“I Hope I Die Before I Get Old”

Legal & General supporting inclusive capitalism and the intergenerational contract

THE WHO, “MY GENERATION”, 1965
Forward looking statements

This document may contain certain forward-looking statements relating to Legal & General, its plans and its current goals and expectations relating to future financial condition, performance and results. By their nature, forward-looking statements involve uncertainty because they relate to future events and circumstances which are beyond Legal & General’s control, including, among others, UK domestic and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory and Governmental authorities, the impact of competition, the timing impact of these events and other uncertainties of future acquisitions or combinations within relevant industries. As a result, Legal & General’s actual future condition, performance and results may differ materially from the plans, goals and expectations set out in these forward-looking statements and persons reading this document should not place reliance on forward-looking statements. These forward-looking statements are made only as at the date on which such statements are made and Legal & General Group Plc. does not undertake to update forward-looking statements contained in this document or any other forward-looking statement it may make.
It Was A Very Good Year

Operating profit (£m)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Profit</td>
<td>658</td>
<td>1,053</td>
<td>1,087</td>
<td>1,158</td>
<td>1,275</td>
<td>1,455</td>
<td>1,562</td>
<td>2,055</td>
</tr>
</tbody>
</table>

Strategy has delivered consistently strong results for shareholders

Dividend per share

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Interim</td>
<td>4.10p</td>
<td>4.74p</td>
<td>5.69p</td>
<td>6.90p</td>
<td>8.35p</td>
<td>9.95p</td>
<td>10.35p</td>
<td>11.05p</td>
<td></td>
</tr>
</tbody>
</table>

Group dividend guidance 7% CAGR FY16-20

The group has a progressive dividend policy, reflecting its medium term underlying business growth, including net release from operations and operating earnings.
## Resilient to Brexit risks

<table>
<thead>
<tr>
<th>Risks</th>
<th>Direction</th>
<th>Impact on Legal &amp; General</th>
</tr>
</thead>
</table>
| Rates rise                    | +++       | *Rate rises will be the “new normal”* - Ben Broadbent  
• Higher rates reduce our liabilities                                                                                                                                                                                  |
| Credit spreads widen          | ++        | *Economic uncertainty may cause credit spreads to widen*  
• Higher spreads reduce our liabilities because our assets are held to maturity  
• Higher spreads will lower LGIM’s AUM, thereby lowering fee income                                                                                                                                               |
| Downgrades and defaults       | –         | *Some companies may struggle in the post-Brexit world*  
• £2.7bn credit default reserve  
• LGIM mandated and remunerated based on avoiding downgrades and defaults                                                                                                                                         |
| Employment falls              | 0         | *If companies pull operations out of the UK or if the economy slows, employment may drop*  
• However the UK jobs market has been robust with 197k new jobs added in Q1 2018                                                                                                                                 |
| Property markets fall         | –         | *House prices are still rising, with expectations at 2% in 2018 and 3% in 2019¹*  
• Diversified portfolio across the country and price levels  
• Disciplined growth, with a variety of contractual safeguards (pre-let hurdles, risk-adjusted LTVs)                                                                                                             |

### Solvency II sensitivity scenarios: significant positive impacts

<table>
<thead>
<tr>
<th>31 December 2017</th>
<th>Impact</th>
<th>Detail</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Surplus £bn</td>
<td>Coverage ratio¹ %</td>
</tr>
</tbody>
</table>
| Base Group SII position | 6.9 | 189 | • As at 5 March 2018, ratio estimated at 196%  
• Movement due to increasing yields and operational surplus generation |

1. **Interest rates +100bps**  
(e.g. 10 year UK Gilts 1.2% to 2.2%)  

|                  | +0.8 | +20 | • Significant positive for L&G’s balance sheet  
• As interest rates increase, pension liabilities decrease  
• Liabilities are discounted at a higher rate resulting in a reduction in SCR |

