



THE
GOOD
ECONOMY



Rebalancing the Economy



THE SOCIAL VALUE OF UK PRIVATE EQUITY
SUMMARY 2016



IN ASSOCIATION WITH



Private Equity *Less Ordinary*



There is a broad consensus that the UK's economy remains unbalanced, leaving large parts of society vulnerable to risk. The UK business community has a responsibility to help address this problem.

Independent research shows that investment activity by LDC continues to be a positive force in rebalancing the economy, through its support for small and mid-sized business in key sectors across the UK regions.

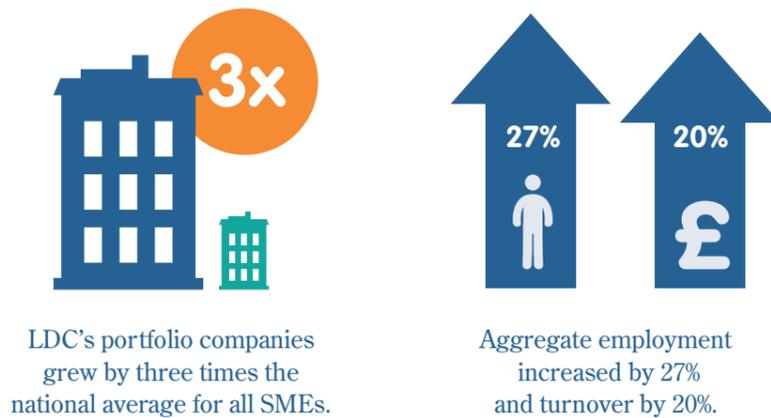
Independent research, carried out by The Good Economy Partnership, assessed LDC's investment activity over a 10 year period against five key economic policy areas aimed at driving balanced economic growth. The findings were used to produce a Social Value Scorecard which benchmarks performance against national averages. It covers more than 150 LDC portfolio companies with a detailed analysis of four.

"The latest scorecard shows that LDC's investment activity is highly favourable to the UK's balanced economy objectives, specifically in supporting SME growth, rebalancing by sector and region, meeting external finance demand outside London and the Greater South East and investing in disadvantaged areas. In total, it outperforms national and sector benchmarks in 13 of the 14 social value scores."

"In its widest context, the study also demonstrates the potential of private equity at large as an asset class. When done right, it can undoubtedly be a force for social good."

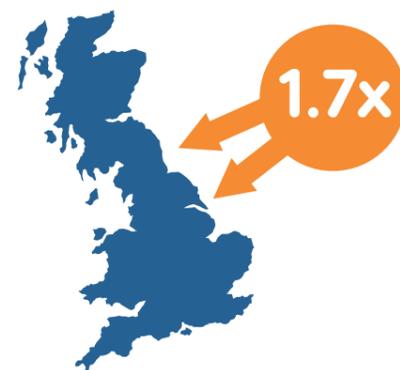
Mark Hepworth
Co-Founder of The Good Economy Partnership

SME growth

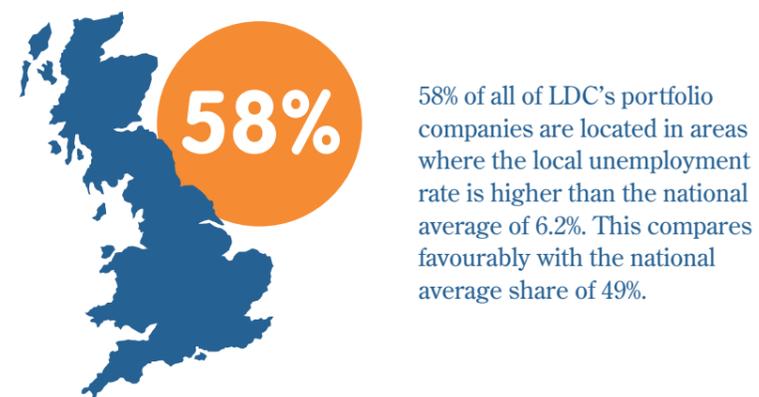


Rebalancing by region

LDC is 1.7 times more active in investing outside London and the Greater South East than the rest of the UK private equity sector, underlining its exceptional contribution to rebalancing economic growth and employment by region.



Investing in disadvantaged areas



Rebalancing by sector

LDC portfolio companies are 2.7 times more concentrated in sectors whose growth is key to rebalancing the UK economy, notably manufacturing and export-intensive industries, compared to the wider UK business population.



Investment

LDC invested strongly through the recession and the recovery - £1bn invested in the last three years and £1.2bn committed over the next three years.



"The ability of private equity to drive transformational growth and shareholder value is well understood, but its positive social impact far less so. This is an important contribution to that debate which will help to broaden understanding of the asset class and its power to rebalance economies and revitalise communities."

"Credit should go to LDC for recognising the importance of demonstrating this to its stakeholders, including the management teams it supports and their employees."

Tim Hames
Director General of the British Private Equity & Venture Capital Association (BVCA)



Our approach to private equity investing - based on a committed presence in the UK regions, through-the-cycle support, a focus on small and mid-sized companies and a major commitment to backing the manufacturing and engineering sectors - is helping the UK to meet its goal of a more 'balanced economy'. This also aligns with the broader goal of Lloyds Banking Group of helping more business, households and communities prosper.

The fact that we've achieved this alongside a period of exceptional economic value creation underlines an important point: the two agendas are not opposed. What we're equally proud of, beyond the impact of our direct investment, is the contribution of our investee companies in this regard, which are rightly celebrated in this important piece of research.

If you would like to find out more about LDC or how we can make a difference to your business, please get in touch.



Martin Draper

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LDC

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LDC

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