



LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED

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Registered office
One Coleman Street
London
EC2R 5AA

Registered in England and Wales Number 08428232

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED

STRATEGIC REPORT

The directors present their Strategic Report for Legal & General Capital Investments Limited (the "Company") for the year ended 31 December 2019.

Principal activity

The Company is a private limited company incorporated in England & Wales, whose immediate and ultimate controlling party is Legal & General Group plc (the "Group"). The Company's registered office is One Coleman Street, London, EC2R 5AA. It is registered in England and Wales under Company registration number 08428232 and domiciled in the United Kingdom.

The principal activity of the Company throughout the year was to operate as an investment holding company. Considering the nature of the Company's activities, it expects to continue carrying out these activities in the future.

Review of the business

During the year, the Company generated profit before tax of £249m (2018: £4m) and paid a dividend to the Group of £60m (2018: £30m).

New investments in the year included a £58m investment in Kao Data Ltd, a wholesale data centre development in Harlow, a £12m investment into Pod Point Limited, one of the UK's largest electric vehicle point operators and an investment of £6m in Cardiff Interchange Limited, a new regeneration project partnered with the Welsh Government and Richtacres. In September 2019, the Company completed the acquisition of an additional 48.5% in Accelerated Digital Ventures Ltd ("ADV"), a venture capital investment, giving the Company a total holding of 97%.

The Company invested £0.3m into Oxford University Property Developments Limited, as part of a potential total commitment of £4bn from the Group to invest in the development of homes for Oxford University staff and students.

Additionally, the Company continued to invest in other new and existing assets. Further investment into existing assets included:

- £86m in L&G Homes Holdings Limited, to fund growth in their affordable homes and housing businesses;
- £56m in L&G Development Assets Holdings Limited to fund growth in their urban regeneration projects;
- £53m in the Access Development Partnership, a joint venture created to develop build to rent assets;
- £16m across the existing portfolio in the Venture Capital sector; and
- £14m by way of preference shares in Thorpe Park Developments Limited, for the continued development of the site in Leeds.

During the year, the ownership of one of the Company's indirect subsidiaries, Legal & General Homes Communities Ltd ("LGHC"), was transferred from Legal & General Homes Holdings Limited ("LGHHL") to Cala Group Holdings Ltd ("CGHL"), both fully owned subsidiaries of the Company. This restructure resulted in the Company receiving LGHC as a dividend in specie from LGHHL for £204.5m before disposing of its investment for proceeds of £199.5m to CGHL, resulting in a loss in disposal of £(5.0)m. In addition to the £199.5m of equity invested into CGHL, via two intermediary holding companies, to fund the restructure, the company invested a further £29m into CGHL.

The Company disposed of its investment in Peel Holdings (Media) Ltd ("Media City") for the gross proceeds of £139m, including the sale of the equity with a value of £84m, and a loan with the value of £55m to another group company, resulting in a gain of £23m on the initial cost invested.

During the year, the Company secured two new short term loans from Legal & General Finance Plc, totalling £160m, to bridge liquidity requirements until the introduction of a new loan from Legal & General Finance Plc in February 2020. The loans attract interest rates of 4.983% and 4.9% respectively.

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED

STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties

The directors of Legal & General Group plc, the Company's immediate and ultimate parent company, manage the Group's risk at a Group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of the Legal & General Group, which include those of the Company, are discussed in the Strategic Report within the Group's annual report, which does not form part of this report.

The Company is engaged in commercial and residential property development, and is exposed to the operational risks associated with this activity. The Company also invests in start-up and early stage businesses, and is exposed to the uncertainty of converting intellectual property into commercially viable products and services, particularly in areas of rapid technological development. The Company's directors consider the principal risks and uncertainties affecting the Company to be the operational risks associated with commercial and residential property development, and the uncertainty of establishing commercially viable products and services in the start-up and early stage businesses that we invest in. The Company seeks to mitigate these risks by partnering with management teams with appropriate technical skills and experience in the relevant sectors, including regulatory compliance.

The Company has loans payable to other group companies. The liquidity in the Company is monitored and actively managed to ensure the Company is able to meet its obligations to mitigate potential liquidity risks. The Company is also exposed to foreign exchange risk due to holdings in overseas investments made in non-Sterling currencies and market movements can impact the value of such investments.

Legal & General companies use financial instruments to manage certain financial risks. 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 profit and loss of the Company.

Following the outbreak of COVID-19, the Company has also considered the anticipated impact of this pandemic on these operational risks. This has included detailed scenario analysis, discussions with management of subsidiary entities and external valuation providers, cash flow forecasting, as well as the stress-testing of these forecasts. Business continuity action plans taken by subsidiary entities and the existing cash facilities in place help to reduce the impacts on these risks. The directors have considered the impact of COVID-19 on the principal risks and uncertainties on the Company and its subsidiaries and have concluded that no additional principal risks, other than those discussed above, have arisen.

The Company's exposure to price risk, credit risk, liquidity risk and cash flow risk, other than those detailed in the Principal Risks and Uncertainties section of the Strategic Report, is not material for an assessment of the Company's assets, liabilities, financial position and profit and loss. No information has, therefore, been provided.

Key performance indicators (KPI)

The Company is an investment holding company, set up mainly to hold development and early-stage investments. Given this, the most appropriate KPI is the amount of investments held by the Company. As at 31 December 2019, the Company held investments of £2,080m (2018: £1,487m), a 38% increase from 31 December 2018.

Section 172(1) statement and stakeholder agreement

The new reporting legislation around stakeholder engagement is welcomed by the Board and the s.172(1) statement has been set out on page 4. This statement provides details of key stakeholder engagement undertaken by the Board during the year and how this helps the Board to factor potential impacts on stakeholders in the decision making process.

By order of the Board

DocuSigned by:

Andrew Fairhurst

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A.D. Fairhurst

For and on behalf of Legal & General Co Sec Limited

Company Secretary

26 June 2020

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED

SECTION 172(1) STATEMENT & STAKEHOLDER ENGAGEMENT

The Board of Legal & General Capital Investments Limited consider that they have adhered to the requirements of section 172 of the Companies Act 2006 and have, in good faith, acted in a way that they consider would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so, have had regard to and recognised the importance of considering all stakeholders and other matters (as set out in s. 172(1)(a-f) of the Act) in its decision-making.