2. **Credit spreads widen 100bps²**  
(escalating addition to ratings)  

|                  | +0.2 | +8 | • Positive impact driven by the Group’s Matching Adjustment (MA) portfolio  
• As spreads widen:  
  - **Own funds impact is limited** as decrease in asset valuations is offset by higher MA yield uplift used to discount liabilities  
  - However, a decrease in liabilities results in a reduction in SCR |

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¹ Shareholder basis  
² Assumptions no change in L&G’s long term default assumptions, and no change in the Fundamental Spread
The Long And Winding Road: Mortality releases 2017 to 2020

### Mortality releases

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
<th>Mortality reserve releases</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018 estimated</td>
</tr>
<tr>
<td>Pre-tax profit</td>
<td>332</td>
<td>330*</td>
</tr>
<tr>
<td>Post-tax profit</td>
<td>274</td>
<td></td>
</tr>
<tr>
<td>Dividend to Group</td>
<td>250</td>
<td></td>
</tr>
</tbody>
</table>

*If we were to mechanically apply the CMI 16 and CMI 17 tables we would expect a 2018 and a 2019 release similar in quantum to the release disclosed in 2017

** Mortality tables not yet produced

- In 2017, we completed the review of our longevity trend assumptions and adopted adjusted CMI 2015 mortality tables
- Should current trends continue to emerge we would release prudence over several years
- If we were to mechanically apply the CMI 16 tables we would expect a 2018 release similar in quantum to the release disclosed in 2017
- There would be a similar impact for 2019
- Assumes mortality trends continue to move with an approximate 2 month reduction in life expectancy
Grow Old With Me

Group Strategy

<table>
<thead>
<tr>
<th>Investing &amp; Annuities</th>
<th>Investment Management</th>
<th>Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>LGR AUA</td>
<td>LGIM AUM</td>
<td>LGI &amp; GI GWP</td>
</tr>
<tr>
<td>£58.2bn</td>
<td>£983bn</td>
<td>£2.9bn</td>
</tr>
<tr>
<td>+7%</td>
<td>+10%</td>
<td>+6%</td>
</tr>
</tbody>
</table>
Reshaping the group has increased focus

<table>
<thead>
<tr>
<th>Disposals, closures &amp; simplifications</th>
<th>Status</th>
<th>Proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td>IndiaFirst Life (H1 2018)</td>
<td>Sale agreed</td>
<td>£79m</td>
</tr>
<tr>
<td>Mature Savings (H2 2017)</td>
<td>Sale agreed</td>
<td>£650m</td>
</tr>
<tr>
<td>Insurance: Netherlands business (H1 2017)</td>
<td>Sold</td>
<td>€161m</td>
</tr>
<tr>
<td>Savings: Cofunds (H1 2017)</td>
<td>Sold</td>
<td>£147.5m</td>
</tr>
<tr>
<td>Legal &amp; General Germany (H2 2016)</td>
<td>Sold</td>
<td>-</td>
</tr>
<tr>
<td>Savings: Suffolk Life Group Limited (H1 2016)</td>
<td>Sold</td>
<td>£45m</td>
</tr>
<tr>
<td>Legal &amp; General Ventures (Snow &amp; Rock, Liberation Ale, ABI)</td>
<td>Sold</td>
<td>£141m*</td>
</tr>
<tr>
<td>Legal &amp; General International Ireland – investment bonds (H2 2015)</td>
<td>Sold</td>
<td>£15m</td>
</tr>
<tr>
<td>Savings: Egypt business (H2 2015), 55% interest</td>
<td>Sold</td>
<td>$54m (L&amp;G share)</td>
</tr>
<tr>
<td>Savings: Gulf business (H2 2015)</td>
<td>Sold</td>
<td>-</td>
</tr>
<tr>
<td>Insurance: France business (H2 2015)</td>
<td>Sold</td>
<td>£159m</td>
</tr>
<tr>
<td>Xperience: Estate agency business (H2 2014)</td>
<td>Sold</td>
<td>£6m</td>
</tr>
<tr>
<td>Retail Investments transferred to LGIM: was 13th now 3rd in net flows</td>
<td>Simplified</td>
<td>-</td>
</tr>
<tr>
<td>Workplace integrated into LGIM’s DC business, now £68bn AUM</td>
<td>Simplified</td>
<td>-</td>
</tr>
<tr>
<td>Withdrawal of investment advice: Network and Employed sales (2016)</td>
<td>Simplified</td>
<td>-</td>
</tr>
</tbody>
</table>

