Annual Report and Financial Statements 2018

LGT UK Holdings Limited

Registered Number: 10011913

Contents

Board of directors and other information

Directors

O. de Perregaux (Swiss)

U. Gaehwiler (Swiss)

I. Enderli (Swiss)

S. Watson (British) (appointed 26 May 2018)

M. Bourgeois (British) (resigned 30 June 2018)

Secretary

S. Watson

Registered Office

14 Cornhill

London EC3V 3NR

England

Principal Banker

LGT Bank Limited

Herrengasse 12

FL-9490 Vaduz

Liechtenstein

Independent Auditors

PricewaterhouseCoopers

Chartered Accountants and Statutory Audit Firm

One Spencer Dock

North Wall Quay

Dublin 1

Ireland

Principal Solicitors

Dentons UKMEA LLP

One Fleet Place

London EC4M 7WS

England

Directors' report
For the period ended 31 December 2018

The Directors submit their annual report together with the audited financial statements for the period ended 31 December 2018. This report has been prepared in accordance with the special provisions relating to small companies. The Company is availing of the exemption from preparing a strategic report under section 15 of the Companies Act 2006.

1. Principal activities and review of the business

LGT UK Holdings Limited ("the Company") was incorporated on 18 February 2016. The Company holds direct interests in five LGT Group entities, namely LGT Vestra LLP ("Vestra"), LGT Capital Partners (UK) Limited ("CPUK"), LGT Holdings Denmark ApS ("LGT DEN"), LGT Impact Investment Advisors UK LLP ("LGT IIU") and LGT EC Holding Limited ("ECH"), and provides legal services.

LGT Vestra LLP

The Company acquired a stake of 75.57% in Vestra in 2016, which has increased to 75.96% as at 31 December 2018. The Company will acquire the remaining 24.04% in the years 2019 and 2021. Under the terms of the share purchase agreement, contingent payments will be made to the minority shareholders over a number of years to coincide with the equity re-purchase. In line with IAS 19, these contingency payments have been treated as long-term employee benefits. As such, the contingency payments have been recognised in personnel expenses on an accruals basis.

The Company does not have any control or influence over Vestra, which is consistent with the LGT Group policy on accounting for LGT subsidiaries and is in accordance with IFRS 10 – Consolidated Financial Statements. Vestra is consolidated at LGT Group level so consolidated accounts for the immediate parents, in this case the Company, are not required in accordance with IFRS 10.4 and with Section 399 of the Companies Act, 2006.

LGT Capital Partners (UK) Ltd

The Company acquired 100% of CPUK in 2016. For the current year, CPUK made a profit for the financial year of GBP 169,000 and amounts attributable to the equity shareholder at 31 December 2018 were GBP 2,958,000. The Company does not have control or influence over CPUK, which is consistent with the LGT Group policy on accounting for LGT subsidiaries and is in accordance with IFRS 10 – Consolidated Financial Statements. CPUK is consolidated at LGT Group level so consolidated accounts for the immediate parents, in this case the Company, are not required in accordance with IFRS 10.4 and with Section 399 of the Companies Act, 2006.

LGT EC Holding Ltd

The Company acquired 60% of ECH on 22 November 2017. ECH in turn holds 100% of the LGT European Capital group of companies consisting of LGT European Capital Ltd, an Alternative Investment Fund Manager based in the

UK, a branch of LGT European Capital Ltd based in France and four general partnership and corporate entities that form part of the underlying private debt fund structure.

The remaining 40% of ECH is owned by four management partners of LGT European Capital Ltd. It is intended that Company will purchase the remaining stake of 40% of LGT ECH in 2019 and 2021. Under the terms of the share purchase agreement, milestone payments will be made to the minority shareholders over a number of years to coincide with the share re-purchase. In line with IAS 19, these milestone payments have been treated as long-term employee benefits. As such, the milestone payments have been recognised in personnel expenses on an accruals basis. ECH is consolidated at LGT Group level so consolidated accounts for the immediate parents, in this case the Company, are not required in accordance with IFRS 10.4 and with Section 399 of the Companies Act, 2006.

LGT Holdings Denmark ApS

The Company acquired 100% of LGT Holdings Denmark ApS on 20 August 2018. This was a deemed acquisition and was part of a wider LGT Group corporate restructuring project to reduce and streamline the number of holding companies within LGT Group. The deemed acquisition consisted of a number of steps; first, the Company acquired LGT Holding (Malaysia) Ltd, the 100% owner of LGT Holding Denmark ApS, in April 2018. The shares of LGT Holding (Malaysia) Ltd were transferred in kind to the Company for nil consideration. This transfer in kind gave rise to a gain equal to the value of the shares which was CHF 122.6m. This gain is recognised in the Statement of Comprehensive Income. The second step was to liquidate LGT Holding (Malaysia) Ltd., this step was completed on 20 August 2018. From this date the Company became the 100% owner of the shares of LGT DEN, the value of which was CHF 122.6m. LGT DEN in turn holds four direct entities (one of which is in liquidation) and three indirect entities based in Ireland, Switzerland and the United States.

The Company does not have any control or influence over LGT DEN, which is consistent with the LGT Group policy on accounting for LGT subsidiaries and is in accordance with IFRS 10 – Consolidated Financial Statements. LGT DEN is consolidated at LGT Group level so consolidated accounts for the immediate parents, in this case the Company, are not required in accordance with IFRS 10.4 and with Section 399 of the Companies Act, 2006.

LGT Impact Investment Advisors UK LLP

LGT IIU was incorporated on 17 December 2017 and is an investment advisor to LGT Group's philanthropy funds. The Company is the corporate partner in the LLP along with three executive partners. The Company provided initial members' capital of GBP 98,000, contributing 98% of the total member's capital. During the course of 2018 the Company provided further capital injections of GBP 2,900,000 and GBP 5,100,000 on 15 March 2018 and 31 October 2018 respectively. This was to ensure that LGT IIU had sufficient capital to continue to meet the ongoing costs associated with establishing and growing the business. As at 31 December 2018, the membership structure of LGT IIU consisted of three executive partners, owning 0.04% between them, and the corporate partner, the Company, owning the remaining 99.96%.

In its first year of trading LGT IIU's main objective was to attract investors to a new impact investing fund, which will formally launch in 2019. As such, losses were expected to accrue. Thereafter, advisory fee income is expected to be received and to cover expenses incurred in running the business. Due to the losses incurred in 2018 the

Company have recognised an impairment equivalent to these losses of CHF 7,127,932 against the value of the investment in LGT IIU.