As part of the wider Legal & General Group (the "Group"), taking into account the relative size and complexity of Legal & General Capital Investments Limited and centralised nature of the Group, the Board may consider it reasonable for decision making to be handled by the Group Board. In such cases, this will be articulated in the statement and reference provided to the appropriate section of the Group's Annual Report & Accounts.

The new reporting legislation around stakeholder engagement is welcomed by the Board and the commentary and table on the following page sets out our s. 172(1) statement. This statement provides details of key stakeholder engagement undertaken by the Board during the year and how this helps the Board to factor potential impacts on stakeholders in the decision making process. Additional details of the Group's key stakeholders and why they are important to us are set out in the Group's Annual Report & Accounts, which can be found here: www.legalandgeneralgroup.com.

General

The Legal & General Group promotes the highest standards of governance and ensures that these standards cascade throughout the Group and its subsidiaries. Guiding principles are in place for the relationship between the Group Board and the Boards of the Group's principal subsidiaries. This framework promotes full and effective interaction across all levels of the Group to support the delivery of strategy and business objectives within a framework of best corporate governance practice. A full description of the Group's governance arrangements can be found in the Group Annual Report & Accounts, which can be found here <https://www.legalandgeneralgroup.com/investors/results-reports-and-presentations/>.

Corporate governance underpins how we conduct ourselves as a Board, our culture, values, behaviours and how we do business. As a Board we are conscious of the impact that our business and decisions have on our direct stakeholders as well as our wider societal impact.

As part of the director induction process, directors are briefed on their duties, including their duty under s. 172 of the Companies Act 2006. The directors are entitled to request from the Company all such information they may reasonably require in order to be able to perform their duties as directors, including professional advice from either the Company Secretary or from an independent advisor at the Company's expense. On-going training is provided to the directors, as required, to ensure that their knowledge remains up to date and they continue to be able to discharge their duties as directors.

Last year the Group implemented a new standard practice across the Group which requires that all Group and subsidiary Board papers demonstrate that stakeholders have been considered. Details of this have been included in the cover sheet for each Group and subsidiary Board papers throughout the year. For each transaction approved by the Board, including but not limited to material acquisitions and strategic expansion, discussion takes place around employee impact and impact on other stakeholders, such as customers. The relevance of each stakeholder group may vary by reference to the issue in question, so the Board seeks to understand the needs of each stakeholder group and any potential conflicts as part of its decision-making. Additionally, the Group or subsidiary Company Secretary is on hand to provide support to the Board in ensuring that sufficient consideration and time is given to stakeholder issues during these discussions.

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED**SECTION 172(1) STATEMENT & STAKEHOLDER ENGAGEMENT (CONTINUED)****Principal decisions**

For the year ending 31 December 2019, in addition to the strategic investment decisions outlined in the Strategic Report, the Board consider that the dividend declaration and approval as an example of principal decisions that it made in the period.

The table below sets out our key stakeholders and how we have engaged with them in the period, as well as demonstrating stakeholder consideration in the decision making process.

Stakeholders Their importance to us	The Board's approach to stakeholder engagement	Stakeholder consideration in the Board's decision making
Shareholders Our shareholders are vital to the future success of our business, providing funds which aid business growth and the generation of sustainable returns.	Our ultimate shareholder is Legal & General Group Plc, whose shareholders are institutional and individual investors who own Legal & General shares or bonds. Performance metrics and updates are provided by the Board to our parent company, with subsidiary performance cascaded up the Group. LGCIL is closely overseen by the Group Board and its Business Plan forms a substantive part of the Group Plan. The Group CEO and one of the Group's executive directors are also members of the LGCIL Board.	As a Board, we aim to provide clear information to our parent company and ultimate shareholders, being honest and transparent as to the performance of the business. Value is generated for shareholders by achieving the Business Plan, providing a sustainable, progressive dividend (where appropriate).
Customers Listening to our customers helps us to better understand their needs and provide suitable and reliable products and services.	Our teams are dedicated to making sure we constantly refine what we do – making customers feel confident that we're delivering our promises to them in everything we do.	Our purpose is to improve the lives of our customers, build a better society for the long term and create value for our shareholders. This inspires us to deploy our capital and use our long-term assets in an economically and socially useful way to benefit everyone in our communities.

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED**SECTION 172(1) STATEMENT & STAKEHOLDER ENGAGEMENT (CONTINUED)**

Stakeholders Their importance to us	The Board's approach to stakeholder engagement	Stakeholder consideration in the Board's decision making
<p>Suppliers Interaction with our suppliers and treating our suppliers fairly allows us to drive high standards and reduce risk in our supply chain whilst also benefitting from cost efficiencies and generating positive for the environment and wider society.</p>	<p>As a Group we hold regular meetings with our key suppliers ensuring risks are proactively managed and they are up to date on latest developments and best practice. We strive to work with like-minded businesses, requiring suppliers to comply with our Supplier Code of Conduct. This safeguards the relationship and establishes standards that ensure suppliers operate ethically, are environmentally responsible and that their workers are treated with respect and dignity.</p>	<p>Due to the centralised nature of the Group, the Board considered it reasonable for decision making in relation to suppliers to be handled predominantly by the Group. A Group Risk Committee receives third party supplier management information at each meeting. In the period, the Group Board received and discussed an Outsourcing Governance and Oversight update, which detailed the Group's framework for managing third party supplier arrangements and activities underway to give greater assurance that oversight arrangements are operating effectively and there is alignment to ensure the long term success of the business relationship.</p>
<p>Community/wider society Contributing positively to wider society enables us to create stronger communities and have a positive environmental impact.</p>	<p>Our purpose is to improve the lives of our customers, build a better society for the long term and create value for our shareholders. This inspires us to use our long-term assets in an economically and socially useful way to benefit everyone in our communities. Our approach to inclusive capitalism takes our belief in responsible behaviour and extends it into investing in communities and cities to change people's lives for the better. The Group's full Corporate Responsibility Report can be found here: https://www.legalandgeneralgroup.com/csr/csr-reports/</p>	<p>We intend to generate shareholder value by injecting new capital into key sectors of the economy which need investment and innovation. The Group has a Group Corporate Responsibility & Ethics ("GCRE") Committee which has responsibility and oversight of such matters. The Group Board approve the GCRE Policy on an annual basis and this is implemented across the Group. A senior leadership event, held in November 2019, focussed on how the business leaders should respond to the climate change challenge.</p>

Further information on how the Legal & General Plc Group Board have engaged with stakeholders can be found in the Group s.172(1) Statement, which can be found here <https://www.legalandgeneralgroup.com/investors/results-reports-and-presentations/>.