* Largely owned by With-Profits business
Reinvesting disposals in profitable, socially useful investments

Mature Savings disposal

Disposal date: December 2018
Sale price: £650m
Expected completion date: Mid-2019
Approx. profit on disposal: £450m

Cala acquisition

Acquisition date: March 2018
Purchase price: £315m
Acquisition amount: 52.1% (total ownership now 100%)

Full Cala business value £605m
Businesses aligned to capitalize on growth drivers

Three focused business areas:

**INVESTING & ANNUITIES**
- **LGRI**: £906
- **LGRR**: £341
- **LGC**: £272

- Achieve global leadership in Pension de-risking
- Use long-term capital to become the UK leader in Direct Investments
- Address under investment in UK Infrastructure and Housing
- Deliver financial security for UK retirees

**INVESTMENT MANAGEMENT**
- **LGIM**: £400

- Continue to build a world class international asset management business
- Become the market leading provider of UK retail investments and workplace savings

**INSURANCE**
- **LGI**: £303
- **GI**: £37

- Help customers attain financial protection from life events
- Become a leading data driven and digitally enabled insurer
- Become the preferred provider of protection to US families
Our six growth drivers: delivering inclusive capitalism across generations

<table>
<thead>
<tr>
<th>Growth drivers</th>
<th>Legal &amp; General’s Actions</th>
<th>Broader Economic Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ageing demographics</td>
<td>• Optimise longevity exposure for corporates</td>
<td>• Deploy housing equity for old-age needs, add specialist housing for right-sizers</td>
</tr>
<tr>
<td></td>
<td>• Enable high-quality, independent living and financial security</td>
<td></td>
</tr>
<tr>
<td>Globalisation of asset markets</td>
<td>• Provide value for money alternative to active equity</td>
<td>• Design solutions to fit newer liability-aware investing and diversified growth strategies</td>
</tr>
<tr>
<td></td>
<td>• Create efficient investment for a low-return environment</td>
<td></td>
</tr>
<tr>
<td>Creating real assets</td>
<td>• Real asset investments as principal</td>
<td>• Development of new asset classes for third-party clients</td>
</tr>
<tr>
<td></td>
<td>• Driving city growth and re-balancing regional economies</td>
<td>•</td>
</tr>
<tr>
<td>Welfare reforms</td>
<td>• Protection as a genuine welfare alternative</td>
<td>• DC, auto-enrolment and effective decumulation to enhance pensioner resilience</td>
</tr>
<tr>
<td></td>
<td>• Optimise focus for limited government spending</td>
<td>•</td>
</tr>
<tr>
<td>Technological innovation</td>
<td>• Direct retail sales deliver customer power and choice, including digital advice</td>
<td>• Improve service efficiencies and lower unit costs</td>
</tr>
<tr>
<td></td>
<td>• Deliver better value to consumers</td>
<td>•</td>
</tr>
<tr>
<td>Today’s capital</td>
<td>• Scale vehicles for start-ups</td>
<td>• Financing efficiency and productivity improvements</td>
</tr>
<tr>
<td></td>
<td>• Higher quality, more productive jobs drive real wage increases</td>
<td>•</td>
</tr>
</tbody>
</table>
### Our six growth drivers: delivering inclusive capitalism across generations

