-	24,395,472
At 16 March 2017 (date of incorporation)	-	-	-	-
Share issue	2	-	-	2
Transfer of subsidiaries from group companies	-	24,395,470	-	24,395,470
Dividend income from subsidiaries	-	-	23,000,000	23,000,000
Total comprehensive income for the period	2	24,395,470	23,000,000	47,395,472
Dividends declared	-	-	(23,000,000)	(23,000,000)
Balance as at 31 December 2017	2	24,395,470	-	24,395,472

The notes on pages 12 to 17 form an integral part of these financial statements.

*Other reserves represents a capital contribution arising when the Company's subsidiaries were transferred to the Company. See note 1(d)

LGIM Real Assets Limited
NOTES TO FINANCIAL STATEMENTS
For the year ended 31 December 2018

1 Summary of significant accounting policies

The main accounting policies of the Company are set out below. The accounting policies have been consistently applied unless otherwise stated.

(a) Reporting entity

The Company is a limited company, incorporated and domiciled in the United Kingdom. The address of its registered office is One Coleman Street, London, United Kingdom, EC2R 5AA.

(b) Basis of preparation

The financial statements of LGIM Real Assets Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS101:

- IFRS 7, 'Financial Statements: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows)
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - 16 (a statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 40A-D (requirements for a third statement of financial position), and
 - 111 (cash flow statement information)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

LGIM Real Assets Limited
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2018

1 Summary of significant accounting policies (continued)

The Company is a wholly owned subsidiary of Legal & General Investment (Holdings) Limited and of its ultimate parent, Legal & General Group Plc. It is included in the consolidated financial statements of Legal and General Group plc, which are publically available. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

(c) Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

(d) Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries are recorded at cost.

(e) Dividend distribution

A dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are authorised and are no longer at the discretion of the Company.

(f) Dividend income

Dividend income is recognised when the Company's right to receive payment is established.

(g) Trade & other receivables

Receivables are recognised in the statement of financial position, when and only when, the Company becomes party to the contractual provisions of the contract. Receivables are initially recognised at fair value adjusted for any directly attributable transaction costs.

After initial recognition, receivables are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

LGIM Real Assets Limited
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2018

(h) Trade and other payables

Payables are recognised in the statement of financial position, when and only when, the Company becomes party to the contractual provisions of the contract. Payables are initially recognised at fair value adjusted for any directly attributable transaction costs.

After initial recognition, payables are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Valuation of Investments in subsidiaries

The investments in Legal & General Property and LGIM Commercial Lending Limited were transferred at their previous carrying values to LGIM Real Assets Limited. In accordance with IAS 27, 'Separate Financial Statements', given this represents a transfer of entities under common control, the transfer value of the subsidiaries has been valued to reflect the share of equity acquired being the net asset values of the subsidiaries at the date of transfer. The aggregate transfer value agreed with Legal & General Investment Management (Holdings) Limited and Legal & General Property Limited was £18,155,001 and the aggregate net asset value reflected in these financial statements was £24,395,470.

3 Audit fees

The audit fees are borne by the parent undertaking, Legal & General Investment Management (Holdings) Limited. The audit fees for the year were £13,000 (2017: £3,000):

4 Tax on profit

**For the
period from
16 March
2017 to 31
December**

	2018	2017
	£	£
Current tax		
- Current tax on profits for the year	-	-
Total current tax charge	-	-

The tax attributable to equity holders differs from the tax calculated at the standard UK Corporation tax rate as follows:

	2018	2017
	£	£
Profit before tax	20,000,000	23,000,000
Tax calculated at the standard UK corporation tax rate of 19% (2017: 19.25%)	3,800,000	4,427,500
Income not subject to tax (dividend)	(3,800,000)	(4,427,500)
Total tax charge	-	-

LGIM Real Assets Limited
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2018

5 Trade and other receivables

Current	2018	2017
	£	£
Amounts due from group undertakings	2	2
	<u>2</u>	<u>2</u>

The amount owed by group undertakings are unsecured and interest free.

6 Investments

	Group undertakings	Total
	£	£
At 1 January 2018	24,395,470	24,395,470
At 31 December 2018	<u>24,395,470</u>	<u>24,395,470</u>
Cost at 31 December 2018	<u>24,395,470</u>	<u>24,395,470</u>

The directors believe that the carrying value of the investments is supported by either their underlying net assets or their ability to generate net profits in future.

LGIM Real Assets Limited
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2018

6 Investments (continued)

Subsidiary undertakings

The subsidiary undertakings of the Company are listed below. Each undertaking operates mainly in its country of incorporation and has only one class of issued ordinary shares, unless stated otherwise.

Held directly by the	Nature of business	Incorporated in
Legal & General Property Limited	Provide property investment management and development services to property clients.	England & Wales
LGIM Real Assets (Operator) Limited	Undertake FCA regulated activities on behalf of its holding company, relating to the operation of property limited partnerships and carrying out regulated investment activities across infrastructure and corporate debt investments.	England & Wales
LGIM Commercial Lending Limited	Making and subsequent management of loans on behalf of its clients.	England & Wales

All of the above subsidiaries are 100% owned and have their registered office at One Coleman Street, London, EC2R 5AA.

7 Directors' emoluments

No emoluments were received by any directors in relation to qualifying services provided to the Company nor were any direct pension contributions paid (2017: £ nil).

8 Share capital

Issued share capital, fully paid	2018 Number of shares	2018 Share capital
Shares issued on 16 March	2	2
As at 31 December 2018	2	2

9 Dividends

	Per share 2018 £	Per share 2017 £	Total 2018 £	Total 2017 £
Dividends approved	10,000,000	11,500,000	20,000,000	23,000,000
	10,000,000	11,500,000	20,000,000	23,000,000

LGIM Real Assets Limited
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2018

10 Ultimate parent undertaking

The immediate parent company is Legal & General Investment Management (Holdings) Limited. The ultimate parent company is Legal & General Group Plc, a company incorporated in England & Wales - the controlling party which consolidates the financial statements of the Company. These financial statements therefore provide information about the Company as an individual undertaking. Copies of the financial statements of the ultimate holding company, Legal & General Group Plc, are available on the Group website, www.legalandgeneralgroup.com or from the Company Secretary at the Registered Office, One Coleman Street, London, EC2R 5AA.

11 Cash flow Statement

The Company has taken advantage of the exemption under paragraph 8 (h) of FRS 101 from the requirements of IAS 7 Statement of Cash flows, and hence has not presented a cash flow statement.

12 Employee and pension information

The Company has no direct employees and hence makes no contributions towards retirement benefits (2017: £ nil).

13 Related party transactions

The Company has taken advantage of the exemption under paragraph 8 (j) and (k) of FRS 101 from certain requirements under IAS 24 Related party disclosures. These include the requirement to disclose transactions entered into by the Company with other wholly owned members of Legal & General Group Plc, and the requirement to present disclosures on compensation arrangements for key management personnel.

See note 7 for disclosure of the directors' remuneration.

14 Modern Slavery

Legal & General Group Plc and its global subsidiaries ("Legal & General") recognise that companies have an obligation to ensure that their business and supporting supply chains are slavery free.

Legal & General's full modern slavery statement can be found at www.legalandgeneralgroup.com

15 Subsequent events

Subsequent to the balance sheet date, there has not been any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Company, the results of those operations, or the state of affairs, in future financial years.