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED

DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements of Legal & General Capital Investments Limited for the year ended 31 December 2019.

Results for the year and dividend

The results of the Company are set out on page 13. A dividend of £60m was paid in the year (2018: £30m). At 31 December 2019, the Company had net assets of £1,693m (2018: £1,359m).

Likely future developments

The directors continually assess the long term strategy of the Company to ensure it can adapt to changing market conditions, changes in regulations and changes in client and operational demands. When assessing and setting the Company's long term strategy, the directors take into consideration client, regulator and legal requirements, its shareholders and other stakeholders. We keep this at the forefront of our decisions, and recognise that this means we view our investment risks over a long period of time.

Going concern

The net current liability position at 31 December 2019 is due to the expiry of two short-term debt facilities with a combined value of £154m due on 29 February 2020. The Company entered into a new debt facility on 28 February 2020 that re-financed these facilities with a final repayment date of 31 December 2023. In addition, long-term borrowings from another Group company of £199m will mature in March 2021.

In preparing these financial statements, the directors have considered the uncertainty created by COVID-19. Whilst there are many unknowns at the time of writing, it is clear that the extent and nature of the impacts to the Company and wider Group will be determined by both the number of people infected, national and individual responses as well as our own preparedness for the impact on business continuity.

The Company is taking proactive action in line with the wider Legal & General Group and is activating business continuity plans to minimise the risk of disruption to business operations, taking account of Government advice and the need to safeguard the health of our work force.

The directors have performed cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which take account the reasonably possible outcomes as a result of a number of scenarios, including the stopping of construction and the deferral of sales and revenues for at least three months in certain subsidiary entities.

Consequently, the directors are confident that the company will have sufficient funds, through agreement of a new facility or extension of the current facility, to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED

DIRECTORS' REPORT (CONTINUED)

Directors

The directors of the Company, who served during the year and up to the date of signing the financial statements, together with their dates of appointment and resignation, where appropriate, are shown below:

N. D. Wilson
G. J. Timms
S. P. Halliwell
K. W. Procter

Directors' Indemnities and Insurance

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The ultimate parent company, the Group, maintains an appropriate level of directors' and officers' liability insurance which is reviewed annually.

Modern Slavery

The Group and its global subsidiaries recognise that companies have an obligation to ensure that their business and supporting supply chains are slavery free. Legal & General's full slavery statement can be found at <https://www.legalandgeneralgroup.com/>.

Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the 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 United Kingdom ("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 estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, with any material departures
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters
- 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.

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED

DIRECTORS' REPORT (CONTINUED)

Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements (continued)

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.

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

KPMG LLP has been appointed as auditor in the year and will be deemed to be reappointed as auditor, in line with Section 489 of the Companies Act.

By order of the Board

DocuSigned by:

Andrew Fairhurst

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A.D. Fairhurst

For and on behalf of Legal & General Co Sec Limited

Company Secretary

26 June 2020

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED

Opinion

We have audited the financial statements of Legal & General Capital Investments Limited (“the Company”) for the year ended 31 December 2019 which comprise the Income Statement, Balance Sheet, 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 2019 and of its profits 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.

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, 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.

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED (CONTINUED)

Strategic report and directors' report (continued)

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 8, 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.

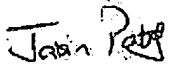
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEGAL & GENERAL
CAPITAL INVESTMENTS LIMITED (CONTINUED)**

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.



Jatin Patel (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
26 June 2020

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED**INCOME STATEMENT****For the year ended 31 December 2019**

	Note	2019 £'000	2018 £'000
Valuation gains on investments		23,315	9,215
Net gains on disposal	4	24,418	4,207
Dividends and other income	5	208,117	1,698
Expenses	6	(18,887)	(28,008)
Operating profit/(loss)		<u>236,963</u>	<u>(12,888)</u>
Finance income	7	17,588	20,633
Finance costs	8	(5,102)	(4,127)
Profit before income tax		<u>249,449</u>	<u>3,618</u>
Tax (charge)/credit	12	(3,882)	534
Profit for the year		<u>245,567</u>	<u>4,152</u>
Dividend to the equity holders of the Company during the year	13	<u>60,000</u>	<u>30,000</u>

There are no gains or losses in the year (2018: nil) other than those included in the above Income Statement.

The notes on pages 16 to 32 form an integral part of these financial statements.

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED**BALANCE SHEET**

As at 31 December 2019

	Note	2019 £'000	2018 £'000
Assets			
Non-current assets			
Investments in subsidiaries, associates and joint ventures	14	1,866,624	1,367,340
Financial investments	15	213,147	119,446
Total non-current assets		2,079,771	1,486,786
Current assets			
Current tax		-	844
Amounts due from Group undertakings	16	52,793	344
Cash and cash equivalents	16	-	42,954
Non-current assets classified as held-for-sale	18	-	115,799
Total current assets		52,793	159,941
Total assets		2,132,564	1,646,727
Liabilities			
Non-current liabilities			
Borrowings	19	198,903	194,754
Deferred tax liabilities	20	4,078	1,387
Total non-current liabilities		202,981	196,141
Current liabilities			
Borrowings	19	154,454	-
Trade and other payables	21	79,671	91,255
Current tax payable		2,760	-
Total current liabilities		236,885	91,255
Total liabilities		439,866	287,396
Net assets		1,692,698	1,359,331
Equity			
Share capital and share premium	22	475,000	475,000
Other reserves and retained earnings		1,217,698	884,331
Total equity		1,692,698	1,359,331

The notes on pages 16 to 32 form an integral part of these financial statements.