<table>
<thead>
<tr>
<th>Growth drivers</th>
<th>2017 Achievements Leading the way</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ageing demographics</strong></td>
<td>• £6.4bn LGR transactions, including 15 US pension de-risking transactions&lt;br&gt;• Over £1bn Lifetime mortgages sales, market leader, 33% market share&lt;br&gt;• Solutions assets of £463bn, up 12%, UK market leader with 42% share</td>
</tr>
<tr>
<td><strong>Globalisation of asset markets</strong></td>
<td>• 349 US clients with £139.5bn assets, 4 of top 5 US DB pension funds&lt;br&gt;• Successfully winning US mandates, net flows £12.6bn (2015: £9.4bn)&lt;br&gt;• LGIM total AUM of £983bn, up 10%, International AUM of £228bn, up 29%</td>
</tr>
<tr>
<td><strong>Creating real assets</strong></td>
<td>• £14.4bn of group-wide direct investments, up 44%&lt;br&gt;• £1bn ‘Build to Rent’ pipeline with new sites in Bath, Birmingham, Leeds and Brighton&lt;br&gt;• Extended Homes sector into Later Living through a new operating partnership&lt;br&gt;• UK infrastructure investments in Bracknell, Newcastle and UK transport</td>
</tr>
<tr>
<td><strong>Welfare reforms</strong></td>
<td>• Market leading UK retail protection business, 24% market share&lt;br&gt;• UK DC assets £68.2bn, up 19%, largest manager of DC assets in the UK&lt;br&gt;• 2.7m DC customers in over 14,000 schemes</td>
</tr>
<tr>
<td><strong>Technological innovation</strong></td>
<td>• Retail Protection direct sales 18% of total, General Insurance direct sales 38% of total&lt;br&gt;• Newly created Fintech business areas, to drive technology disruption across the Group&lt;br&gt;• My Account: over 1.5m users with c.630k new customers signed up in 2017</td>
</tr>
<tr>
<td><strong>Today’s capital</strong></td>
<td>• Leading lender to Europe’s corporates via Pemberton. 4 funds to date tracking to €3bn+ AUM&lt;br&gt;• Invested in over 100 start-ups to date via partnerships</td>
</tr>
</tbody>
</table>
Old Man Take a Look At My Life
Legal & General Businesses

<table>
<thead>
<tr>
<th>Investing &amp; Annuities</th>
<th>Investment Management</th>
<th>Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>2.7m</td>
<td>7</td>
</tr>
<tr>
<td>In Lifetime Mortgages</td>
<td>People in our DC pension schemes</td>
<td>New GI distribution partnerships</td>
</tr>
</tbody>
</table>
Intergenerational trends are supportive of our business

1. Typical pensioner incomes are now actually higher than working-age incomes

2. 3.3m Last Time Buyers (‘LTB’) looking to downsize with £820bn LTB housing wealth locked up in homes no longer fit for purpose

3. Millennials are half as likely to own a home at age 30 as baby boomers were

4. 4 in 10 millennials live in private rental accommodation at age 30 (4x that of baby boomers)

5. Young adults spent the same as those approaching retirement in 2001, but they are now spending 15% less

6. Employees born in the early 1980s are half as likely to have a DB pension as those born around 1970, meaning they are taking more risk in retirement

“A new generational contract: the final report of the Intergenerational Commission”
When I’m 64 – LGRR: Providing security in retirement to ageing populations

Individual Annuities
- £11.9bn in 2013
- £6.9bn in 2014
- £4.2bn in 2015
- £4.3bn in 2016
- £4.4bn in 2017

£0.7trn individual retirement market
- c1m people retire in the UK each year

1. Top 3 in market with 14% market share
2. £671m premium in 2017 (+78% yoy)
3. 500k customers
4. 2 distribution agreements in place

Source: Preliminary analysis by Spence Johnson, ABI

Lifetime Mortgages
- £1.1bn in 2013
- £1.4bn in 2014
- £1.6bn in 2015
- £2.1bn in 2016
- £3.1bn in 2017