LGT Group Foundation continue to support the philanthropy business of LGT IIU and as such have issued a letter of comfort, confirming its ongoing commitment. As such, LGT IIU continues its business on a going concern basis.

2. Results for the period and state of affairs at 31 December 2018

The statement of comprehensive income and statement of financial position are set out on pages 12 and 13 respectively. After accounting for a gain for the financial period of CHF 84,173,667, amounts attributable to the equity shareholder at 31 December 2018 were CHF 139,871,948.

3. Current period developments

Overall performance for the Company in the current year is in line with expectation. The following is a brief summary of the performance of the companies held by the Company.

Vestra:

LGT Vestra LLP's revenue for the year to 31 December 2018 was GBP 63.75m, up GBP 11.49m or 22% from prior year 31 December 2017 of GBP 52.26m. This has been driven by successful net asset inflow growth over the year of GBP 2.15bn, which has been partly offset by negative market movement of GBP 0.79bn to bring year end Assets Under Management at 31 December 2018 to GBP 11.38bn, up 1.36bn or 13.6% from 31 December 2017 GBP10.02bn.

CPUK:

CPUK's revenue for the year to 31 December 2018 was GBP 7.4m, up GBP 1.1m on prior year or 17%. Overall net profit for the year increased from GBP 70k to GBP 169k primarily due to increased income. This is in line with expectation.

ECH:

ECH's sole purpose is to hold the investment in LGT EC. As such there is no trading income or notable profits or losses.

LGT IIU:

LGT IIU's first year of trading was loss making given that it is still fund raising for the new philanthropy fund being launched in 2019. Total losses amounted to GBP 5,676,009. An impairment equal to the amount of these losses has been recognised against the holding in LGT IIU.

LGT DEN:
LGT DEN purpose is to hold a number of LGT entities. As such there is no trading income or notable profits or losses.

Expansion of operations of the Company
During 2018 the Company hired three staff who re-located from other LGT Group entities. These staff enable the Company to provide legal services to Vestra (details below). As such the Company now recognises various associated personnel and administration expenses.

Provision of legal services
During 2018 the Company commenced providing legal services to Vestra for which it receives fee income. The terms of the services being provided and the basis for the fee income calculations are contained within a legally binding service level agreement.

4. Future developments

The Company plans to maintain all of its investments in Vestra, CPUK, ECH, LGT IIU and LGT DEN for the foreseeable future.

5. Risk management

Risks associated with investment
The risk to the Company is the financial risk of losing the share capital invested in Vestra, CPUK, ECH and LGT IIU. Claims against all companies in excess of their share capital will be ultimately claimed at the level of the Company.

Claims could materialise for a variety of business reasons, however, LGT Group minimise this risk by ensuring that, as with all LGT Group subsidiaries, there is sufficient strategic planning carried out before any LGT Group restructuring or new acquisition is made, a suitable corporate governance framework is instilled in the company and that key risk areas are adequately managed, either within LGT Group by hiring adequately qualified resources, or externally through outsourcing.

Vestra
The main risk associated with the investment in Vestra is a risk that the investment asset will require an impairment. Possible triggers for an impairment of this investment may include an impairment of the goodwill associated with the acquisition of the investment by way of a reduction in the value associated with an LGT Group private banking presence in London or an impairment of intangible assets, by way of a significant change in the relationship managers employed by Vestra. An annual assessment of impairment of the investment in Vestra has been conducted internally.

CPUK

The main risk associated with the investment in CPUK is a risk that the investment asset will require an impairment. Possible triggers for an impairment may include CPUK becoming a loss-making entity or a reduction in the value of an LGT Group asset management presence in London. An annual assessment of impairment of the investment in CPUK has been conducted internally.

ECH

The main risk associated with the investment in ECH is a risk that the investment asset will require an impairment. Possible triggers for an impairment may include ECH becoming a loss-making entity or a reduction in the value of an LGT Group asset management presence in London and/or Paris. An annual assessment of impairment of the investment in ECH is conducted internally.

LGT IIU

The main risk associated with the investment in LGT IIU is a risk that the investment asset will require an impairment. Possible triggers for an impairment may include LGT IIU becoming a loss-making entity. An annual assessment of impairment of the investment in LGT IIU has been conducted and, due to its current loss-making status, an impairment has been recognised.

LGT DEN

The main risk associated with the investment in LGT DEN is a risk that the investment asset will require an impairment. Possible triggers for an impairment may include LGT DEN, or any of its subsidiaries, becoming a loss-making entity. An annual assessment of impairment of the investment in LGT DEN has been conducted internally.

Risks associated with Brexit

The Company's main function is to hold various other LGT entities. The impact of Brexit could result in a restructuring of the organisational structure of the UK entities but this in itself is standard for a holding company.

6. Directors

The names of the persons who were Directors at any time during the period ended 31 December 2018 are as follows: O. de Perregaux, U. Gaehwiler, I. Enderli, M Bourgeois and S. Watson. The following changes to the Directors occurred during the reporting period:

M. Bourgeois (appointed 01 April 2018, resigned 30 June 2018)
S. Watson (appointed 26 May 2018)

The Directors and the Secretary had no interest in the share capital of the Company for the period ending 31 December 2018.

7. Directors' responsibility statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable UK law and International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") as adopted by the European Union ("EU"). UK company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and 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 confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements have been properly prepared in accordance with IFRS and IFRIC as adopted by the EU and comply with UK statute comprising 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.

The Company's financial statements for the period ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union "EU").

8. Statement of disclosure to auditors

As far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, 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 auditors are aware of that information.

9. Post balance sheet events

There are no post balance sheet events.

10. Independent auditors

PricewaterhouseCoopers, Chartered Accountants and Statutory Audit Firm have expressed their willingness to continue in office in accordance with the Companies Act, 2006.

On behalf of the Board

Sylvia Watson, Director

Ivo Enderli, Director

Date: 03 July 2019

Independent auditors' report to the members of LGT UK Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, LGT UK Holdings Limited's 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 and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements 2018 (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the statement of comprehensive income, the statement of cash flows, the statement of changes in shareholders' equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the 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 the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibility statement set out on page 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Fiona de Búrca (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Dublin
3 July 2019

LGT UK Holdings Limited

Statement of comprehensive income

For the year ended 31 December 2018

		2018 CHF '000	2017 CHF '000
Operating income	3	174	-
Interest income/(expense)	4	(289)	(249)
Total income		**(115)**	**(249)**
Personnel expenses	5	(30,241)	(29,905)
Operating expenses	6	(937)	(3,760)
Total operating expenses		**(31,178)**	**(33,665)**
Impairments and provisions			
Impairment losses	7	(7,128)	-
Total impairments and provisions		**(7,128)**	-
Profit/(loss) before taxation		**(38,421)**	**(33,914)**
Taxation on operating activities	8	-	-
Net profit/(loss) for the year		**(38,421)**	**(33,914)**
Other comprehensive income	9	122,595	-
Total comprehensive profit/(loss) for the period		**84,174**	**(33,914)**

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations. The accompanying notes are an integral part of these financial statements.