The financial statements on pages 13 to 32 were approved by the Board of Directors on 26 June 2020 and signed on its behalf by



K. W. Procter
Director

Registered Office:
One Coleman Street
London EC2R 5AA
Registered in England & Wales No. 08428232

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED**STATEMENT OF CHANGES IN EQUITY****For the year ended 31 December 2019**

For the year ended 31 December 2019	Share capital £'000	Share premium £'000	Other reserves and retained earnings £'000	Total £'000
As at 1 January 2019	-	475,000	884,331	1,359,331
Profit for the year	-	-	245,567	245,567
Capital contributions received	-	-	147,800	147,800
Dividends paid	-	-	(60,000)	(60,000)
As at 31 December 2019	-	475,000	1,217,698	1,692,698

For the year ended 31 December 2018	Share capital £'000	Share premium £'000	Other reserves and retained earnings £'000	Total £'000
As at 1 January 2018	-	-	696,559	696,559
Profit for the year	-	-	4,152	4,152
Share capital	-	475,000	-	475,000
Capital contributions received	-	-	213,620	213,620
Dividends paid	-	-	(30,000)	(30,000)
As at 31 December 2018	-	475,000	884,331	1,359,331

The notes on pages 16 to 32 form an integral part of these financial statements.

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of Legal & General Capital Investments 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 Instruments: 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)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of paragraph 79 (a) (iv) of IAS 1
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows)
 - 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),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures)
- 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

(b) Going Concern

The net current liability position at 31 December 2019 is due to the expiry of two short-term debt facilities with a combined value of £154m due on 29 February 2020. The Company entered into a new debt facility on 28 February 2020 that re-financed these facilities with a final repayment date of 31 December 2023. In addition, long-term borrowings from another Group company of £199m will mature in March 2021.

In preparing these financial statements, the directors have considered the uncertainty created by COVID-19. Whilst there are many unknowns at the time of writing, it is clear that the extent and nature of the impacts to the Company and wider Group will be determined by both the number of people infected, national and individual responses as well as our own preparedness for the impact on business continuity.

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

(b) Going Concern (continued)

The Company is taking proactive action in line with the wider L&G Group and is activating business continuity plans to minimise the risk of disruption to business operations, taking account of Government advice and the need to safeguard the health of our work force. The directors have performed cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which take account the plausible downside assumptions as a result of a number of scenarios, including the stopping of construction and the deferral of sales and revenues for at least three months in certain subsidiary entities.

Consequently, the directors are confident that the Company will have sufficient funds, through agreement of a new facility or extension of the current facility, to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

(c) Consolidation

The Company is a wholly owned subsidiary of Legal & General Group Plc (the "Group"). It is included in the consolidated financial statements of the Group, 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.

(d) Foreign currency translation

(i) Functional and presentational currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges, if applicable.

(e) Investments in subsidiaries, associates and joint ventures

Shares in trading vehicles and holding companies are carried at cost and are considered for impairment at each reporting date.

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

(f) Financial investments

On initial recognition, financial assets are measured at fair value. Subsequently, they can be measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification depends on two criteria:

- (i) the business model within which financial assets are managed; and
- (ii) their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest' (SPPI)).

A debt instrument is measured at amortised cost if it meets the following conditions:

- (i) it is held within a business model that has an objective to hold financial assets to collect contractual cash flows; and
- (ii) the contractual terms of the financial asset result in cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

The Company's policy is to measure financial investments at FVTPL. Associates that meet the Venture Capital Organisation ("VCO") exemption are measured at FVTPL.

Certain financial investments held by the Company are designated as FVTPL upon initial recognition as their performance is evaluated on a total return basis, consistent with asset performance reporting to the Group Investment and Market Risk Committees and the Group's investment strategy.

The fair values of quoted financial investments are based on current bid prices. If the market for a financial investment is not active, the Company establishes fair value by using valuation techniques such as recent arm's length transactions, consensus market pricing, reference to similar listed investments, discounted cash flow models or option pricing models.

Private equity investments are valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines ("IPEV"), which represent current best practice, developed by the Association Française des Investisseurs en Capital, the British Venture Capital Association and the European Private Equity and Venture Capital Association. The techniques used for determining fair value include discounted cash flow analysis, earnings multiples, the price of a recent investment or a net asset basis.

Receivables are initially measured at fair value plus acquisition costs, and subsequently measured at amortised cost using the effective interest method.

(g) Loans and receivables

The Company provides loans to its subsidiaries and joint ventures for working capital requirements. The loans are held at cost plus accrued interest. In addition, the Company has amounts due from other group companies.

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(h) Impairment

For financial instruments, including trade and other receivables, held at amortised cost the Company reviews the carrying value of its assets at each balance sheet date. For such assets, the Company determines forward-looking expected credit losses (ECL), based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Company measures the loss allowance at an amount equal to lifetime ECLs, except for debt securities that are determined to have low credit risk at the reporting date, and other debt securities for which credit risk has not increased significantly since initial recognition. In these cases, ECLs are based on the 12-month ECL, which is the ECL that results from a possible default up to 12 months after the reporting date. The Company uses relevant quantitative and qualitative information and analysis based on historical experience, and informed credit assessment, including forward-looking information, in order to evaluate the credit-worthiness of each security at each reporting date, in order to determine whether a significant increase in credit risk since origination has occurred. Should this be the case, the allowance will be based on the lifetime ECL.

ECLs are calculated by considering the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD). The PD is determined by reference to third party information on available companies, or using qualitative information available to the Company, and depends on whether a financial asset requires determination of a 12-month ECL or lifetime ECL. The LGD is determined with reference to any exposure reducing instruments such as collateral or liquid assets that the counterparty may have. The EAD is determined as the amount of the loan balance outstanding at the reporting date.

(i) Investment Income

Investment income includes dividends and interest. Dividends receivable from group companies are recognised when paid for (interim dividends), and when approved by the subsidiary Board (final dividends). All other investment income is recognised on an accruals basis.

(j) Tax

Current tax

Current tax comprises tax payable on current year profits, adjusted for non-tax deductible or non-taxable items, and any adjustments to tax payable in respect of previous years. Current tax is recognised in the income statement.