£5bn+ of annual sales expected by 2020

£1.5trn over 55s housing equity

1. #1 in Lifetime Mortgage Sales with £1.0bn lifetime mortgage sales in 2017 (33% market share)
2. Winner of 7 best Lifetime Mortgage awards

Source: Age Partnership research, UK Finance data & 2017 sales
When I’m 64 – LGRI: Helping institutions pay pensions to their employees

UK Pension Risk Transfer

- £2trn DB pensions, c.7% transferred to insurers
- £15bn+ of premium expected in 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Premium £bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>7.5</td>
</tr>
<tr>
<td>2014</td>
<td>13.2</td>
</tr>
<tr>
<td>2015</td>
<td>12.3</td>
</tr>
<tr>
<td>2016</td>
<td>10.4</td>
</tr>
<tr>
<td>2017</td>
<td>12.0</td>
</tr>
</tbody>
</table>

Source: PPF & Mercer/LCP reports

1. LCP forecast 2017 volume based data published as at 18 December 2017
2. Includes liabilities covered by longevity insurance

US Pension Risk Transfer

- $3.7tn DB pensions, c.4% transferred to insurers
- $3.7trn US PRT premium in 2017 (+56% yoy)

<table>
<thead>
<tr>
<th>Year</th>
<th>Premium $bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>4.0</td>
</tr>
<tr>
<td>2014</td>
<td>9.0</td>
</tr>
<tr>
<td>2015</td>
<td>14.0</td>
</tr>
<tr>
<td>2016</td>
<td>14.0</td>
</tr>
<tr>
<td>2017</td>
<td>23.0</td>
</tr>
</tbody>
</table>

Source: ICI, LGIMA & LIMRA

1. $543m LGR US PRT premium in 2017 (+56% yoy)
2. Since market entry in 2015, we have written more than $1.6bn of premium in the US
3. Using UK business model to capture significant US growth potential
At Retirement Balance Sheet

<table>
<thead>
<tr>
<th>Category</th>
<th>(£k)</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Pension</td>
<td>230</td>
</tr>
<tr>
<td>Private Pension</td>
<td>85</td>
</tr>
<tr>
<td>Other Savings</td>
<td>10</td>
</tr>
<tr>
<td>Benefits</td>
<td>15</td>
</tr>
<tr>
<td>Healthcare etc.</td>
<td>20</td>
</tr>
<tr>
<td>Housing</td>
<td>250</td>
</tr>
</tbody>
</table>

Extended

Lone-parent

Nuclear

Reconstituted

Adoptive

Communal

Different Family Structures and Arrangements

Changing living situations coupled with changing ways of working
- Gig economy
- Self-Employment
- Self-incorporation
- Freelancers
“Worst housing crisis since the Second World War”

1. Inadequate housing for aging population

2. House building lagging 50% behind the required target of 250,000 new homes per year

3. Rise of ‘Generation Rent’

1. Richard Cotton, Mayor of Camden
Homeward Bound: The UK housing ecosystem

80,000 Homes we are involved in delivering in the next five to ten years.

Ind. Protection:
- Market size: £0.7bn APE
- Expected growth: 2% pa
- L&G market share: 25%

Home Insurance:
- Market size: £6.4bn GWP
- Expected growth: 2% pa
- L&G market share: 6%

Lifetime Mortgages:
- Market size: £1.5tn
- Expected growth: £9bn in FY20
- L&G market share: 30%

Affordable
- Modular
- Land banks

L&G Homes
- CALA
- Build to Rent
- Later Living
- Renaissance villages
- Inspired Villages

Protection
- Refinance
- Drawdown

Buying
- LGSS:
  - FY17 – 522k surveys
- Mortgage Club:
  - Facilitate 1 in 5 UK mortgages