Sylvia Watson, Director

Ivo Enderli, Director

Date: 03 July 2019

Statement of financial position

As at 31 December 2018

	Note	2018 CHF '000	2017 CHF '000
Assets			
Non-current assets			
Investment in subsidiaries	10	334,083	201,628
Total non-current assets		**334,083**	**201,628**
Current assets			
Cash and cash equivalents	11	28	33
Debtors and other assets	12	830	815
Total current assets		**858**	**848**
Total assets		**334,941**	**202,476**
Liabilities			
Current liabilities			
Amounts due to banks	13	125,280	104,940
Creditors and other liabilities	14	2,167	1,038
Other liabilities	15	67,622	40,800
Total liabilities		**195,069**	**146,778**
Equity capital			
Share capital	16	102,643	102,643
Retained earnings	17	40,447	(43,727)
Revaluation Reserve	18	(3,218)	(3,218)
Total equity capital and reserves		**139,872**	**55,698**
Total liabilities and equity capital		**334,941**	**202,476**

The accompanying notes are an integral part of these financial statements.

Sylvia Watson, Director

Ivo Enderli, Director

Date: 03 July 2019

Statement of changes in shareholder's equity

For the year ended 31 December 2018

	Note	Share capital CHF '000	Revaluation Reserve CHF '000	Retained earnings CHF '000	Total equity CHF '000
As at 1 January 2018		102,643	(3,218)	(43,727)	55,698
Total comprehensive profit for the period		-	-	84,174	84,174
As at 31 December 2018		**102,643**	**(3,218)**	**40,447**	**139,872**

	Note	Share capital CHF '000	Revaluation Reserve CHF'000	Retained earnings CHF '000	Total equity CHF '000
As at 1 January 2017		102,643	(3,218)	(9,813)	89,612
Total comprehensive loss for the period		-	-	(33,914)	(33,914)
As at 31 December 2017		**102,643**	**(3,218)**	**(43,727)**	**55,698**

The accompanying notes are an integral part of these financial statements.

Statement of cash flows

For the year ended 31 December 2018

	Note	2018 CHF'000	2017 CHF'000
Cash flows from operating activities			
Gain/(loss) on operating activities before taxation		84,877	(33,914)
Interest expense		-	249
Increase in current assets		(15)	(815)
Increase in current liabilities		397	573
Increase in bonus accruals		27,437	30,954
Increase in provisions		6,829	1,580
Non-cash gain on acquisition		(122,550)	-
Foreign currency revaluation		2	-
Net cash outflow from operating activities		**(3,023)**	**(1,373)**
Cash flows from investing activities			
Financial investment		(17,033)	(2,947)
Interest paid		(289)	(265)
Net cash used from investing activities		**(17,322)**	**(3,212)**
Cash flows from financing activities			
Loan drawdowns received		1,386,234	1,453,388
Loan repayments made		(1,365,894)	(1,448,811)
Net cash inflow from financing activities		**20,340**	**4,577**
Net increase/(decrease) in cash and cash equivalents		**(5)**	**8**
Cash and cash equivalents at beginning of the year		33	25
Cash and cash equivalents at 31 December	8	**28**	**33**

The accompanying notes are an integral part of these financial statements.

The acquisition of LGT Holding Malaysia Ltd for CHF 122.6m was a transfer in kind for nil consideration and is therefore a non-cash transaction.

Notes to the financial statements

1. Accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all periods presented unless otherwise stated. The financial statements as at 31 December 2018 are prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and with those parts of the Companies Act, 2006 applicable to companies reporting under IFRS.

a) Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS and IFRIC as adopted by the EU requires management to make certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in note 1(b).

The investments in Vestra, CPUK, ECH, LGT IIU and the acquisition of LGT DEN mean that under IFRS 10 – Consolidated Financial Statements – and under Section 399 of the Companies Act, 2006, the Company is required to prepare consolidated financial statements. The Company, however, is availing of an exemption from this requirement available under IFRS 10.4. This exemption is subject to certain conditions, which have all been met, and allows for the ultimate parent of the group i.e. LGT Group, to prepare financial statements which consolidate all LGT entities. Therefore the Company is not required to prepare consolidated financial statements. The Company prepares separate financial statements under IAS 27 – Consolidated and Separate Financial Statements. The required disclosures under this standard have been made in these financial statements.

The LGT Group Foundation, incorporated in the Principality of Liechtenstein, produce consolidated financial statements under IFRS which are available for public use at their registered address of: LGT Group, Herrengasse 12, FL-9490 Vaduz, Liechtenstein.

Changes in accounting principles and presentation

Standards and interpretations that have been adopted

The Company applied the following new and revised standards and interpretations for the first time in the financial year beginning on 1 January 2018:

- IFRS 9 Financial Instruments (effective 1 January 2018)

IFRS 9 replaces IAS 39, "Financials Instruments: Recognition and Measurement". The new standard introduces new classification and measurement requirements for financial assets and financial liabilities, and replaces the previous rules for impairment of financial assets with the ECL impairment model. See page 19 for further information on the adoption of IFRS 9.

- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)

The new standard specifies how and when revenue is recognised. IFRS 15 replaces several other IFRS standards and interpretations that currently govern revenue recognition under IFRS and provides a single principles based five-step model to be applied to all contracts with customers. See page 22 for further information on the adoption of IFRS 15.

The adoption of the following standards and interpretations has not led to any changes in the Company's accounting principles.

- Amendments to IFRS 2 Share based payments (effective 1 January 2018)
- Amendments to IFRS 15 Revenue from contracts with customers (effective 1 January 2018)
- Amendments to IAS 28 Investment in associates and joint ventures (effective 1 January 2018)
- Amendments to IAS 40 Investment property (effective 1 January 2018)
- IFRIC 22 Foreign currency transactions and advance consideration (effective 1 January 2018)

The adoption of the standards listed above has not led to any changes in the presentation of either the Cash flow statement or tax notes. This is due to the specific amendments being related to areas within the standard to which the Company has no exposure for the year ended 31 December 2018. The standards and interpretations did not have any impact on the reported results or financial position of the Company.

