

UK EQUITY RELEASE Market Monitor

2013 REVIEW

EMBARGOED UNTIL 00:01
19TH JANUARY 2014

01772 508536
www.keyrs.co.uk/press



Key Retirement Solutions, Baines House,
4 Midgery Court, Fulwood, Preston PR2 9ZH.

Contents

02	INTRODUCTION Dean Mirfin, KRS
03	EQUITY RELEASE MARKET MONITOR Full Year 2013 Results
04	EQUITY RELEASE MARKET HIGHLIGHTS Popular Uses Full Year Focus - Clearing an outstanding mortgage
05	EQUITY RELEASE MARKET HIGHLIGHTS Regional Summary Regional Focus - Scotland
06 - 07	2013 REVIEW Number of Plans Value of Plans
08	2013 ANALYSIS Customers By Age Customers By Status Product Mix

Introduction

Key Retirement Solutions' Market Monitor provides a quarterly, half yearly and annual review of the equity release market in the UK. The monitor provides journalists and other industry stakeholders with detailed data on the market alongside historical comparisons.

Founded in 1998 Key Retirement Solutions is the leading over 55's specialist adviser. Key are a top 5 arranger of pension annuities, one of the largest will writers and arrangers of Lasting Power of Attorney's and are the UK's number 1 equity release adviser, arranging 1 in 3 of all intermediary Equity Release Council (ERC) formerly SHIP [1] equity release business in the UK.

The Monitor uses Key's data to reflect the market as a whole and provides the most detailed analysis of the equity release sector, including:

- Usage trends
- Age Analysis
- Regional Analysis based on -
 - Plan Numbers
 - Plan Values
 - Property Prices

The Monitor now provides more detail than ever, focusing in each edition on a particular region and also a specific usage driver for releasing equity.

- Full Year Focus - Clearing an outstanding mortgage
- Regional Focus - Scotland

For further details contact:

Dean Mirfin

Group Director
KRS Group

Email: dean.mirfin@keyrs.co.uk
Tel: 07879 678737
Press office: 01772 508536
Website: www.keyrs.co.uk/equity-release

^[1] Equity Release Council (ERC) is the equity release trade organisation representing the Equity Release Sector

Full Year 2013 Results

- New plan numbers 20,331 up 3%
- Total amount released £1.06 billion up 10%
- Drawdown accounts for 64% of all plans
- Home improvement remains the top reason for releasing equity

The latest report on the equity release market reveals, as forecasted, very strong and sustained growth for the market year on year. Sales of plans during 2013 were 20,331 an increase of 3% over that of 2012 (19,675).

Lending also increased to £1.06 billion for the period from £961.4 million for 2012, an increase of 10%. This is the first time the billion mark has been hit since 2009 and follows a period of steady growth.

Drawdown remains the most popular type of plan accounting for 64% of all new plans. Home reversion plan sales account for less than 1% of sales for the year, a reflection of the fact that with increased innovation, many features that were exclusive to home reversion are now firmly established as set features within some lifetime mortgages.

Average loan values for the year have continued to increase. The average for 2013 being £56,045 compared to £52,268 for 2012.

BIGGEST MOVERS BY REGION

Number of Plans

▲ Northern Ireland	+54%
▲ Scotland	+35%
▲ East Anglia	+10%
▼ North	-8%
▼ Yorks & Humberside	-5%
▼ South East	-4%

Lending

▲ Northern Ireland	+51%
▲ Scotland	+37%
▲ East Anglia	+31%
▼ North	-1%
▼ Yorks & Humberside	-2.5%

REGIONAL HIGHLIGHTS

Across the country 9 out of the 12 regions experienced growth in new plan numbers, with 10 of the 12 experiencing increases in the value of total lending. The greatest percentage increases in plan numbers were experienced in Northern Ireland (+54%) and Scotland (+35%). Top region for overall lending was the South East (£259.5m) with London (£174.7m) taking second place. Whilst Northern Ireland has seen a good increase in numbers and lending amounts the stand out region for overall increases in volumes is Scotland which has seen an increase in plan numbers of 35% and total lending of 37%.