Downsizing
- Renovation

Interest-only
LGRR: A leading provider of in-demand Lifetime Mortgages

- £1.5 trillion of housing equity owned by over 55s\(^1\)
- Ageing Population will drive further growth
- Only £18 billion released over last 25 years\(^2\)

L&G response: Entered LTM market in 2015

LTM market forecasts

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>£1.1bn</td>
</tr>
<tr>
<td>2014</td>
<td>£1.4bn</td>
</tr>
<tr>
<td>2015</td>
<td>£1.6bn</td>
</tr>
<tr>
<td>2016</td>
<td>£2.1bn</td>
</tr>
<tr>
<td>2017</td>
<td>£3.1bn</td>
</tr>
<tr>
<td>2018e</td>
<td></td>
</tr>
<tr>
<td>2019e</td>
<td></td>
</tr>
<tr>
<td>2020e</td>
<td>£5.0bn</td>
</tr>
</tbody>
</table>

Leading the market in quality and customer-focus

<table>
<thead>
<tr>
<th>Award</th>
<th>Organiser</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best Equity Release/Lifetime Lender: 2nd place</td>
<td>Mortgage Strategy Awards</td>
</tr>
<tr>
<td>5 star rating for our Lifetime Mortgages</td>
<td>Moneyfacts</td>
</tr>
<tr>
<td>Best Equity Release Provider</td>
<td>Your Mortgage Awards</td>
</tr>
<tr>
<td>Best Equity Release/Lifetime Lender</td>
<td>Mortgage Strategy Awards</td>
</tr>
<tr>
<td>Later Life Lender of the Year</td>
<td>Mortgage Introducer Awards</td>
</tr>
<tr>
<td>Retirement</td>
<td>Gold Standard Awards</td>
</tr>
<tr>
<td>Best Equity Release Provider 2017</td>
<td>Moneyfacts</td>
</tr>
<tr>
<td>Best Mainstream Annuity Provider</td>
<td>Moneywise Awards</td>
</tr>
<tr>
<td>Best Equity Release Lifetime Lender 2017</td>
<td>Mortgage Strategy Awards</td>
</tr>
<tr>
<td>5 stars in the Mortgage Providers</td>
<td>FTAdviser Online Innovation and Services Awards</td>
</tr>
<tr>
<td>5 star rating Flexible Lifetime Mortgage</td>
<td>Moneyfacts</td>
</tr>
</tbody>
</table>
LGRR: Lifetime Mortgages making a difference

Our market leading customer proposition

- Wide range and competitively priced product offering
- Fair lending framework: unique approach which includes providing free bereavement, financial and well-being counselling services for lifetime of product
- Innovative solutions to meet market needs – partnered with high street bank to address “Interest Only shortfall” problem

Diversified and risk-balanced book

- Average LTV (loan advanced) of 27%
- Average customer age of 71
- Geographical region spread

Technological innovation

- High quality end-to-end digital customer experience
LGC: Later Living

**Significant market opportunity**
- 65+ year old population forecast to grow by 50% by 2033
- 3.1m Last Time Buyers (‘LTB’) looking to downsize with £820bn LTB housing wealth locked up in homes no longer fit for purpose\(^1\)
  - 6.2m unoccupied bedrooms, equating to 2m family homes or 10 years of housing supply
- 0.7% of 65+ in UK live in care housing vs 6.1%/5.4% in US/ Australia\(^2\)
- Existing stock not fit for purpose; 49% of accidental deaths in 65+ linked to fall in the home

**Strong strategic fit for L&G Group**
- Close alignment with L&G’s long term growth drivers; ageing population, creation of real assets and the reform of the welfare state
- Retirement solutions a core capability of the wider L&G Group
- Compliments L&G’s approach to UK’s residential housing supply issue with multi-tenure offering including build to sell and build to rent
- Social and economically useful: Solving the NHS problem\(^3\)
  - Purpose built later living schemes produce huge preventative health benefits
  - 38% reduction in NHS spend
  - 18% reduction in falls
  - 46% reduction in GP visits
  - Unplanned hospital stays reduced from 10 to 2 days