Standards and interpretations that have not yet been adopted

The following standards and amendments to standards are mandatory for the Company in future periods but are not relevant for the Company's operations for the year ended 31 December 2018. The Company has chosen not to adopt these in advance. Based on an initial analysis, the following new and revised standards and interpretations, which have to be applied for financial years beginning on or after 1 January 2019, will not have an impact on the reported results or financial position of the Company:

- IFRIC 23 Uncertainty over income tax treatments (effective 1 January 2019, early adoption permitted)
- Amendments to IFRS 9 Financial instruments – Prepayment features with negative compensation (effective 1 January 2019, early adoption permitted)
- Amendments to IAS 19, Employee benefits – Plan amendment, curtailment or settlement (effective 1 January 2019, early adoption permitted)
- Amendments to IAS 12 Income taxes (effective 1 January 2019)
- Amendments to IAS 23 Borrowing costs (effective 1 January 2019)

Based on an initial analysis, the following new and revised standards and interpretations, which have to be applied for financial years beginning on or after 1 January 2019, will have an impact on the reported results or financial position of the Company:

- **IFRS 16 Leases (effective 1 January 2019)**

IFRS 16, 'Leases', replaces the old lease standard, IFRS 17 and refers to all leasehold contracts held by a company.

It has the effect of classifying all leasehold contracts as both an asset with depreciation, and a corresponding liability on the balance sheet with a finance cost (interest expense) charged to the income statement. This applies to all lease contracts, irrespective of whether it was previously classified as an operating lease (recorded only through the income statement) or a finance lease (recorded as an asset and liability with a finance charge and depreciation through the income statement).

Recognition and Measurement

On adoption of IFRS 16 we expect that a 'right – of use asset' (ROA) and a 'lease liability' will be initially recognised on the balance sheet. The expected impact of adoption is set out below.

The ROA will initially be measured at the amount of the lease liability plus initial direct costs. It is subsequently measured at cost less depreciation. The liability is measured at the present value of the lease payments discounted using a suitable discount rate. The periodic lease payment will reduce the liability. A finance cost (interest expense) is charged through the income statement, which will increase the liability on the balance sheet, and a monthly depreciation charge will reduce the ROA. As the lease asset reduces, the finance cost will also reduce, resulting in a lower lease expense in the later years of the life of the lease.

From 1 January 2019, the impact of the above has led to the creation of a ROA and a lease liability on the statement of financial position of GBP 871K. The ROA is depreciated annually at a discount rate of 1.53% resulting in a total lease depreciation charge for 2019 of GBP 435K. At the same time, a lease interest expense of GBP 11K for 2019 is accrued, based on prevailing market borrowing rates. This will result in a total charge to the income statement of GBP 446K for 2019 on the basis that none of the existing terms or conditions of the lease are amended. As the net present value of the lease reduces over time, so too will the depreciation and interest amounts expensed so that the total expense amounts gradually reduce over the life of the lease. For comparison, were the existing recognition to continue i.e. recognising the annual lease payments only, the amount would be GBP 442K each year for the duration of the lease.

LGT Group have developed a centralised IFRS 16 lease application which records lease information for all LGT entities. This tool produces lease amortisation and depreciation schedules for the duration of the lease. This subsequently enables local accountants to make the appropriate bookings.

The Company adopted IFRS 16 on 1 January 2019.

Changes in accounting policies, comparability and other adjustments

Implementation of IFRS 9, Financial Instruments

As at 1 January 2018 the Company adopted IFRS 9, Financial Instruments which, replaces the International Accounting Standard IAS 39, Financial instruments: Recognition and Measurement. The new standard introduces ECL requirements that change the accounting and reporting for the credit exposures which, for the Company, are its cash and cash equivalent assets which are comprised of cash at bank (see Note 11). Moreover, IFRS 9 imposes new classification and measurement guidelines that require a consideration of the contractual cash flow characteristics of financial assets and the associated business models.

The ECL amounts have been calculated in accordance with the methodology described on page 21. Credit exposures arising from cash with banks are to intercompany (LGT Bank Ltd). Credit exposures arising from debtors and other assets are to other LGT Group companies or state bodies therefore the deemed credit risk is negligible. Overall, in the Directors opinion the ECL is immaterial at present.

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Company.

- Classification and measurement of financial instruments

The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at 1 January 2018 are compared as follows:

Classification and measurement of financial assets	IAS 39 Measurement category	IAS 39 Carrying amount CHF' 000	IFRS 9 Measurement category	IFRS 9 Carrying amount CHF' 000
Financial assets				
Cash and cash equivalents	Amortized cost (Loans and receivables)	33	Amortized cost	33
Debtors and other assets	Cost	815	Amortized cost	815

There were no changes to the classification and measurement of financial liabilities.

Financial assets – IFRS 9

(i) Classification and subsequent measurement

Starting 1 January 2018, the Company has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- fair value through profit or loss (FVPL);
- fair value through other comprehensive income (FVOCI); or
- amortized cost.

(ii) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds. Classification and subsequent measurement of debt instruments depend on the business model for managing the assets and the cash flow characteristics of the asset. Based on these factors, the Company classifies its debt instruments into the following measurement category:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at amortized cost. The Company measures Cash and cash equivalents and Debtors and other assets at amortized cost.

- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flow represent solely payments of principal and interest, and that are not designated at FVPL, are measured at FVOCI.

- Fair value through profit or loss (FVPL).

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of comprehensive income in income from trading activities in the period in which it arises. This category has two sub-categories: financial assets held for trading, and those designated at FVPL at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The Company designates financial assets at FVPL when either;

- the assets are managed, evaluated and reported internally on a fair value basis;
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise;
- the asset contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract;

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payment of principal and interest (the SPPI test). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVPL.

(iii) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. The Company subsequently measures all equity instruments at FVPL.

(iv) Impairment

Expected credit loss impairment model (ECL) provides a mechanism for an entity to recognise credit losses (or provision) based on expected losses rather than incurred losses.

The Company assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortized cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The measurement of ECL reflects: an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The Company does not issue debt instruments as such only cash and cash equivalents with banks are subject to the ECL. The Company employs a simplified model applying a 0.05% default rating to intercompany cash and fixed-term balances and a 0.12% default rate to third party banks. These rates are on the basis that the credit exposures are of low credit risk and that the counterparty has a high capacity to fulfil its obligations. At present the Company has no exposures to third party banks.

IFRS 9 - Measuring ECL, explanation of inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL are the product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD).

The Company has adopted a simplified approach whereby intercompany cash and cash equivalents with group banks have a 0.05% PD applied based on the LGT Group's external credit ratings, and third party cash and cash equivalents with banks have a PD of 0.12% applied based on their credit rating as at 31 December 2017 and 31 December 2018. The PD for external counterparties would only change in line with changes to their credit rating.

