

Press Release
17 July 2014

LEGAL & GENERAL TO PROVIDE DIRECT LENDING TO UK AND EUROPEAN BUSINESSES.

Legal & General has become a strategic investor in Pemberton Asset Management Holdings Limited (“Pemberton”), as it launches a new Direct Lending platform for institutional investors. Pemberton through the new platform will provide much-needed loans and private placements to mid-market companies in the UK and Europe, focusing on companies with a turnover between €100 million and €1 billion.

Legal & General has subscribed for a 40 per cent equity stake in Pemberton, and made an initial commitment to invest €250 million in Direct Lending through the Pemberton platform to UK and European corporates, with the intention of making further significant commitments to the platform in future.

The investment in Pemberton and the allocation of funding for loans and private placements enables Legal & General to accelerate its participation in the direct lending market, providing a new source of institutional funding to corporates over the long term.

Legal & General believes that for UK and Europe to grow and succeed, businesses need access to different types of funding. As a long-term provider of capital to UK PLC, Legal & General sees a role for itself and other long-term institutions to provide such funding, and believes its investment can be a catalyst to help stimulate a thriving loan and private placement market.

Economic Secretary to the Treasury, Andrea Leadsom said:

“Direct lending and private placements offer real new sources of funding to help businesses grow. I am therefore delighted to offer my support to Legal and General’s announcement today.”

Commenting on the investment, Paul Stanworth, Managing Director of Legal & General Capital said:

“The UK and Europe have been too dependent on bank financing, and this impacts particularly on businesses wishing to invest and expand. Creating a new channel to deploy longer-dated institutional money in the mid-market sector will help drive economic recovery at a time when bank balance sheets are constrained, as well as creating a further asset class for direct investments by insurance companies and other institutions.”

Symon Drake-Brockman, Managing Partner of Pemberton, said:

“We have developed an independent institutional platform to appeal to those major insurers and other institutions who wish to offer much-needed funds to mid-market companies in the UK and Europe. Through our platform, we will enable the mid-market to access funds from established institutional investors at a time when the number of loans available from banks is in decline. Legal & General is an ideal partner in this enterprise due to its long-term investment horizon and focus on supporting the real economy.”

Nigel Wilson, Legal & General Group CEO added:

“We have now made £4bn of direct investments in UK infrastructure and housing – ‘slow money’ with long-dated investments out to 50 years. Bringing together our financial and investment resources with the specialist skills of Pemberton Asset Management enables us to grow another much-needed asset class. Creating an institutional private placement market for growing mid-caps - as already exists in the US but not here – brings new diversity to corporate funding as well as delivering good risk-adjusted returns for investors.”

Pemberton is an independent alternative asset manager that blends asset management and banking expertise. It brings together credit underwriting and risk management capabilities through a platform that tailors institutions’ investment needs with mid-market credit opportunities. Loans will be originated directly via the firm’s on-the-ground presence in key European markets and its network of regional bank relationships.

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Notes to editors:

1. Legal & General Group Plc

Established in 1836, Legal & General is a leading provider of insurance, savings and investment management products in the UK. The Group has a market capitalisation of £13.4bn (as at 30th June 2014) and is responsible for investing £463bn worldwide (as at 31 March 2014) on behalf of investors, policyholders and shareholders. We have over seven million customers in the UK for life assurance, pensions, investments and general insurance plans and over one million customers in the US who rely on us for life assurance. In 2013, Legal & General's profits before tax (on the IFRS basis) were £1,134m and earnings per share were 15.20p for the period, an increase of 10% for both respectively.

For more information on Legal & General, please see <http://www.legalandgeneralgroup.com/>

2. Pemberton Asset Management

Pemberton Asset Management Holdings Limited ("Pemberton") is an independent alternative asset management group providing finance to the European mid-market sector. Pemberton Capital Advisors LLP ("PCA") is an advisory firm which is part of Pemberton group. Symon Drake-Brockman, the former RBS Global Head of Debt Markets, is Managing Partner of PCA and Keith Jones, former chief executive of Morley Fund Management, and previous chair of the ABI Investment Committee, is non-executive Chairman of Pemberton. PCA is authorised and regulated by the Financial Conduct Authority.

Pemberton uniquely blends asset management and banking expertise and offers mid-market companies in the UK and Europe an alternative to bank finance. With banks increasingly retreating from new corporate lending and exiting existing loans, access to financing for thousands of Europe's mid-market companies has become severely restricted.

Forward looking statements

Nothing in this announcement should be construed as a profit forecast. This document may contain certain forward-looking statements relating to Legal & General Group, 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 acquisition or combinations within relevant industries. As a result, Legal & General Group'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 announcement 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.