Delivering inclusive capitalism
Sharing success with investors, customers and society
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.
Our strategy is aligned to drivers of consistent structural growth

**Growth drivers**

| Ageing demographics | • Target record year in UK PRT market, >£5bn YTD and >£2bn exclusive
|                     | • $25bn annual US PRT market opportunity
|                     | • Lifetime mortgage market growing to £6bn by 2020

| Globalisation of asset markets | • $85tn global AUM growing to $145tn by 2025; current market share 1.3%
|                               | • ESG, FII, European ETF markets all growing strongly
|                               | • LDI / Solutions increasing US penetration

| Creating real assets | • Regional devolution driving committed £15bn growth in future cities
|                     | • UK housing market shortfall of up to 300,000 units per year
|                     | • Significant global infrastructure requirement: UK £380bn requirement; Europe €400bn; US $ trillions...

| Welfare reforms | • UK DC market of £338bn in 2016 expected to grow to £871bn by 2026
|                 | • UK ISA / D2C market £560bn in 2017, up 19%, growing to £1,340bn by 2022

| Technological innovation | • Utilising ever cheaper technology to improve customer outcomes
|                          | • Partnering with innovators and disruptors e.g. Salary Finance
|                          | • Cloud, robotics, AI, big data, block chain and platforms built and utilised across our digital start-ups, scale-ups, and core business

| Today’s capital | • Invested in 240 UK startups to enable them to compete globally
|                | • Nearly €3bn committed AUM to Pemberton SME finance funds
We operate with 3 Business Areas and 6 Divisions

L&G’s Strategic Purpose

- Improve the lives of our customers
- Build a better society
- Create value for our shareholders

INVESTING & ANNUITIES
- Legal & General Retirement: Institutional
- Legal & General Retirement: Retail
- Legal & General Capital

INVESTMENT MANAGEMENT
- Legal & General Investment Management

INSURANCE
- Legal & General Insurance
- General Insurance

• UK pension risk transfer market leadership
• Growing US business

• Delivering Retirement Income: UK individual annuities and lifetime mortgages

• Future Cities: direct investment in real estate and infrastructure / clean energy
• UK multi-tenure housing franchise

• Global institutional asset management
• $183bn US business, growing in Asia and EMEA
• Focused on Index, Fixed Income, Solutions, Real Assets

• US and UK term life insurance
• FinTech investing

• UK household and pet insurance
Investing & Annuities: LGR – A unique business model

Differentiated capability to attract annuity mandates – significant Global growth potential
Unique Group capability in sourcing Direct Investments and managing credit exposures

**Annuities**
- HY18 Annuity Assets £56.4bn
- Liabilities
- Assets

**Investing**
- £13.5bn
  - Direct investments
  - Credit assets
  - Sovereign-like assets

**LGR Institutional**
- Pension Risk Transfer, in UK, US and Globally

**LGR Retail**
- UK Individual Annuities

Notes
- Real Estate Debt and Sale & leaseback
- Property Residual Notes
- Infrastructure
- Private credit
- Lifetime mortgages

LGRR
LGIM

LEGAL & GENERAL GROUP PLC
## Investing & Annuities: LGR Institutional new business update

<table>
<thead>
<tr>
<th></th>
<th>2018 YTD¹</th>
<th>H1</th>
<th>H2 TD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LGRI Completed Transactions</strong></td>
<td>&gt;£8.4bn</td>
<td>£0.7bn</td>
<td>c.£7.7bn</td>
</tr>
<tr>
<td><strong>UK PRT</strong></td>
<td>£7.7bn</td>
<td>£0.5bn</td>
<td>c.£7.2bn</td>
</tr>
<tr>
<td><strong>International PRT</strong></td>
<td>£0.4bn¹</td>
<td>£0.2bn</td>
<td>£0.2bn¹</td>
</tr>
<tr>
<td><strong>Longevity Insurance</strong></td>
<td>£0.3bn¹</td>
<td>£0.0bn</td>
<td>£0.3bn¹</td>
</tr>
</tbody>
</table>

**UK PRT Pipeline**

- **UK PRT Actively Quoting as at HY Results** >£20bn
- **UK PRT Transactions completed with L&G since HY Results** – >£8bn
- **UK PRT Transactions lost since HY Results** – <£1bn
- **New UK PRT deals added to Actively Quoting since HY Results** £14bn
- **Current PRT Actively Quoting Pipeline** c.£25bn

- H2: completed a £2.4 billion buyout for the Nortel Networks UK Pension Plan covering around 15,500 pensioner members and around 7,200 deferred members.
- H2: includes a £4.4bn buy-in with British Airways PLC’s pension scheme, covering c.22,000 pensioners. This is the largest ever bulk annuity policy arranged with a UK pension scheme.
- IFRS and Solvency II impacts of YTD new business in line with previous levels reported by L&G.
- Actively quoting on c.£25bn. Expect further transactions to be announced in coming months.
## Investing & Annuities: LGR Top Direct Investments