The calculation of the ECL for the Company's credit exposure is performed by the Company and is based on a methodology implemented by the LGT Group Risk Controlling department. The assumptions underlying the ECL calculation are reviewed regularly. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. In 2018, the Directors are of the opinion that the ECL is nil.

The Company does not apply the ECL assessment to Debtors and other assets. Exposures to Debtors and other assets are to debtors with whom the Company has a long standing relationship and, based on past experience, the Directors are of the opinion that an ECL is nil.

IFRS 15 Revenue from contracts with customers

All revenue from contract customers are based on legally enforceable contracts between the Company and the customer. The performance obligations within the contracts are linked to the service being provided by the Company to the customer and directly relate to the fee type generated as consideration for the provision of the service. For instance, the Company earns fees from the provision of legal services. Since these services are provided on an ongoing basis and not at any specific point in time, the revenues earned are also recognised on an ongoing basis for the duration of the contract. The consideration amount is defined in each contract as a fixed percentage of an underlying value. All revenue from contracts with customers are fixed in nature. There are no variable consideration contracts in place.

2018 is the first year that the Company has to recognise revenue from contracts with customers.

	2018 CHF '000	2017 CHF '000
Current contract assets	209	-
Current contract liabilities		-

These contract assets are made up of debtors for legal services provided to LGT Vestra LLP. They are included on the statement of financial position within debtors and other assets.

(b) Use of estimates

The Board of Directors makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Company has recognised an impairment against the investment in LGT IIU. The calculated amount of the impairment is equal to the actual losses incurred by LGT IIU for the period 01 April 2018, the date LGT IIU commenced trading, to 31 December 2018. Having considered all of the appropriate information available, the Board of Directors of the Company deem the incurred losses of LGT IIU to be an appropriate estimate of the value of the impairment to be recognised by the Company. There were no other estimates or assumptions identified that have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses within the next financial year.

(c) Foreign currency translation

(i) Functional and presentation currency

The functional and presentation currency of the Company is CHF. Assets and liabilities where the functional currency was other than CHF were translated into CHF at the relevant closing rates of exchange. Non-CHF trading results were translated into CHF at the relevant average rates of exchange. Differences arising from the retranslation of the opening net assets and the results for the year have been taken to the foreign currency translation reserve.

(ii) Transactions and balances

Foreign currency transactions are translated into CHF using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated using exchange rates at the period end. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(iii) List of period-end and average foreign currency rates per CHF.

Foreign Currency	FX rate as at 31 December 2018	FX rate as at 31 December 2017	2018 average FX rate	2017 average FX rate
USD	0.9853	0.9748	0.9766	0.9827
GBP	1.2558	1.3189	1.3009	1.2735
EUR	1.1266	1.1703	1.152	1.1126

(d) Cash and cash equivalents

Cash and cash equivalents comprise demand, call and term deposits with a maturity of three months or less. For the purpose of the statement of cash flow, cash and cash equivalents comprise all cash, short-term deposits and other money market instruments, net of short-term overdrafts, with a maturity of three months or less. Cash and cash equivalents are measured at amortized cost.

(e) Interest income

Interest income is recognised in the statement of comprehensive income on an effective interest rate basis.

(f) Interest expense

Interest expense is recognised in the statement of comprehensive income on an effective interest rate basis.

(g) Accrued expenses

Expenses are recognised in the statement of comprehensive income on an accruals basis.

(h) Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction cost incurred. Borrowings are subsequently stated at amortised cost, any difference between proceeds net of transactions costs and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowing using the effective interest method.

(i) Taxation

Corporation tax is provided on the taxable profits of the Company. The current rate of corporation tax is 20%.

Deferred tax is provided on all timing differences that have originated but not reversed at the statement of financial position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the statement of financial position date.

Timing differences are temporary differences between profits as computed for tax purposes and profits as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different years for tax purposes.

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date. Deferred tax is not discounted.

(j) Consolidation of subsidiary holdings

All LGT Group subsidiaries are consolidated at Group level so consolidated accounts for the immediate parent, in this case the Company, are not required in accordance with IFRS 10.4 and with Section 399 of the Companies Act, 2006.

(k) Classification of subsidiary holdings

The Company classifies the subsidiary holdings of Vestra, CPUK, ECH, LGT IIU and LGT DEN as investments on the Statement of Financial Position. In accordance with IAS27, all subsidiary holdings are held at cost. On an annual basis the investments carrying amount (i.e. cost) is reviewed to determine whether there is any objective evidence of impairment. Where such evidence is identified, the investment is tested to determine whether the carrying value is less than its recoverable amount (i.e. the higher of fair value less costs to sell and value in use). Indicators of impairment could include, but are not limited to, significant changes to the funds industry and changes to the regulatory, market, economic or legal environments.

The remaining stake of 24% of Vestra will be purchased in 2019 and 2021. In line with IFRS3, this remaining consideration has been treated as remuneration. This remuneration amount has been recognised in personnel expenses on an accruals basis.

The Company classifies the subsidiary holdings of CP UK as an investment on the statement of financial position. This is held at its cost in compliance with IAS 27 i.e. the lower of the carrying amount and fair value less costs to sell. It is tested for impairment annually.

It is intended that the remaining stake of 40% of LGT ECH will be purchased in 2019 and 2021. Under the terms of the share purchase agreement, milestone payments will be made to the minority shareholders over a number of years to coincide with the share re-purchase. In line with IAS 19, these milestone payments have been treated as long-term employee benefits. As such, the milestone payments have been recognised in personnel expenses on an accruals basis.

The Company classifies the subsidiary holding of LGT IIU as an investment in the statement of financial position. The Company has recognised an impairment against LGT IIU equal to the amount of losses incurred by LGT IIU in 2018.

The Company classifies the subsidiary holding of LGT DEN as an investment in the statement of financial position. This is held at its cost in compliance with IAS 27 i.e. the lower of the carrying amount and fair value less costs to sell. It is tested for impairment annually.

(l) Share capital

Ordinary shares are classified as equity. The company is owned by LGT Group Holdings Limited as at 31 December 2018, who held 73,000,001 ordinary shares of GBP1 each which translates to CHF 102,643,401 at the prevailing rate on the date of the transaction (2017: CHF 102,643,401).

(m) Derivative financial instruments and hedging

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets and valuation techniques including discounted cash flow models. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Certain derivative transactions represent financial hedging transactions and are in line with the risk management policy of the Company. However, in view of the strict and specific guidelines of IFRS, they do not fulfil the criteria to be treated as hedging transactions for accounting purposes. They are therefore reported as trading positions. Changes in value are recorded in the Statement of Comprehensive Income.