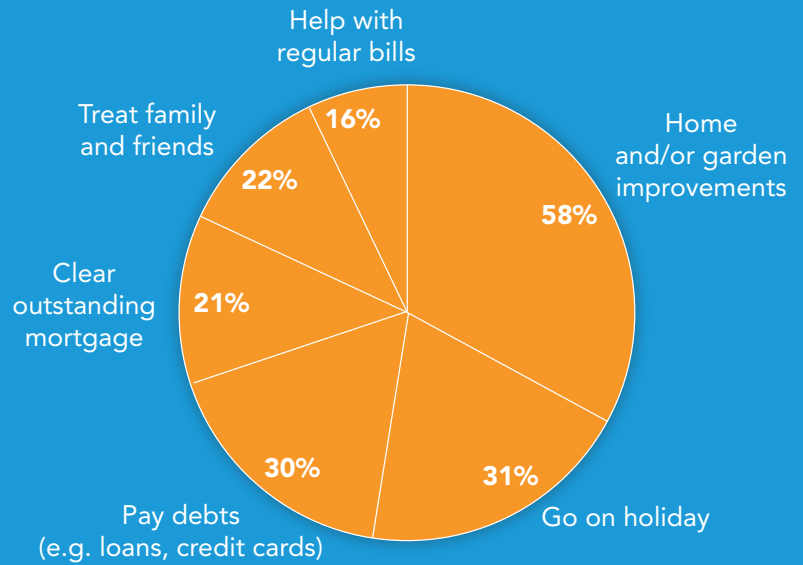
USES OF EQUITY RELEASE

Home and/or garden improvement (58%) retains top spot followed by holidays (31%). Repaying unsecured and secured debts still dominate the landscape accounting for 30% and 21% respectively. Helping out the family financially remains stable (22%).

Highlights

- Clearing an outstanding mortgage (21%) has increased from 18% in 2012

POPULAR USES OF EQUITY RELEASE



Repaying outstanding mortgage is set to increase as interest only trend unravels

FULL YEAR FOCUS - CLEARING AN OUTSTANDING MORTGAGE

During 2013 much has been reported about the future challenges facing the mortgage industry with regard to interest only mortgages. Those with insufficient, or no, repayment vehicles are heading towards the end of their mortgages and need to take action before either facing re-possession or facing a forced downsize.

Whilst many talk about the interest only problem being in the future we have increasingly throughout 2013 witnessed that for many retirees it is happening today. It is heavily anticipated that the increasing percentage using equity release to repay mortgages will increase further through 2014 and beyond.

During 2013 approximately £223 million was released to clear outstanding mortgages, equating to £33 million more than 2012.

Highlights

REGIONAL SUMMARY

AREA	Value	Percentage Change 2013 on 2012	Number of plans	Percentage Change 2013 on 2012	Average Value Released	Average LTV	Average Customer Age	Average Property Value
East Anglia	£54.2m	31%	1,139	10%	£54,832	16%	69	£212,262
East Midlands	£73.6m	17%	1,776	4%	£47,827	17%	69	£179,203
London	£174.7m	17%	1,879	9%	£107,224	15%	71	£434,636
North	£28.8m	-1%	724	-8%	£45,895	18%	68	£166,243
North West	£94.0m	8%	2,181	6%	£49,714	18%	68	£179,474
Northern Ireland	£6.8m	51%	194	54%	£40,308	18%	66	£159,888
Scotland	£63.6m	37%	1,571	35%	£46,655	18%	68	£169,684
South East	£259.5m	2%	4,419	-4%	£67,729	15%	70	£289,617
South West	£137.0m	9%	2,482	1%	£63,663	16%	69	£260,208
Wales	£42.1m	16%	908	2%	£53,509	18%	68	£184,839
West Midlands	£67.4m	3%	1,551	0%	£50,110	17%	69	£198,045
Yorks & H'side	£58.9m	-3%	1,508	-5%	£45,070	18%	69	£165,677

REGIONAL FOCUS - SCOTLAND

Total lending -
£63.6M

Plans arranged -
1,571

Average released -
£46,655

Average property value -
£169,684

REGIONAL FOCUS - SCOTLAND

Scotland has throughout 2014 been one of the strongest regions in terms of growth both in numbers and also value with increases year on year of 35% and 37% respectively. Distribution throughout Scotland as we should expect is dominated by the major towns and cities with Aberdeen, Edinburgh, Glasgow and Kilmarnock areas accounting for over 50% of all plans. Despite this it is significant that the remaining regions still account for almost half of the total of new plans for the year.