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Sector</th>
<th>Year of investment</th>
<th>Book value (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  HMRC Buildings (Birmingham/Bristol/Cardiff/Edinburgh/Glasgow/Sheffield/Stratford)</td>
<td>Government</td>
<td>2016 – 2018</td>
<td>764</td>
</tr>
<tr>
<td>2  Places for People</td>
<td>Property (Income Strip)</td>
<td>2014</td>
<td>298</td>
</tr>
<tr>
<td>3  The Rolls Building (Secretary of State)</td>
<td>Property (S&amp;LB)</td>
<td>2011</td>
<td>281</td>
</tr>
<tr>
<td>4  Foreign &amp; Colonial (UK prime commercial property)</td>
<td>Real Estate Debt</td>
<td>2014</td>
<td>279</td>
</tr>
<tr>
<td>5  London Gateway Port</td>
<td>Infrastructure</td>
<td>2016</td>
<td>279</td>
</tr>
<tr>
<td>6  Campus Living Villages (student accommodation)</td>
<td>Infrastructure</td>
<td>2014</td>
<td>265</td>
</tr>
<tr>
<td>7  RBS</td>
<td>Property (S&amp;LB)</td>
<td>2014</td>
<td>263</td>
</tr>
<tr>
<td>8  TFL (Transport for London), Stratford</td>
<td>Property (S&amp;LB)</td>
<td>2016</td>
<td>235</td>
</tr>
<tr>
<td>9  BBC</td>
<td>Infrastructure</td>
<td>2017</td>
<td>223</td>
</tr>
<tr>
<td>10 Amazon distribution warehouse (London)</td>
<td>Property (S&amp;LB)</td>
<td>2016</td>
<td>222</td>
</tr>
<tr>
<td>11 Imperial College (Income Strip)</td>
<td>Property (Income Strip)</td>
<td>2011</td>
<td>219</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>3,328</strong></td>
</tr>
</tbody>
</table>

- Assets are predominantly in city locations, with long duration cash flows secured against high quality tenants, with limited downside valuation risk e.g. HMRC, BBC
Investing & Annuities: LGC – A unique group capability

Utilising Group capabilities to drive shareholder returns
Delivering Group benefits in LGR and LGIM

Investing

£8.1bn

- £2.0bn Direct investments
- £2.0bn Traded portfolio
- £4.1bn Cash & Treasury assets

H1 2018

£2.0bn

- 0.6 Future Cities
- 1.1 UK Housing
- 0.4 VC & SME

Investment return and profit growth

Creation / unlocking of LGR debt-like investments

Creation of 3rd party opportunities in LGIM

£4.1bn

£2.0bn

£2.0bn
## LGC: Investing for the future

### Future Cities

**Urban Regeneration**
- Real estate developments in UK cities, e.g. Cardiff
- Newcastle Science Central creating 4,000 jobs
- The UK’s largest science & tech property business: £240m JV with Bruntwood

**Clean Energy**
- Investment in NTR with 9 of 12 on-shore wind sites operational
- Invested in the most efficient solar panel through Oxford PV
- Developing limitless energy through tokamak energy nuclear fusion

### UK Housing

**Build to Sell**
- CALA has increased units by 2.5x EBIT by 5x since L&G ownership
- L&G Homes is building more than 2.5k new homes across 3 sites

**Build to Rent**
- 3k homes pipeline across 9 schemes

**Later Living**
- Inspired Villages has 6 sites in development

**Affordable Housing**
- 3k homes per year by 2022

**Modular Housing**
- First homes on site in Crowthorne

### VC & SME

**VC**
- Invested in 240 start-ups in the UK
- Accelerated Digital Ventures (ADV) funds UK digital businesses to become global category leaders
- Examples: SalaryFinance, CareSourcer, Smartr365

**SME**
- 40% investment in Pemberton AM, pan-European private debt and direct lending provider
- LP investments across a number of funds
Investment Management: A diversified business, growing globally

Broadening investment capability
Targeting international growth
Growing Retail, Personal Investing and Workplace Savings

Revenue by Product (FY17) £805m

- Real assets: 25
- Solutions: 474
- Active Strategies: 160
- Index: 326

HY18 AUM: £985bn

- International: 166
- UK DB: 625
- Internal: 96
- DC & Retail (UK): 98

Growing globally

- Europe: c.19%
- Gulf: c.16%
- Asia: c.4%
- US: c.61%

Addressing UK savings gap

- UK DC & Workplace: 64
- UK Retail & Personal Investing: 31

Note: Global AUM breakdown provided as at FY 2017
Insurance: Becoming a fully digitally and data-enabled insurer