2. Ownership and operations

The Company is part of the LGT Group Foundation. The beneficiary of the Company is the Prince of Liechtenstein Foundation. The beneficiary of the Prince of Liechtenstein Foundation is the reigning Prince of Liechtenstein, H.S.H. Prince Hans-Adam II. von und zu Liechtenstein. The Company is wholly owned by LGT Group Holding Ltd. The principal activity of the Company is to act as a holding company for LGT Group's UK interests.

3. Operating income

	2018 CHF '000	2017 CHF '000
Legal services income	174	-
Total	**174**	**-**

The Company acquired 100% of the shares of LGT DEN via a transfer of shares from LGT Holding (Malaysia) Ltd which was liquidated. This transfer of shares has given rise to a non-taxable gain in the Statement of Comprehensive Income of the Company.

4.	Interest income/(expense)	2018 CHF '000	2017 CHF '000
	Interest expense	(289)	(249)
	Total	**(289)**	**(249)**

The interest expense relates to interest paid on loans received from LGT Bank Ltd.

5.	Personnel expenses	2018 CHF '000	2017 CHF '000
	Remuneration accrual-Vestra	18,017	17,677
	Employee benefit accrual-LGT EC	12,022	12,228
	Salaries	141	-
	Bonus	20	-
	Employer payroll taxes	19	-
	Staff pension expenses	13	-
	Other staff related costs	9	-
	Total	**30,241**	**29,905**

The remuneration accrual in Vestra relates to deferred remuneration payable to employees or selling partners to acquire the remaining stake in Vestra. They will be paid in two tranches in 2019 and 2021.

The employee benefit accrual in LGT EC relates to deferred remuneration payable to selling partners to acquire the remaining stake in ECH. They will be paid in two tranches in 2019 and 2021.
During 2018 two personnel were employed by the Company to facilitate the provision of legal services.

6. Operating expenses

	2018 CHF '000	2017 CHF '000
Administrative expenses	132	1,346
Rent	440	-
Auditors remuneration – audit fees	(23)	87
Directors fees	17	15
Foreign exchange (gains)/losses	(21)	686
VAT	(12)	46
Provisions	399	1,580
Loss on sale of investment	5	-
Total	**937**	**3,760**

Audit fees are paid to PricewaterhouseCoopers. Audit fees disclosed in the financial statements relate wholly to the Company's statutory audit. There are no other non-assurance audit fees paid to PricewaterhouseCoopers.

The provision relates to office lease costs that arose when LGT EC moved to a new premises in 2018. Under the terms of the agreement to acquire LGT EC, the Company agreed to service the remaining costs of the existing lease from the date when LGT EC move out of the premises. The Company are currently attempting to sub-let the office space however due to a number of considerations this is proving difficult. As such, a provision for the full amount of lease costs was recognised in 2017. Provision amounts were released in 2018 in line with lease payments made amounting to CHF 0.5m. The lease expires on 14 December 2020 and the annual rent is CHF 0.6m (GBP 0.4m).

A new provision was made for CHF 0.9m on the basis of a legal case being pursued as a result of a personnel dispute.

7. Impairment losses

	2018 CHF '000	2017 CHF '000
Impairment loss on investment	7,128	-
Total	**7,128**	-

The impairment losses related to the investment in LGT IIU. LGT IIU commenced trading in April 2018 and provides discretionary advisory services to an existing LGT impact investing and philanthropy fund. It is also engaged with fund-raising activities for the LGT Lightstone Global fund which has yet to be launched. The LLP was established in a short space of time and this, along with its fund raising activities, has been intense in terms of resourcing. As such LGT IIU has accrued losses which is in line with LGT Group expectation for this entity. LGT Group have provided a letter of comfort confirming that the monetary support required for the LLP will be available. The Company have recognised an impairment equal to the losses accrued by LGT IIU.

8. Taxation

The Current Year tax is nil. In accordance with section 99 of the Corporation Tax Act 2010 the Company has surrendered its losses to CPUK, a company of the group.

No deferred tax assets have been recognised for the carry-forward of unused tax losses and deductible temporary differences as management do not believe that it is probable that future taxable profit will be available against unused tax losses and deductible temporary differences.

9. Other comprehensive income

	2018 CHF '000	2017 CHF '000
Realised gain on acquisition of shares	122,595	-
Total	**122,595**	-

In April 2018 the Company acquired 100% of the shares of LGT Holding (Malaysia) Ltd for a nil consideration. The value of these shares was CHF 122.6m which is recognised as a realised gain in other comprehensive income.

10. Investment in subsidiaries

	2018 CHF '000	2017 CHF '000
LGT Vestra LLP	202,845	196,300
LGT Capital Partners (UK) Limited	2,381	2,381
LGT EC Holding Limited	2,947	2,947
LGT Impact Investment Advisors UK LLP	3,360	-
LGT Holdings Denmark ApS	122,550	-
Total Investments	**334,083**	**201,628**

All LGT Group subsidiaries are consolidated at a LGT Group level so consolidated accounts for the immediate parent, in this case the Company, are not required in accordance with IFRS 10.4 and with Section 399 of the Companies Act, 2006.

11. Cash and cash equivalents

	2018 CHF '000	2017 CHF '000
Cash at bank	28	33
Total	**28**	**33**

The cash at bank balances are held with LGT Bank Limited in the amount of CHF 27,956 (2017: CHF 32,898).

12. Debtors and other assets

	2018 CHF '000	2017 CHF '000
VAT recoverable	1	183
Derivative financial instruments	512	605
Other assets	317	27
Total	**830**	**815**

The derivative financial instruments consist of foreign exchange forward contracts to hedge the foreign currency risk of holding non-CHF assets and liabilities. The forwards are placed with LGT Bank Ltd on commercial terms.

13. Amounts due to banks

	2018 CHF '000	2017 CHF '000
Loans from banks	125,280	104,940
Total	**125,280**	**104,940**

The loans received from LGT Bank Limited are subject to the terms and conditions of the loan facility agreement issued by LGT Bank Limited to the Company. Drawdowns on this facility were on commercial terms and at an average market rate of 0.25% per annum (2017: 0.26%). Loans provided were drawn on a monthly basis and rolled at the end of each drawdown period. The loan drawn as at the report date matures on 31 January 2019. The amount of each drawdown varied from month to month depending on the business requirements of the Company. There is no collateral provided for this loan facility.