Deferred tax

Deferred tax is calculated on differences between the accounting value of assets and liabilities and their respective tax values. Deferred tax is also recognised in respect of unused tax losses to the extent it is probable that future taxable profits will arise against which the losses can be utilised. Deferred tax is charged or credited to the income statement.

(k) Dividend recognition

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.

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2 Critical accounting estimates and assumptions**

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

The Company has amounts receivable from group companies and has assessed the recoverability of these amounts.

Determination of fair value of unquoted, illiquid assets, involves judgements, through the incorporation of both observable and unobservable market inputs; these inherently include assumptions that lead to the existence of a range of plausible valuations for financial assets. The valuation techniques include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and, if applicable, enterprise valuation and may include a number of assumptions relating to variables such as discount rates, comparable or precedent transactions and underlying forecast business performance.

3 Segmental disclosure

The turnover and pre-tax profit is wholly attributable to the Company's principal activity and arises wholly in the United Kingdom.

4 Net gains on disposal

	2019 £'000	2018 £'000
Gain on sale of Media City	23,281	-
Gain on part disposals by ADP	6,104	-
Loss on sale of L&G Homes Communities Ltd	(4,967)	-
Gain on sale of Cardiff Central Square	-	2,980
Gain on sale of Salford	-	1,227
	<u>24,418</u>	<u>4,207</u>

5 Dividends and other income

	2019 £'000	2018 £'000
Dividend from Legal & General Homes Holdings Limited ¹	204,467	-
Dividend from Legal & General Ventures	-	1,674
Other income	<u>3,650</u>	<u>24</u>
	<u>208,117</u>	<u>1,698</u>

¹Dividend in specie of Legal & General Homes Communities Limited, as part of its transfer to Cala Group Holdings Limited.

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6 Expenses**

	2019	2018
	£'000	£'000
Allocated and investment transaction expenses	18,154	25,943
Other charges	<u>733</u>	<u>2,065</u>
	<u>18,887</u>	<u>28,008</u>

7 Finance income

	2019	2018
	£'000	£'000
Interest income	<u>17,588</u>	<u>20,633</u>

8 Finance costs

	2019	2018
	£'000	£'000
Interest expense	<u>5,102</u>	<u>4,127</u>

9 Audit fees

Audit fees of £148,000 (2018: £100,000) are attributable to the Company.

10 Directors' emoluments

These figures represent that portion of the directors' emoluments that are estimated to relate to their services to the Company. Costs are reflected in a management charge levied by the parent.

	2019	2018
	£	£
Aggregate emoluments	298,610	265,980
Aggregate amounts (excluding shares) receivable under long-term incentive schemes	-	-
Sums paid to third parties for directors' services	-	-

No fees were paid by the Company to the non-executive directors.

Retirement benefits are accruing to nil directors (2018: nil) under the defined benefit scheme.

Highest paid director:

The highest paid director's emoluments were as follows:

	2019	2018
	£	£
Emoluments	253,888	226,244
Money purchase pension scheme contributions	-	-
Defined benefit pension scheme:		
- Accrued pension at the end of the year	-	-
- Accrued lump sum at the end of the year	-	-
	<u>253,888</u>	<u>226,244</u>

The directors of the Company had no material transactions with the Company or any other group undertakings.

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Pensions

The Company has no direct employees (2018: nil) and, hence, makes no direct contributions towards retirement benefits.

12 Income tax expense

	2019 £'000	2018 £'000
<u>Current tax</u>		
UK Corporation tax at 19% (2018: 19%)		
Current tax for the year	(279)	(1,520)
Adjustments in respect of prior years	<u>1,471</u>	<u>(309)</u>
Total current tax charge/(credit)	<u>1,192</u>	<u>(1,829)</u>
<u>Deferred tax</u>		
- Movement in temporary differences	3,007	1,447
- Impact of reductions in UK corporate tax rate to 17% (2018: 19-17%)	<u>(317)</u>	<u>(152)</u>
Total deferred tax charge	<u>2,690</u>	<u>1,295</u>
Total tax charge/credit on profit/(loss) on ordinary activities	<u>3,882</u>	<u>(534)</u>

Tax expense for the year is higher (2018: lower) than the standard rate of Corporation Tax in the UK for the year ended 31 December 2019 of 19% (2018: 19%). The differences are explained below:

	2019 £'000	2018 £'000
Profit/(loss) on before income tax	<u>249,449</u>	<u>3,618</u>
Tax calculated at the standard UK Corporation Tax rate of 19% (2018: 19%)	47,395	687
Effects of:		
Adjustments in respect of prior year current tax	1,471	(309)
Income not subject to tax, such as dividends	<u>(41,681)</u>	<u>(2,447)</u>
Impact of reduction in UK corporate tax rate to 19-17% (2016: 20-17%) on deferred tax balances	(317)	(152)
Differences between taxable and accounting investment gains/losses	<u>(2,070)</u>	<u>(1,764)</u>
Difference between taxable & accounting realised gains/losses	(916)	1,737
Expenses not deductible for tax purposes		1,714
Total current tax charge/(credit)	<u>3,882</u>	<u>(534)</u>

Factors which may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax liability as at 31 December 2019 has been calculated based on this rate. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge.

To calculate the current tax on profits, the rate of tax used is 19% (2018: 19%), which is the average rate of Corporation Tax applicable for the year.

The Company has no unprovided deferred tax assets or liabilities as at 31 December 2019 (2018: nil).

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Dividends

	2019 £'000	2018 £'000
Current year interim dividend	<u>60,000</u>	<u>30,000</u>

14 Investments in subsidiaries, associates and joint ventures

	Shares	Loans	Consolidated property unit trusts	Total
	£'000	£'000	£'000	£'000
As at 1 January 2019	1,235,329	132,011	-	1,367,340
Additions	650,021	43,304	-	693,326
Disposals	(213,941)	(24,843)	-	(238,784)
Reclassified as subsidiary undertakings	27,300		-	27,300
Accrued interest	-	17,446	-	17,446
Foreign exchange	-	(3)	-	(3)
As at 31 December 2019	<u>1,698,709</u>	<u>167,915</u>	-	<u>1,866,624</u>
	Shares	Loans	Consolidated property unit trusts	Total
	£'000	£'000	£'000	£'000
As at 1 January 2018	230,240	138,455	15,595	384,290
Additions	788,162	74,186	-	862,348
Disposals	(95,373)	(19,284)	(15,595)	(130,252)
Reclassified as subsidiary undertakings	312,300	(75,672)	-	236,628
Accrued interest	-	14,326	-	14,326
As at 31 December 2018	<u>1,235,329</u>	<u>132,011</u>	-	<u>1,367,340</u>

The directors believe that the carrying values of the investments are supported by their underlying net assets.