**Targeted implementation**
- Stringent selection policy for initial sites and operating partner to ensure long-term congruence with L&G desired product and level of service offering
- Target plan to deliver c1,300 units by 2020 through Inspired Villages Group and the Renaissance Villages Group

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1. Last Time Buyer Report 2018
2. International Lessons for Housing with Care, "Stronger Foundations"
3. Extra Care Charitable Trust
LGC: Investing to meet UK’s housing needs

**Legal & General Affordable Homes**
- Aim to be fully operational and delivering 3,000 homes per year within 4 years
- 1.3 million households\(^1\) on UK waiting lists with new additions averaging only 30,000 properties a year over the last 10 years
- A lack of affordable housing has a direct impact on the ability of employers to recruit the labour needed to run a well-functioning society and modern economy

**Modular Homes**
- Precision-built modular homes constructed in our factory in North Yorkshire
- Time spent building on site will be reduced by up to 50% compared to traditional techniques
- Our modular homes will use less energy to run and also will use less energy to build
- Delivery stage in Q2 2018

**CALA**
- Tripled revenues since 2013 acquisition of 48% stake to £748m in 2017
- Profits rose 12% p.a. to £91.5m in 2017
- Acquisition of full stake funded by sale of Mature Savings allowing us to replace a falling profitability business with a growing one and freeing up £295m of cash for the Group
LGC: Build to Rent Fund: £10bn opportunity

Collaboration between LGC and LGIM launched £600m open-ended BTR fund. Now over £1bn investment capability and growing.

Using long term capital to address the chronic long term lack of housing supply and meet the increasing demand for affordable, quality rental accommodation. In total 2,000 homes under construction or in planning at seven sites, with the aim to have 6,000 in planning, development or operation by the end of 2019.

<table>
<thead>
<tr>
<th>Year</th>
<th>Project Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>Walthamstow: 440 homes as well as 20,000 sq ft of commercial accommodation</td>
</tr>
<tr>
<td>2016</td>
<td>Bristol: 255 homes above c.11,500 sq ft of commercial space</td>
</tr>
<tr>
<td>2016</td>
<td>Salford: 225 new homes on two sites; first site delivered Jun 2017</td>
</tr>
<tr>
<td>2017</td>
<td>Bath: 171 apartments, 126 car parking spaces and 17,000 sq ft of retail space</td>
</tr>
<tr>
<td>2017</td>
<td>Leeds: 250 homes as well as 8,640 sq ft of commercial and amenity space</td>
</tr>
<tr>
<td>2017</td>
<td>Birmingham: 220 residential units and 7,500 sq ft of commercial space, 61 car parking spaces and a public square</td>
</tr>
<tr>
<td>2018</td>
<td>Brighton: 200 homes and up to 3,000 sq m of commercial space</td>
</tr>
</tbody>
</table>
### LGC: Urban regeneration brings jobs and homes to UK cities

**LGC** investment in Salford has provided multiple profitable investment opportunities for **LGR** and **new institutional capital** managed by **LGIM**

<table>
<thead>
<tr>
<th>Phase</th>
<th>Description</th>
<th>Funding Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Phase 1</strong></td>
<td>• 125,000 sq.ft, “matching adjustment” compliant, 25 year RPI-linked lease to Salford Council</td>
<td>• Forward funded by LGR for c. £50m</td>
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<tr>
<td><strong>Phase 2</strong></td>
<td>• Two purpose-built “Build to Rent” blocks totalling 225 units</td>
<td>• Forward sale to L&amp;G’s Build to Rent fund for c. £45m</td>
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<tr>
<td><strong>Phase 3</strong></td>
<td>• Second <strong>office building</strong> with “matching adjustment” compliant, 25 year RPI-linked lease to Salford Council</td>
<td>• To be funded by external party for c. £110m</td>
</tr>
<tr>
<td><strong>Phase 4</strong></td>
<td>• <strong>Two multi-storey car parks</strong> with “matching adjustment” compliant leases to Salford Council</td>
<td>• Owned and funded by LGR and LGIM managed Fund</td>
</tr>
<tr>
<td><strong>Phase 5</strong></td>
<td>• “Matching adjustment” compliant, <strong>Government Property Hub</strong> with 25 year RPI-linked lease</td>
<td>• To be funded by LGR</td>
</tr>
<tr>
<td><strong>Phases 6-10</strong></td>
<td>• In progress</td>
<td></td>
</tr>
</tbody>
</table>