14.	Current liabilities	2018 CHF '000	2017 CHF '000
	Accrued interest	-	2
	Accrued expenses	355	129
	VAT payable	117	229
	Derivative financial instruments	-	240
	Creditors within 1 year	238	-
	Provision within 1 year	1,457	439
	Total	**2,167**	**1,039**

The derivative financial instruments relate to forward contracts that are used to hedge the foreign currency risk of holding non-CHF assets and liabilities. The forwards are placed with LGT Bank Ltd on commercial terms.

The provision relates to office lease costs that arose when LGT EC moved to their new premises. Under the terms of the agreement to acquire LGT EC, the Company agreed to service the remaining costs of the existing lease from the date when LGT EC move out of the premises. The Company are currently attempting to sub-let the office space however due to a number of considerations this is proving difficult. As such, a provision for the full amount of lease costs has been realised. LGT EC moved out of their original premises on 01 June 2018, the lease expires on 14 December 2020 and the annual rent is GBP 442,960, which was been split into within one year and greater than one year.

15.	Other liabilities	2018 CHF '000	2017 CHF '000
	Vestra bonus accrual	43,530	27,431
	ECH bonus accrual	23,543	12,228
	Staff bonus accrual	23	-
	Provision greater than 1 year	526	1,141
	Total	**67,622**	**40,800**

16. Share Capital

	2018 CHF '000	2017 CHF '000
Authorised:		
73,000,001 Ordinary Shares of CHF 1.406 each	102,643	102,643
Allotted, called up and fully paid:		
73,000,001 Ordinary Shares of CHF 1.406 each	102,643	102,643

17. Retained earnings

	2018 CHF '000	2017 CHF '000
Opening balance	(43,727)	(9,813)
Total comprehensive profit/(loss) for the period	84,174	(33,914)
Closing balance	**40,447**	**(43,727)**

18. Revaluation Reserve

	2018 CHF '000	2017 CHF '000
Opening balance	(3,218)	(3,218)
Revaluation Reserve	-	-
Closing balance	**(3,118)**	**(3,218)**

The revaluation reserve is CHF 3,118,000. The revaluation arose in 2017 due to a change in the functional currency, in line with LGT Group policy.

19. Related party transactions

Under IAS 24 related parties of the Company include LGT Group Holdings Limited, LGT Bank Limited, LGT Bank AG, Dublin Branch, LGT Ireland Limited (formerly LGT Bank (Ireland) Limited), LGT Capital Partners (U.K.) Limited, LGT Vestra LLP, LGT EC Holding Limited, LGT Impact Investment Advisors UK LLP and LGT Holdings Denmark ApS. All of these companies are subsidiaries of LGT Group Foundation, the ultimate parent company of the Company.

LGT Bank AG, Dublin Branch	2018 CHF '000	2017 CHF '000
Purchase of services	37	23
Amounts payable at period end	60	23

Registered address: Third Floor, 30 Herbert Street, Dublin 2, Ireland

Charges made to the Company by LGT Ireland Limited and LGT Bank AG, Dublin Branch are in relation to accountancy services provided.

LGT Bank Limited	2018 CHF '000	2017 CHF '000
Cash at bank	28	33
Loan from bank	125,280	104,940

Registered address: Herrengasse 12, FL-9490 Vaduz, Liechtenstein

The cash at bank balances are held with LGT Bank Limited, CHF 27,956 (2016: CHF 32,598). Forwards are placed with LGT Bank Limited in order to hedge the foreign currency risk of holding non-CHF.

The loan received from LGT Bank Limited is on commercial terms and at a market rate of 0.25% per annum (2017: 0.26%).

	2018 EUR Nominal	2017 EUR Nominal
Forward foreign exchange contracts entered into during year	199,308	10,480
Outstanding contracts at year end	23,034	10,480

	2018 USD Nominal	2017 USD Nominal
Forward foreign exchange contracts entered into during year	22,385	2,035
Outstanding contracts at year end	-	2,035

	2018 GBP Nominal	2017 GBP Nominal
Forward foreign exchange contracts entered into during year	352,486	40,439
Outstanding contracts at year end	35,658	20,797

The Company enters into derivative and foreign currency transactions with LGT Bank Limited in order to hedge Euro, US dollar and GBP currencies. The transactions are carried out during the normal course of business and prices obtained are based on market rates.

	2018	2017
LGT Vestra LLP	**CHF '000**	**CHF '000**
Provision of services	174	-
Amounts payable at period end	29	-
Financial investment	202,845	196,300

Registered address: 14 Cornhill, London, EC3V 3NR, United Kingdom

On 17 June 2016, the Company acquired a stake of 75.57% in Vestra. Vestra was acquired for an amount of GBP 134,514,850. Further capital injections were made into Vestra of GBP 16,050,470 in 2017 and GBP 5,000,000 in 2018 which brought the shareholding of the Company to 75.96%. The Company will acquire the remaining 24.04% of Vestra in the years 2019 and 2021. The future payment for the purchase of the remaining 24.04% has been assessed and it has been determined that it should be treated as remuneration (see note 5).
During 2018 the Company commenced providing legal services to Vestra. Legal services are provided on an ongoing basis. The terms of the services being provided and the basis for the fee income are contained within a legally binding service level agreement.

	2018	2017
LGT Capital Partners (UK) Limited	**CHF '000**	**CHF '000**
Amounts receivable at the year end	59	-
Financial investment	2,381	2,381

Registered address: 1 St James's Market, London, SW1Y 4AH, United Kingdom

On 31 October 2016 the ownership of LGT Capital Partners (UK) Limited was transferred to the Company at a value of CHF 2,380,664, the carrying amount at which it was held by LGT Holding Denmark ApS. The Company is a direct parent and owns 100% of the share capital.

Per note 8 "Taxation", the Company has surrendered its losses to CPUK, a company of the group.

	2018	2017
LGT EC Holding Limited	**CHF '000**	**CHF '000**
Financial investment	2,947	2,947

Registered address: 35 Great St. Helen's, London, EC3A 6AP

On 1 June 2017, the company acquired 100% European Capital Fund Management, which was renamed to LGT European Capital Limited. As part of this acquisition, it was agreed that the partner managers of European Capital

Fund Management would own 40% of the acquired entity and the Company would own the remaining 60%. In order to facilitate this ownership structure a separate holding company named ECH was established in November 2017. The Company then purchased a 60% shareholding in ECH, whilst the partner managers of the European Capital Fund Management business purchased the remaining 40%. In accordance with IAS 27, the company carries the investment at cost.