Shares in group undertakings are measured at cost less accumulated impairment. Loans to group undertakings are measured at amortised cost.

Included within the shares in group undertakings is the investment in Accelerated Digital Ventures Limited (£27.3m has been reclassified from financial investments to shares in group undertakings in September 2019) following the acquisition of a further 48.5% of the ordinary share capital for a consideration of £13.7m (see note 14 for further information). This takes the Company's total investment to 97% of the ordinary share capital. Subsequently, the Company invested a further £1.3m following the acquisition to support the business' underlying portfolio, to increase the total cost to £42.3m (2018: 48.5% of the ordinary share capital at a fair value of £24.5m).

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Financial investments

	2019	2018
	£'000	£'000
As at 1 January	119,446	316,056
Additions	95,479	30,217
Disposals	-	(1,973)
Reclassified as shares in group subsidiaries	(27,300)	(236,628)
Fair value adjustments	27,256	9,319
Foreign exchange (losses)/gains	(4,097)	85
Accrued interest	2,363	2,370
As at 31 December	213,147	119,446

As at 31 December 2019, investments held at fair value totalled £213m (2018: £119m).

During the year the Company invested £70m (2018: £8m) into new investments. On 11 February, the Company announced its investment into Kao Data Limited, a wholesale data centre development in Harlow. In addition the Company invested £12m into Pod Point Limited, one of the UK's largest electric vehicle point operators. On 13 February 2020, the Company rolled over its investment in Pod Point Holding Limited, entering into a joint venture with EDF Customers Limited. No further investment was made, but the Company's shareholding increased from 13.3% to 22.47% as a result of this undertaking. On 31 May, the Company committed to invest into Latitude LP, a follow on to a top forming UK seed fund - LocalGlobe, at 31 December 2019 the total investment was £1m.

In addition, the Company invested a further £25m (2018: £22m) into existing assets. This largely comprised investments into various venture capital funds of £17m (2018: £16m). The Company also added £8m (2018: £6m) of investments into various future cities assets.

Following the acquisition of a further 44.5% and 5% on 16 August 2019 and 11 September 2019 respectively, the existing investment in Accelerated Digital Ventures Limited was re-classified to shares in subsidiaries (see note 14).

On 29 November, the Company exercised its option to convert its holding via convertible preference shares in Pemberton Asset Management Holdings Limited ("PAMHL") into ordinary equity. The conversion resulted in a £12m gain recorded in the income statement. Prior to the conversion the preference shares accrued £2m of interest.

Other fair value adjustments recorded in the year largely relate to a net gain on the venture capital portfolio of £9m (2018: 4m) and a net gain on Clean Energy and Digital Infrastructure investments of £6m (2018: £5m).

Foreign exchange losses of £(4)m in 2019 (2018: £0.1m gain) relate to the impact of revaluing fair value assets that are denominated in foreign currency to the prevailing rates at 31 December 2019.

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Financial Investments (continued)

All of these investments are classified as fair value through profit or loss with any change in value recorded in the income statement. These assets are valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which represent current best practice, developed by the Association Française des Investisseurs en Capital, the British Venture Capital Association and the European Private Equity and Venture Capital Association. The techniques available for determining fair value include earnings multiples, the price of a recent investment or a net asset basis.

All investments held by the Company are classified as level 3 financial assets.

For investments held at fair value, the Company provides additional disclosure:

Fair value methodology:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurements are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflects the Group's view of market assumptions in the absence of observable market information. The Group utilises techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

The levels of fair value measurement bases are defined as follows:

Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair values measured using valuation techniques for all inputs significant to the measurement other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: fair values measured using valuation techniques for any input for the asset or liability significant to the measurement that is not based on observable market data (unobservable inputs).

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****16 Amounts due from Group undertakings**

	2019 £'000	2018 £'000
Amounts due from Group undertakings ¹	<u>52,793</u>	<u>344</u>

¹ In 2019, the Cash and cash equivalents balance (2018: £42 954k) was represented as Amounts due from Group undertakings, as the call account is maintained with a group entity.

The amounts due from Group undertakings are unsecured, interest free and have no fixed date of repayment.

17 Current tax receivable

	2019 £'000	2018 £'000
Current tax receivable	<u>-</u>	<u>844</u>

18 Non-current assets classified as held-for-saleMedia City

On 30 May 2019 the Company disposed of its investment in Peel Holdings (Media) Limited, to another Group company, which was previously classified as held for sale. The Company disposed of Media City, consisting of equity share (£61m) and a loan asset (£55m), to another group company for gross proceeds of £139m, resulting in a gain of £23m.

19 Borrowings

	2019 £'000	2018 £'000
Long term borrowings	198,903	194,754
Short term borrowings	<u>154,454</u>	-
Total borrowings	<u>353,357</u>	<u>194,754</u>

Long term borrowings consist of a loan for investment purposes from Legal & General Finance Plc. The loan was provided for a term of five years and is due for repayment on 31 March 2021. The loan attracts interest at a rate of 2.13% per annum and the amount of £199m is inclusive of the principal amount and all accrued interest as at 31 December 2019. Short term borrowings consist of two loans from Legal & General Finance Plc to bridge liquidity requirements, which attract interest at rates of 4.983% and 4.9%. These were repaid in February 2020 when the company entered into a new arrangement with a final repayment of 31 December 2023.

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****20 Deferred tax liability**

Deferred tax assets and liabilities have been recognised for temporary differences and unused tax losses. The recognition of a deferred tax asset in respect of tax losses has been based on management projections to support the availability of taxable profits to absorb the losses in future years. Deferred tax assets and liabilities have been offset to the extent it is permissible under the accounting standard.