Similar approach used for Cardiff, Leeds, Bracknell, Newcastle, and other cities across the UK
LGI & GI: Protecting the things that matter

**Legal & General Insurance**

- Largest provider of retail protection in the UK and a top 10 player in the US term life market, ensuring income stability for families

**General Insurance**

- Range of pricing, underwriting and claims management actions used to address increased costs of escape of water claims in Q1 2017
- Market leading, digitally innovative application, SmartQuote launched
- 7 new distribution partnerships added since 2016, of which several commence in H1 2018
LGIM: Providing DC pension solutions and investments for the future world

Defined Contribution (DC) pensions

- Largest UK manager of DC assets, with £68.2bn assets, up 19%
- 2.7 million UK DC customers in over 13,000 schemes

ESG Investing & Corporate Governance are crucial to attracting the new savers

**Launch:** Feb 2017  **Fund size:** $6.3bn

**Aims:**
- To provide **better risk-adjusted returns** over the long term by using an alternatively-weighted index rather than a conventional market-capitalisation index
- Addresses the investment risks associated with **climate change** by incorporating a climate ‘tilt’
- Finally, the Fund takes our approach to climate change one step further by incorporating LGIM’s innovative **Climate Impact Pledge.** This is a targeted engagement process where we work directly with companies to bring about positive change, and exclude those who don’t meet the required standards after a certain engagement period

**Selected as the default fund for HSBC Bank (UK) Pension Scheme**
Leaning into Europe with positive results

LGIM Europe ex-UK AUM growth (£bn)

European net flows up 4.8x to £12.6bn (2016: £2.6bn)

£228bn of AUM from International clients (+29% yoy)

Preparing for the future €300bn+

European infrastructure deficit
The Canvas acquisition provides LGIM with ‘out of the box’ ETF capability (a blank canvas) as a platform for growth for LGIM’s index and distribution capabilities.

By the end of FY19, we will have launched a core range of LGIM ETFs to target a portion of the c.£1.5trn of ETF flows into Europe over the next three years.

SME Finance Investment (Pemberton)

In 2014 LGC purchased 40% equity stake in Pemberton, an independent alternative asset manager with a core strategy of providing debt finance to small and medium sized enterprises.

4 funds to date tracking to €3bn+ AUM

46% AUM growth on our investment in Pemberton

Global Fund Manager of 2016 Private Debt Investor
Our Strategic goals to 2020

• Achieve global leadership in pensions de-risking and provide a suite of products to maximise retirement income

• Help people achieve security affordably through insurance and workplace pensions

• Use our existing skills and expertise to build a world class international asset management business

• Use ‘slow money’ to become the UK leader in direct investments including housing and urban regeneration

• Achieve market leadership in digital provision of insurance and retail investments

• To be a leader in financial solutions and a globally trusted brand

• Delivering Inclusive Capitalism
Our financial ambition: Disruption is a privilege and a responsibility

Between 2011 – 2015 we achieved a 10% growth in EPS
Our ambition is to replicate this performance out to 2020

Earnings per share (p)

10% CAGR 2011 - 2015


10% CAGR guidance

+50%

2017 EPS is 31.87p. Excluding mortality releases and US tax, 2017 EPS is 23.10p