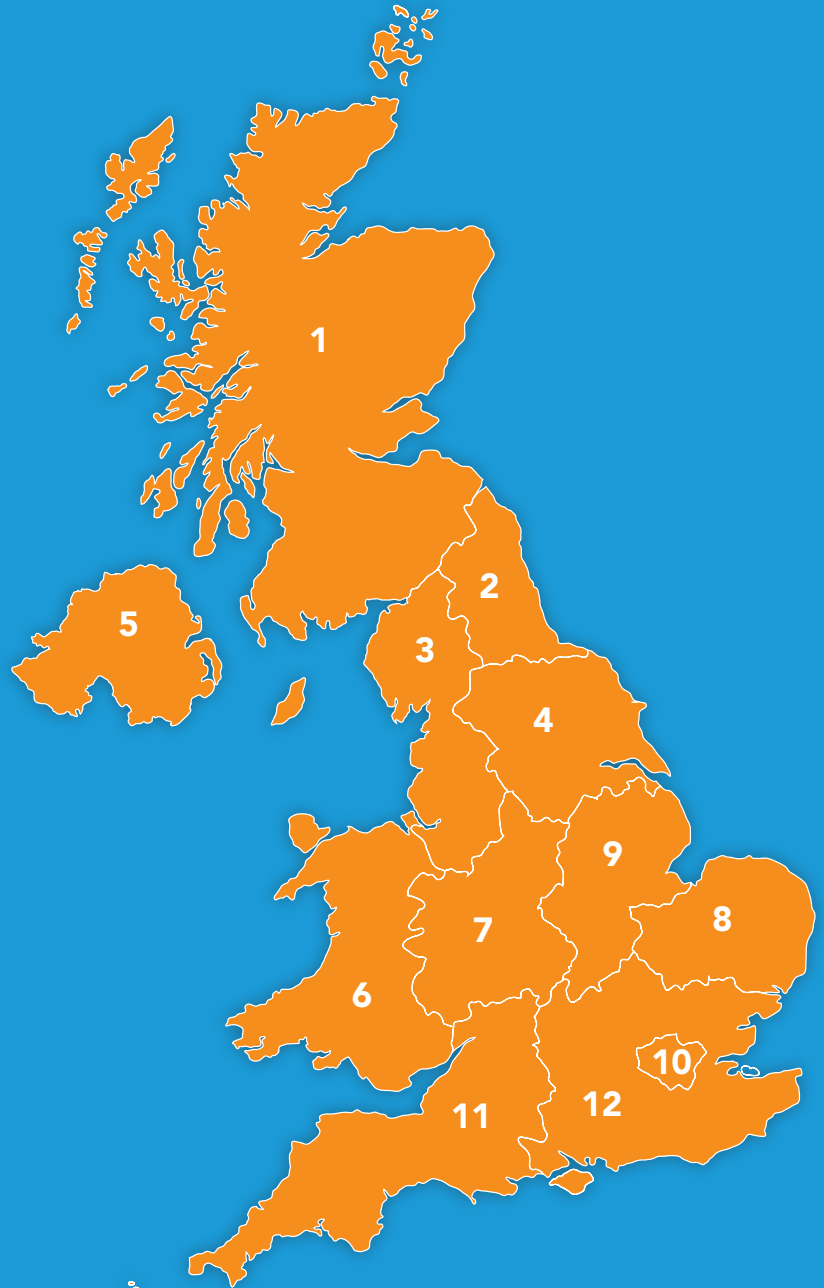
When looking closely into the motivations to release equity in there are significant variances from the UK as a whole. Home and/or garden improvements account for 69% in Scotland but unlike the UK this does not fill the top slot. In fact the top reason for releasing equity is help with regular bills/unforeseen expenses, with 72%. The repayment of debt in particular unsecured accounts for 35% compared to the UK level of 30%.