The net movement in deferred tax liabilities during the year is as follows:

	Net tax liability As at 1 January 2019 £'000	Tax charged to the income statement £'000	Net tax liability As at 31 December 2019 £'000
Unrealised gains on investments	(1,387)	(2,691)	(4,078)
	<u>(1,387)</u>	<u>(2,691)</u>	<u>(4,078)</u>
	Net Tax (liability) As at 1 January 2018 £'000	Tax debited to the income statement £'000	Net Tax liability As at 31 December 2018 £'000
Unrealised gains on investments	(92)	(1,295)	(1,387)
	<u>(92)</u>	<u>(1,295)</u>	<u>(1,387)</u>

21 Trade and other payables

	2019 £'000	2018 £'000
Amounts payable to Group undertakings	75,770	90,316
Accrued expenses	1	939
Deferred income	<u>3,900</u>	-
	<u>79,671</u>	<u>91,255</u>

The amounts due to Group undertakings are unsecured, interest free and have no fixed date of repayment.

22 Share capital and share premium

	2019 £'000	2018 £'000
Issued and fully paid: 3 (2018: 3) ordinary shares of £1 each	-	-
Share premium	<u>475,000</u>	<u>475,000</u>
Total share capital	<u>475,000</u>	<u>475,000</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 Undertakings of the Company

The 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.

(ii) Subsidiaries

All are 100% owned subsidiaries unless otherwise stated. The registered office of all the subsidiaries is One Coleman Street, London, EC2R 5AA unless otherwise stated.

	%	Nature of business	Incorporated in
	holding		
<i>Subsidiaries held directly by the Company</i>			
Haut Investments Limited	100%	Holding company	England & Wales
Legal & General Development Assets Holdings Limited	100%	Holding company	England & Wales
Legal & General Homes Holdings Limited	100%	Holding company	England & Wales
Cardiff Interchange Limited	100%	Development of building projects	England & Wales
Accelerated Digital Ventures Limited ¹	97%	Venture capital investments company	England & Wales
Thorpe Park Holdings Limited ²	50%	Holding company	England & Wales
<i>Held indirectly through subsidiaries</i>			
Haut Investments 2 Limited	100%	Holding company	England & Wales
Legal & General (Strategic Land) Limited	100%	Holding company	England & Wales
Legal & General (Strategic Land North Horsham) Limited	100%	Holding company	England & Wales
Legal & General (Strategic Land North Harpenden) Limited	100%	Holding company	England & Wales
BQN Limited	100%	Development of building projects	England & Wales
NSC Building A Limited	100%	Real estate trading	England & Wales
NSC Building B Limited	100%	Real estate trading	England & Wales
Legal & General Affordable Homes (Development 2) Limited	100%	Development of domestic housing	England & Wales
Legal & General Affordable Homes (Development) Limited	100%	Development of domestic housing	England & Wales
Legal & General Affordable Homes (Operations) Limited	100%	Management of domestic housing	England & Wales
Legal & General Homes (Services Co) Limited	100%	Human resources provision and management of human resources functions	England & Wales
Legal & General Homes Modular Limited	100%	Manufacturer of precision engineered housing modules	England & Wales
Legal & General Homes Communities (Arborfield) Limited	100%	Development of building projects	England & Wales
Legal & General Homes Communities (Crowthorne) Limited	100%	Development of building projects	England & Wales
Legal & General Homes Communities (Didcot) Limited	100%	Development of building projects	England & Wales

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****23 Undertakings of the Company (Continued)**

<i>Held indirectly through subsidiaries</i>	% holding	Nature of business	Incorporated in
Legal & General Homes Communities (Shrivenham) Limited	100%	Development of building projects	England & Wales
Legal & General Homes Communities Limited	100%	Development of building projects	England & Wales
Legal & General Senior Living Limited	100%	Holding company	England & Wales
ECV Partnerships Tattenhall Limited ³	100%	Buying and selling of own real estate	England & Wales
ECV Partnerships Warwick Limited ³	100%	Buying and selling of own real estate	England & Wales
Senior Living (Tattenhall) Limited ³	100%	Development of building projects	England & Wales
Senior Living (Warwick Gates) Limited ³	100%	Development of building projects	England & Wales
Tattenhall Care Village LLP	100%	Limited partnership	England & Wales
Warwick Gates LLP	100%	Limited partnership	England & Wales
Senior Living (Bramshott Place) Limited ³	100%	Dormant company	England & Wales
Senior Living (Caddington) Limited	100%	Dormant company	England & Wales
Senior Living (Durrants) Limited ³	100%	Dormant company	England & Wales
Senior Living (Exeter) Limited ³	100%	Dormant company	England & Wales
Senior Living (Great Leighs) Limited	100%	Buying and selling of own real estate	England & Wales
Senior Living (Sonning Common) Limited	100%	Buying and selling of own real estate	England & Wales
Senior Living (Matchams) Limited	100%	Buying and selling of own real estate	England & Wales
Senior Living (Chandlers Ford) Limited	100%	Buying and selling of own real estate	England & Wales
Senior Living (Freelands) Limited ³	100%	Buying and selling of own real estate	England & Wales
Senior Living (Ledian Farm) Limited ³	100%	Buying and selling of own real estate	England & Wales
Senior Living (Tunbridge Wells) Limited	100%	Buying and selling of own real estate	England & Wales
Senior Living (Turvey) Limited	100%	Buying and selling of own real estate	England & Wales
Senior Living Finance 1 Limited	100%	Holding company	England & Wales
Senior Living Medici Holdco Limited ³	100%	Dormant company	England & Wales
Senior Living Medici Limited ³	100%	Dormant company	England & Wales
Legal & General Later Living Limited	100%	Holding company	England & Wales
Senior Living Urban (Epsom) Limited	100%	Buying and selling of own real estate	England & Wales
Senior Living Urban (Walton) Limited	100%	Buying and selling of own real estate	England & Wales
Senior Living Urban (Bath) Limited	100%	Buying and selling of own real estate	England & Wales
Senior Living (Liphook) Limited ⁴	100%	Investment vehicle	Jersey

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****23 Undertakings of the Company (Continued)**