LGT Impact Investment Advisors UK LLP	2018 CHF '000	2017 CHF '000
Financial investment	3,360	-

Registered address: 1 St James's Market, London, SW1Y 4AH, United Kingdom

On 20 December 2017 LGT IIU was incorporated in the UK. The Company provided an initial capital injection of GBP 98,000 in February 2018. LGT IIU commenced trading on 29 March 2018. The Company provided further capital injections of GBP 2,900,000 and GBP 5,100,000 on 15 March 2018 and 31 October 2018 respectively to ensure that LGT IIU had sufficient resources to fulfil its planned fund-raising activities, fund the expansion of the business and ensure sufficient regulatory capital. The Company owns over 99% of this entity.

LGT Holdings Denmark ApS	2018 CHF '000	2017 CHF '000
Financial investment	122,550	-

Registered address: c/o Harbour House, Sundkrogsgade 21, DK-2100 Copenhagen, Denmark

The Company acquired LGT Holding (Malaysia) Ltd, who were the 100% owner of LGT Holdings Denmark ApS, in April 2018. In August 2018, LGT Holding (Malaysia) Ltd was liquidated and the Company was deemed to have acquired LGT Holdings Denmark ApS on this date. The acquisition of LGT Holding (Malaysia) Ltd and subsequent liquidation was part of wider LGT Group corporate restructuring project.

Directors remuneration:	2018 CHF '000	2017 CHF '000
Emoluments for services as Directors	57	15
Emoluments for other services	-	21

No loans were provided by the Company to key management personnel or any connected person during the period under review.

20. Financial instruments measured at fair value

Valuation principles

Fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market as of the measurement date. In measuring fair value LGT Group utilises various valuation approaches and applies a hierarchy for prices and inputs that maximises the use of observable market information, where available.

All financial and non-financial assets and liabilities measured or disclosed at fair value are categorised into one of three fair value hierarchy levels. In certain cases, the inputs used to measure fair value may fall within different levels of the fair value hierarchy. For disclosure purposes, the level in the hierarchy within which the instrument is classified in its entirety is based upon the lowest level input that is significant to the position's fair value measurement.

Level 1

Quoted prices unadjusted in active markets for identical assets or liabilities. This level included listed equity securities and debt instruments on exchanges and exchange traded derivatives.

Level 2

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is as prices) or indirectly (that is derived from prices). This level includes investments in hedge funds, mutual funds, the majority of OTC derivative contracts and structured debt.

Level 3

Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes mainly private equity investments, issued structured debt as well as equity investments with significant unobservable components.

Valuation governance

The Company's fair value measurement and model governance framework includes controls that are intended to ensure an adequate quality of fair value measurements reported in the financial statements. Responsibility for the ongoing measurement of financial and non-financial instruments at fair value resides with Group Risk Controlling, which is independent of the Company. Fair values provided by Group Risk Controlling are assessed for reasonableness by the Company.

Valuation techniques

Valuation techniques are used to value positions for which a market price is not available from market sources. This includes in principle all derivatives transacted in the OTC market. LGT Group uses widely recognised valuation techniques for determining fair values that are not actively traded and quoted. The most frequently applied valuation techniques include discounted value of expected cash flow and option pricing methodologies.

Discounted value of expected cash flows is a valuation technique that measures fair value using estimated expected future cash flows from assets or liabilities and then discounts these flows using a discount rate or discount margin that reflects the credit and/or funding spreads required by the market for instruments with similar risk and liquidity profiles to produce a "present value". When using such valuation techniques, expected future cash flows are estimated using an observed or implied market price for the future cash flows or by estimating the expected future cash flows using industry standard cash flow projection models. The discount factors within the calculation are generated using industry standard yield curve modelling techniques and models.

The main assets of the Company are the investments in Vestra, CPUK, ECH, LGT IIU and LGT DEN. The investments are carried at the lower of cost and cost less impairment. Annual assessments of impairments of the investments are conducted internally on an annual basis.

Fair value measurements and classification within the fair value hierarchy

The classification in the fair value hierarchy of the Company's financial and non-financial assets and liabilities measured at fair value is summarised in the table below.

Fair value measurement at the end of the year (CHF 000)	Level 1	Level 2	Level 3	2018 Total
Assets				
Derivative financial instruments	-	512	-	512
Total assets measured at fair value	**-**	**512**	**-**	**512**
Liabilities				
Derivative financial instruments	-	-	-	-
Total liabilities measured at fair value	**-**	**-**	**-**	**-**

There have been no transfers from Level 3 to Level 2 and from Level 2 to Level 1, and vice versa.

Fair value measurement at the end of the year (CHF 000)	Level 1	Level 2	Level 3	2017 Total
Assets				
Investment in subsidiaries	-	-	-	-
Derivative financial instruments	-	605	-	605
Total assets measured at fair value	**-**	**605**	**-**	**605**
Liabilities				
Derivative financial instruments	-	240	-	240
Total liabilities measured at fair value	**-**	**240**	**-**	**240**

There have been no transfers from Level 3 to Level 2 and from Level 2 to Level 1, and vice versa.

21. Risk Management

Risks are defined by the adverse impact on profitability of several distinct sources of uncertainty. Taking risk is core to the financial business and is an inevitable consequence of being in business. The major risks to which the Company is exposed are market, liquidity, operational and business, interest rate and currency risk, summarised as follows:

- The Company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risks arise from open positions in currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Company does not engage in any trading activities and is exposed only to market risks associated with a non-trading portfolio. Non-trading portfolios primarily arise from the interest rate and foreign exchange rate management of the Company's investment assets and liabilities. The market risks arising from non-trading activities are monitored locally and by LGT Group Risk Controlling.

- Liquidity risk is the risk that an entity will be unable to meet a financial commitment to a creditor or investor in whatever location or currency. The Company consider this risk to be a low risk.

- Operational and business risk is the risk of loss resulting from inadequate or failed processes or systems, human factors, or external events. The Company maintains systems of controls that it believes are reasonably designed to provide management and the Board of Directors with timely and accurate information about the operations of the Company. The Company believe this lowers the risk to an adequate level.

- The Company takes on exposure to interest rate risk, which is the risk that the interest rate will fluctuate because of changes in the market prices. The Company consider this risk to be a low risk.
- The Company takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Company enters into derivative contracts on a non speculative basis and solely for the purpose of limiting currency exposures. The principal derivative contracts entered into by the Company are foreign exchange forwards.

The financial position of the Company at the period end was considered satisfactory by the Directors.

22. Post balance sheet events

There were no post balance sheet events.

LGT UK Holdings Limited
35 Great St. Helen's, London EC3A 6AP, England

LGT Group is represented in more than 20 locations in Europe, Asia and the Middle East.
A complete address list can be seen at **www.lgt.com**