Review

- Highest - South East (4,419)
- Lowest - Northern Ireland (194)

1 Scotland 1,571 2012 - 1,161	2 North 724 2012 - 787
3 North West 2,181 2012 - 2,063	4 Yorks & H'side 1,508 2012 - 1,581
5 Northern Ireland 194 2012 - 126	6 Wales 908 2012 - 890
7 West Midlands 1,551 2012 - 1,547	8 East Anglia 1,139 2012 - 1,039
9 East Midlands 1,776 2012 - 1,715	10 London 1,879 2012 - 1,719
11 South West 2,482 2012 - 2,467	12 South East 4,419 2012 - 4,580

NUMBER OF EQUITY RELEASE PLANS

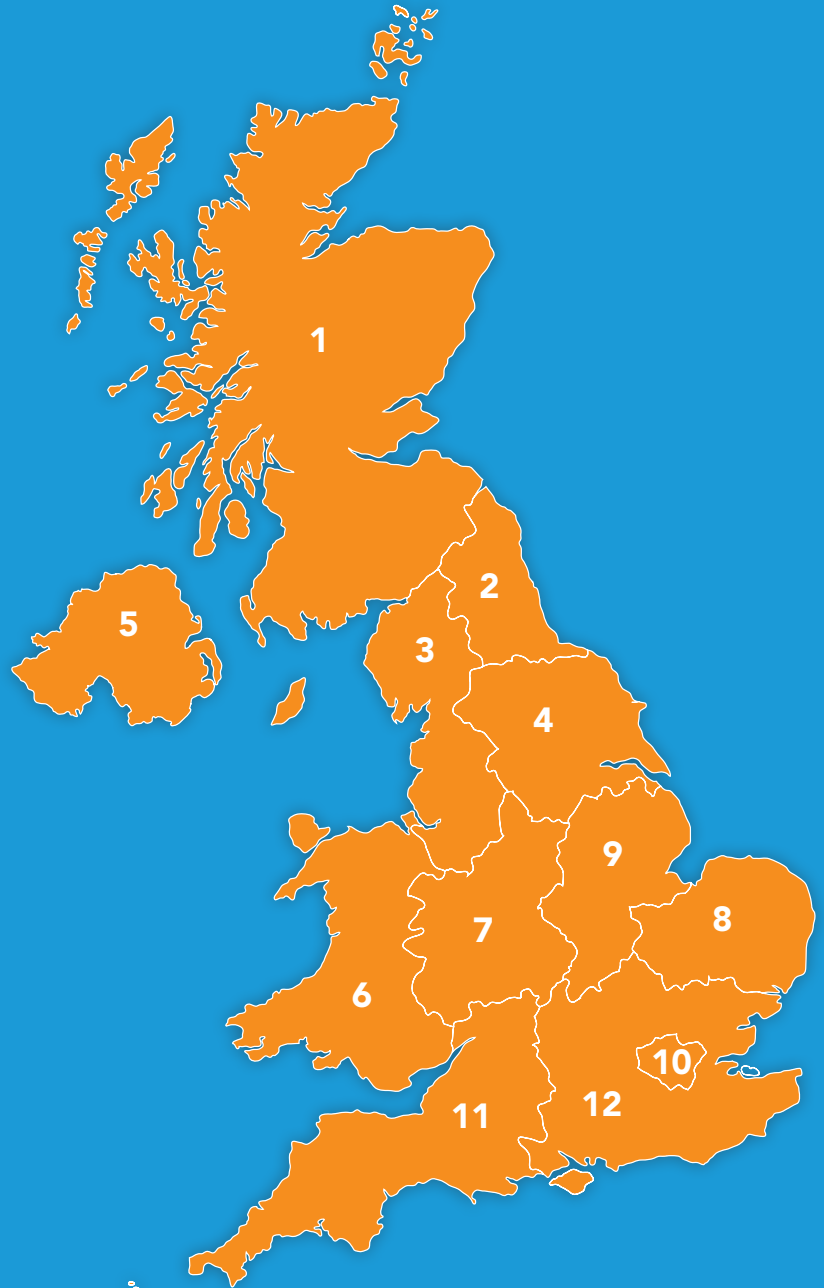


Review

- Highest - South East (£259.5m)
- Lowest - Northern Ireland (£6.8m)