<i>Held indirectly through subsidiaries</i>	% holding	Nature of business	Incorporated in
CALA (ESOP) Trustees Limited ⁵	100%	Financial intermediation	England & Wales
CALA 1 Limited ⁵	100%	Holding company	England & Wales
CALA Group (Holdings) Limited ⁵	100%	Holding company	England & Wales
CALA Homes (Chiltern) Limited ⁵	100%	Home building	England & Wales
CALA Homes (Midlands) Limited ⁵	100%	Home building	England & Wales
CALA Homes (North Home Counties) Lim	100%	Home building	England & Wales
CALA Homes (South Home Counties) Lim	100%	Home building	England & Wales
CALA Homes (Southern) Limited ⁵	100%	Home building	England & Wales
CALA Homes (Thames) Limited ⁵	100%	Home building	England & Wales
CALA Homes (Yorkshire) Limited ⁵	100%	Home building	England & Wales
CALA properties Banbury Limited ⁵	100%	Commercial property	England & Wales
CALA 1999 Limited ⁶	100%	Holding company	Scotland
CALA Group Limited ⁶	100%	Holding company	Scotland
CALA Land Investments (Bearsden) Limit	100%	Home building	Scotland
CALA Land Investments Limited ⁶	100%	Property development	Scotland
CALA Limited ⁶	100%	Holding company	Scotland
CALA Management Limited ⁶	100%	Home building	Scotland
CALA Ventures Limited ⁶	100%	Home building	Scotland
CALA Homes (East) Limited ⁷	100%	Home building	Scotland
CALA Homes (North) Limited ⁷	100%	Home building	Scotland
CALA Homes (Scotland) Limited ⁷	100%	Non-trading company	Scotland
CALA Homes (West) Limited ⁷	100%	Home building	Scotland
CALA Homes Limited ⁷	100%	Home building	Scotland
CALA Properties (Holdings) Limited ⁷	100%	Commercial property	Scotland
Banner Construction Limited ⁵	100%	Home building	England and Wales
Banner Developments Limited ⁵	100%	Home building	England and Wales
Banner Freehold Limited ⁵	100%	Other letting and operating of own or leased real estate	England and Wales
Banner Homes Limited ⁵	100%	Home building	England and Wales
Banner Homes Bentley Priory Limited ⁵	100%	Home building	England and Wales
Banner Homes Central Limited ⁵	100%	Home building	England and Wales
Banner Homes Group ⁵	100%	Holding company	England and Wales
Banner Homes Midlands Limited ⁵	100%	Home building	England and Wales
Banner Homes Southern Limited ⁵	100%	Home building	England and Wales
Banner Homes Ventures Limited ⁵	100%	Home building	England and Wales
Banner Management Limited ⁵	100%	Holding company	England and Wales
Banner (Spare) Limited ⁵	100%	Home building	England and Wales
Care Secured Limited ⁵	100%	Home building	England and Wales
Jimcourt Limited ⁵	100%	Home building	England and Wales
The Advantage Collection Ltd ⁵	100%	Home building	England and Wales
Thorpe Park Developments Limited ²	50%	Property development	England & Wales
TP 2005 Limited ²	50%	Dormant company	England & Wales
Bruntwood SciTech Limited ⁸	50%	Urban regeneration	England & Wales
OUPD Limited ¹⁰	50%	Urban regeneration	England & Wales

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****23 Undertakings of the Company (Continued)****(ii) Related undertakings**

The Company has the following significant holdings in related undertakings greater than 20% of the nominal value of any class of shares. The registered offices of all related undertakings is One Coleman Street, London, EC2R 5AA unless otherwise stated.

Associates held directly by the Company	% holding	Nature of business	Incorporated in
Kao Data Limited ^{9*}	49%	Data Centre	England & Wales
Pemberton Asset Management Holdings Limited ^{11*}	40%	SME finance	England & Wales
Newcastle Science Central Developments LLP ^{12*}	33%	Limited liability partnership	England & Wales
NTR Asset Management Europe DAC (Ireland) ^{13*}	25%	Asset management	Ireland
Associates held indirectly by the Company	% holding	Nature of business	Incorporated in
Guild Living Limited*	49%	Trading company	England & Wales
Inspired Villages Group Limited*	49%	Trading company	England & Wales

* Entities marked with an asterisk ("*") are accounted as FVTPL due to the venture capital organisation ("VCO") exemption.

Registered Address:

- ¹ Electric Works, Concourse Way, Sheffield, England, S1 2BJ
² Europa House, 20 Esplanade, North Yorkshire, YO11 2AQ
³ The Stanley Building, 7 St Pancras Square, London NIC 4AG
⁴ One, The Esplanade, St Helier, Jersey JE2 3QA
⁵ Cala House, 54 The Causeway, Surrey, TW18 3AX
⁶ Adam House, 5 Mid New Cultins, Edinburgh EH11 4DU
⁷ Johnstone House, 52-54 Rose Street, Aberdeen, AB10 1HA
⁸ Union, Albert Square, Manchester, England, M2 6LW
⁹ London Road, Harlow, United Kingdom, CM17 9NA
¹⁰ Wellington Square, Oxford, United Kingdom, OX1 2JD
¹¹ Grosvenor Gardens, London, England, SW1W 0AU
¹² Newcastle University, King's Gate, Newcastle Upon Tyne, United Kingdom, NE1 7RU
¹³ Burton Court, Burton Hall Drive, Sandyford Industrial Estate Dublin, Ireland, D18Y2T8

LEGAL & GENERAL CAPITAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24 Ultimate parent undertaking

The immediate and 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.

25 Subsequent events

On 13 February 2020, the Company rolled over its investment in Pod Point Holding Limited, entering into a joint venture with EDF Customers Limited. No further investment was made, but the Company's shareholding increased from 13.3% to 22.47% as a result of this undertaking.

On 11 March 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. Governments in affected areas have imposed a number of measures designed to contain the outbreak, including business closures, travel restrictions, stay at home orders and cancellations of gatherings and events. The spread of COVID-19 has resulted in an economic downturn in the United Kingdom and the global economy more widely, as well as causing increased volatility and declines in financial markets. This is likely to negatively impact the fair value of equity investments held as well as reduce the volume of construction and sales within the entity's subsidiaries, potentially reducing the likelihood of dividends received.

26 Related party disclosures

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.

27 Guarantees

Legal & General Capital Investments Limited has given guarantees in respect of the liabilities of certain subsidiary entities in support of their normal business activities.