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## LEGAL & GENERAL ACQUIRES COFUNDS PLATFORM

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### LEGAL & GENERAL ACQUIRES COFUNDS PLATFORM: DIGITAL INVESTMENT WITH OVER £50BN OF ASSETS UNDER ADMINISTRATION

Legal & General Group Plc ("Legal & General") has agreed to acquire the 75% share capital of Cofunds Holdings Ltd ("Cofunds"), which it does not already own, for a cash consideration of £131m. The transaction will be financed out of Legal & General's existing cash resources. The acquisition values Cofunds at £175m and is subject to regulatory approval.

Legal & General has identified digital solutions as one of its five key drivers of growth. The acquisition provides Legal & General with scale and distribution in the investment platform market, where assets under administration ("AUA") are forecast to double by 2017<sup>1</sup>. Cofunds is the UK's largest investment platform for financial services and has over £50bn<sup>2</sup> of AUA, and a share of 22% of the UK investment platform market<sup>3</sup>.

The transaction is anticipated to complete in H1 2013, and to be earnings accretive by the end of 2014. Cofunds and Investor Portfolio Service ("IPS") will form a new business unit within the Savings division. The cost synergy benefit is expected to be £11m per annum from 2015, with a one-off investment cost of around £17m.

The purchase of Cofunds will build on Legal & General's presence in the intermediary market complementing its position as a leading savings provider for UK banks and building societies, where Legal & General's IPS platform uses Cofunds' proven technology.

Cofunds will retain its focus as a whole of market platform, serving both retail and institutional clients with its competitive charging structure. It will remain a separate brand in the UK investment platform market. The clarity of a single ownership structure will enable Cofunds to grow assets and revenues whilst achieving operational leverage with a more efficient cost base.

**Mark Gregory**, CEO Savings, Legal & General said:

"As we said at our preliminary results, digital solutions is one of our five drivers of growth. The projected growth in the investment platform market is substantial and we expect Cofunds to be a major beneficiary of this growth. Cofunds, alongside our existing platform IPS, provides us with the scale and capability to be a major player in this important and growing market."

"The Cofunds team have done a fantastic job in growing the business to be the largest platform in the UK market. We have worked with the team over a long period and recognise the excellent value and customer service the platform provides, and look forward to working with them to grow the business. Our acquisition of Cofunds will create a great opportunity to extend our asset gathering capability and grow our Savings business."

Commenting on the transaction **Charlie Eppinger**, Chairman of Cofunds said:

"Legal & General's decision to acquire the remaining 75% of the company is welcome and marks the start of an exciting new chapter in the future growth and development of the Cofunds proposition. The consortium ownership has served Cofunds extremely well for a long time, providing market knowledge, know-how and capital, however the platform needs to move to the next stage and it will greatly benefit from a single shareholder with a long-term commitment to the UK market."

1 Fundscape Platform Report, February 2013.

2 As at 28 February 2013.

3 Investment platform market share based on Q4 2012 Fundscape figures.

-ENDS-

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Notes to editors:

1. Investment platforms support advisers and clients by providing services to help administer investments and provide tools to help them deliver portfolio advice services. These services usually include a consolidated view of clients' investments, a portal through which to invest in funds and facilities to arrange custody of some or all of their investments.

2. Prior to the acquisition Legal & General is the largest shareholder in Cofunds with a holding of 25%. Other shareholders include International Financial Data Services Limited with 24%, Threadneedle Asset Management Holdings Limited with 20%, Newhouse Capital Partners with 18%, Jupiter Investment Management Group Limited with 10%, and Prudential UK Services Limited with a holding of 3%.

3. Following the acquisition of Cofunds the Legal & General Savings division will have proforma AUA of £103bn (based on AUA at 31 December 2012).

4. At 31 December 2012 Cofunds had an unaudited net asset value of £48m.

5. Cofunds

Established in 2001, Cofunds is the leading investment platform for advisers and other financial institutions, with assets under administration of £48bn as at 31 December 2012 and in excess of £50bn at the end of February 2013. It provides flexible administration and management services for advisers and their clients as well as dealing and custody services for financial

institutions. Cofunds exists to serve the needs of institutions, advisers, their clients, and fund managers. Cofunds is authorised and regulated by the Financial Services Authority.

## 6. Legal & General Group Plc

Established in 1836, Legal & General is a leading provider of protection, annuities, savings and investment management products in the UK, with a market capitalisation of £10bn (as at 22 March 2013). In its recent 2012 preliminary results earnings per share were up 12% to 13.90p and dividends per share up 20% to 7.65p for the period. Legal & General's return on equity for 2012 was 15.5%.

The Group has 7 million retail customers in the UK for life assurance, pensions, investments and general insurance plans.

- Our investment management business, Legal & General Investment Management (LGIM), is responsible for investing £406bn worldwide on behalf of investors, policyholders and shareholders. LGIM is one of the largest investors in the UK stock market, managing around 4% of all London listed equities. LGIM has leading capability in index, active fixed income and liability driven investments and manages £43bn of assets for international clients.
- Our UK Protection and Annuities businesses insure customers' potential financial exposure from death, illness, injury or household damage, and provide retirement annuities for individuals and pension schemes. In 2012 UK protection and general insurance gross premiums reached £1.6bn, and the annuity portfolio was £32bn.
- Our UK Savings business has £70bn of assets under administration and provides a range of retail savings funds and savings structures to individuals and workplace clients.
- Legal & General America (LGA) writes protection products in the US market, focusing on higher sum assured policies and in 2012 gross premiums increased to US\$922m.

All numbers are as at 31 December 2012 unless otherwise stated.

Legal & General's strategy for growth is focused on five key themes: LGIM's International Expansion, Retirement Solutions, Digital Solutions, Protection and Direct Investment.

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

7. Legal & General was advised by Fenchurch Advisory Partners and Cofunds' shareholders were advised by Evercore Partners.

## Forward looking statements

Nothing in this announcement should be construed as a profit forecast. In particular, statements that the transaction will be earnings accretive are not, and do not constitute, a profit forecast and should not be interpreted to mean that Legal & General's or Cofunds earnings following the transaction will necessarily match, or be greater than, the historical published earnings of Legal & General or Cofunds.

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.

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