<p>1 Scotland £63.6m 2012 - £46.5m</p>	<p>2 North £28.8m 2012 - £29.1m</p>
<p>3 North West £94.0m 2012 - £86.9m</p>	<p>4 Yorks & H'side £58.9m 2012 - £60.4m</p>
<p>5 Northern Ireland £6.8m 2012 - £4.5m</p>	<p>6 Wales £42.1m 2012 - £36.3m</p>
<p>7 West Midlands £67.4m 2012 - £65.6m</p>	<p>8 East Anglia £54.2m 2012 - £41.3m</p>
<p>9 East Midlands £73.6m 2012 - £62.8m</p>	<p>10 London £174.7m 2012 - £148.8m</p>
<p>11 South West £137.0m 2012 - £126.1m</p>	<p>12 South East £259.5m 2012 - £253.2m</p>

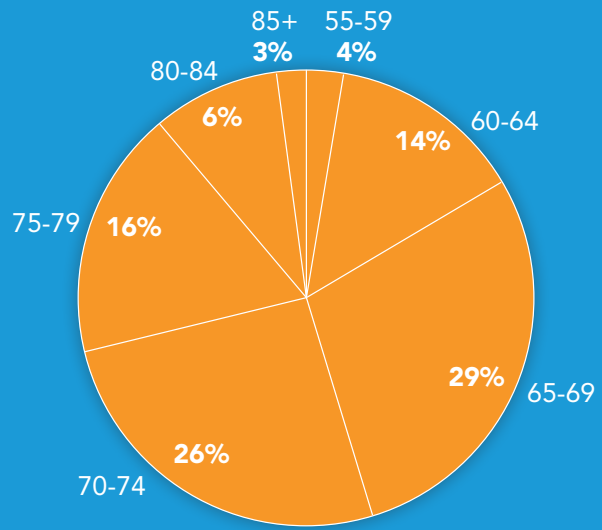
VALUE OF EQUITY RELEASE PLANS



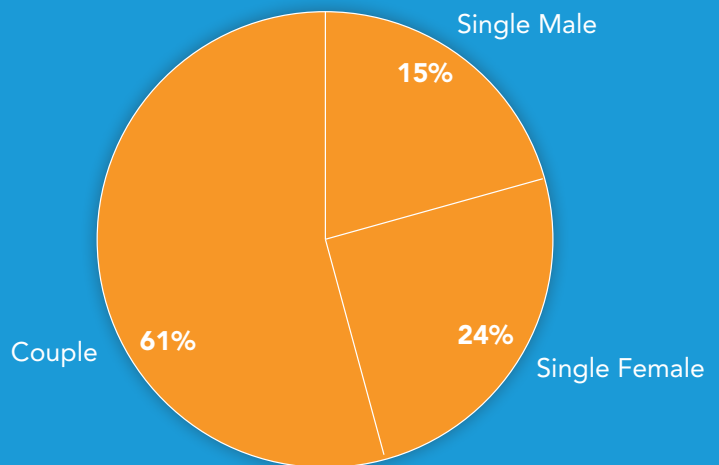
Analysis

- Average age 69
- 61% of those releasing equity are couples
- 60% more single women release equity than single men

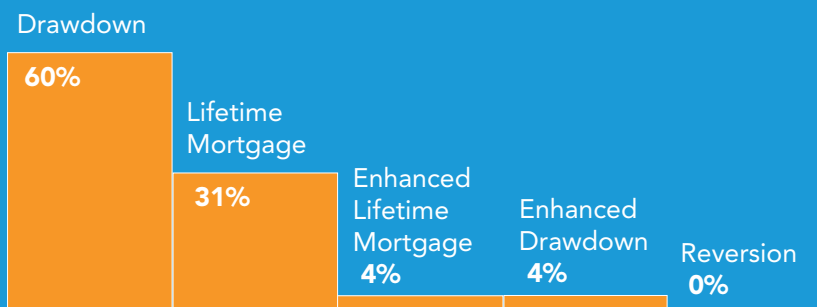
CUSTOMERS BY AGE



CUSTOMERS BY STATUS



PRODUCT MIX



01772 508536
www.keyrs.co.uk/press

Source: Key Retirement Solutions