**Optimise Operations:** Utilising technology to execute and manage risk effectively

**Digitise and Diversify:** Broaden via partnerships and implement digital customer proposition

**Innovate and Explore:** Leveraging Group capabilities to expand in digital economy

<table>
<thead>
<tr>
<th>Segment</th>
<th>2017 GWP</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK Group</td>
<td>£2,531m</td>
</tr>
<tr>
<td>UK Individual</td>
<td>£369m</td>
</tr>
<tr>
<td>US Term</td>
<td>973</td>
</tr>
<tr>
<td>Household</td>
<td>1,232</td>
</tr>
<tr>
<td>ASU</td>
<td>326</td>
</tr>
<tr>
<td>GI</td>
<td>1,737</td>
</tr>
</tbody>
</table>
# Structural growth drives profit

<table>
<thead>
<tr>
<th>H2 2018 Growth Drivers</th>
<th>FY 2017</th>
<th>H1 2018</th>
<th>H1 2017</th>
<th>Var %</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Actively quoting over £25bn UK PRT business, &gt;£8bn UK PRT Transactions completed since HY</td>
<td>906</td>
<td>361</td>
<td>333</td>
<td>8</td>
</tr>
<tr>
<td>• $25bn US PRT market opportunity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• LTM £600m H2 target</td>
<td>341</td>
<td>119</td>
<td>107</td>
<td>11</td>
</tr>
<tr>
<td>• Individual Annuities premiums up 16% in Q2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• CALA and L&amp;G Homes build-to-sell</td>
<td>272</td>
<td>172</td>
<td>142</td>
<td>21</td>
</tr>
<tr>
<td>• Further investment in urban regeneration and clean energy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• US LDI / Fixed income positive trends continuing</td>
<td>400</td>
<td>203</td>
<td>194</td>
<td>5</td>
</tr>
<tr>
<td>• Several UK &amp; US DC mandate wins</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• UK &amp; US premium growth both up 3%</td>
<td>303</td>
<td>154</td>
<td>147</td>
<td>5</td>
</tr>
<tr>
<td>• GP turnaround on track</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Double digit growth in direct premium</td>
<td>37</td>
<td>(6)</td>
<td>15</td>
<td>-</td>
</tr>
<tr>
<td>• Strong distribution pipeline</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Total                                                                                   | 2,366   | 1,003   | 938     | 7     |

Note: H1 2017 excludes £126m base mortality release
Sustaining long term growth

“GROWN UPS”
- NTR (Energy)
- Salary Finance
- Smartr365

“SCALE UPS”
- CALA Homes
- Pemberton
- ADV
- India First

“START UPS”
- BTR
- LGIMA
- LGRA
- Future Cities

Sale agreed

- ETF
- DC / Retail

100%
- LGRI
- LGRR
- LGC

100%
- LGIM
- LGI
- GI

Mature Savings

100%
- LGIM Asia
- Smart Survey
- SmartQuote
- SmartClaim

Sale agreed

India First: 26% owned – Sale agreed £79m
CALA Homes: Purchased 52% and now own 100%
Mature Savings: Sale agreed £650m
Caresourcer – increased holding to 27.22%
(Direct 20%, Indirect 7.22%)
Innovating and investing in digital and data

SmartQuote & SmartClaim for Home Insurance
- 5 questions to customers
- >400 data points used to create a quote
- Claim processing time cut in half: 34m processing

A new fully digital Survey
- Improves upon the existing paper based Homebuyers Survey, which is used on a nationwide basis

Accessible tools for a new generation of personal investors
- 59% increase in conversion
- 100% increase in new customer acquisition

Workplace communications
- Personalised videos replacing standard mailings
- Increased engagement: 14% made changes
- Cost saving of 14p per member

Digital DC auto-enrolment workplace platform for small businesses
- Secure: HTTPS website and 2 step security verification
- Easy: Only provider that offers an app and Alexa and Google Home compatibility
- L&G has a 17% stake and offers LGIM funds on the platform
- >500k employees on platform
- Supports other L&G workplace offerings, such as DC and Personal Investing
- Better rates because repayment comes directly from employer

Salary Financing platform for workplace
- £3m investment

Largest provider of travel insurance in UK
- Co-developing digital retirement solutions

Online insurance comparison tool
- Largest provider of travel insurance in UK
- Co-developing digital retirement solutions

Digital B2B mortgage broking platform
- Reduces 10 hours of work to 1
- £3m investment

Personalised videos replacing standard mailings
- Increased engagement: 14% made changes
- Cost saving of 14p per member

Increased engagement: 14% made changes
- Cost saving of 14p per member
Consistently delivering

Operating profit from divisions (£m)
10% CAGR 2011 – 2018

Earnings per share (p)
10% CAGR 2011 – 2018

Dividend per share (p)
10% CAGR 2007 – 2018

1. 2017 excludes £126m base mortality release in H1 and £206m trend mortality release in H2

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