

UK EQUITY RELEASE Market Monitor

QUARTER 1 2014

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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.

Key Retirement Solutions are the leading over 55's specialist adviser and are the UK's number 1 equity release specialist, arranging 1 in 3 of all Equity Release Council (ERC)[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.

- Quarter 1 Focus - Home Improvement
- Regional Focus - South West

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

Q1 2014 Results

- New plan numbers
5,030 up 10%
- Total amount released
£339.79m up 29.2%
- Drawdown accounts for
63% of all plans
- Single advance
lending accounts for
30% share of market
- Non-Mortgage Debt
Repayment accounts for
26% of market

The Quarter 1 2014 report on the equity release market reveals strong continued year on year growth both for plan numbers and for overall lending. Sales of plans during quarter 1 2014 were 5,030 an increase of 10.1% over the same period of 2013. Lending also increased to £339.8 million for the period from £263.1 million for the same period of 2013, an increase of 29.2%.

Drawdown remains the most popular type of plan accounting for 63% of all new plans. Based on initial lending levels and available facilities, there remains £87 million of funds still to be drawn in addition to these initial advance figures giving a combined total of £426.8 million for the period.

The average age for those releasing equity fell from 69 to 68 year on year.

BIGGEST MOVERS BY REGION

Number of Plans

▲ Northern Ireland	+113.9%
▲ East Anglia	+33.8%
▲ London	+25.7%
▼ East Midlands	-15.2%
▼ North	-11.1%
▼ West Midlands	-9.1%

Lending

▲ Northern Ireland	+96.5%
▲ South West	+50.3%
▲ London	+40.8%
▼ West Midlands	-1.6%

REGIONAL HIGHLIGHTS

Across the country 7 out of 12 regions experienced growth in the total number of plans, with 11 out of the 12 regions experiencing growth in total lending. The greatest increases in plan numbers were experienced in Northern Ireland (+113.9%) and East Anglia (+33.8). Top region for overall lending was the South East (£86.2m) with London (£56.7m) taking second place. Only one region experienced a drop in overall lending, this was the West Midlands, but even this was only a reduction of 1.6%.

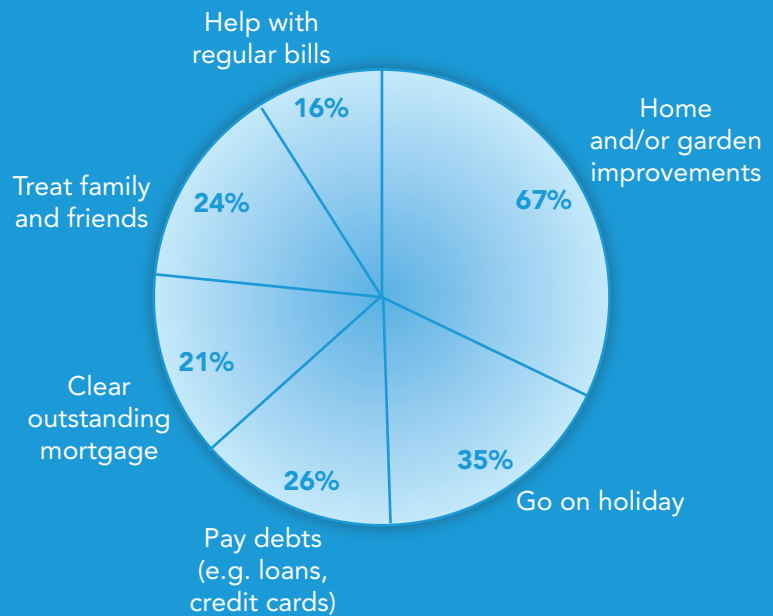
USES OF EQUITY RELEASE

Home and/or garden improvement (67% up from 58%) retains top spot followed by holidays (35% up from 30%), closely followed by repaying non-mortgage debt (26%). Almost 1 in 4 (24%) utilised the funds released in whole or part to help their family, typically their children.

Highlights

- 37% increase in the number of clients repaying non-mortgage debt

POPULAR USES OF EQUITY RELEASE



HOME IMPROVEMENT

- **Home Improvement accounts for 67% of clients use for equity release**

QUARTER 1 FOCUS - HOME IMPROVEMENT

The percentage of those releasing equity specifically to fund home improvements has experience a considerable increase year on year. This may be a sign of pent up need being fulfilled through greater confidence in using the values tied up in their homes.

The average spend on Home Improvement is £11,535 for the quarter. The average is made up from very minor items, general décor, to major projects, with new kitchens and bathrooms featuring high in the list of priorities. With the percentage of clients releasing equity for Home Improvement being 67%, this is the highest recorded level since the Market Report has been produced.

Highlights

REGIONAL SUMMARY

AREA	Value	Percentage Change Q1 2014 on Q1 2013	Number of plans	Percentage Change Q1 2014 on Q1 2013	Average Customer Age	Average Property Value	Percentage Change Q1 2014 on Q1 2013
East Anglia	£17.07m	40.15%	282	33.81%	69	£204,070	-5.20%
East Midlands	£20.94m	10.26%	348	-15.23%	68	£186,679	5.05%
London	£56.70m	40.77%	472	25.74%	70	£440,368	1.37%
North	£9.30m	13.42%	177	-11.13%	67	£150,401	-0.41%
North West	£31.33m	33.00%	616	20.06%	69	£175,489	0.87%
Northern Ireland	£2.01m	96.46%	49	113.93%	65	£133,167	-20.50%
Scotland	£17.71m	9.45%	361	-6.80%	68	£178,382	15.50%
South East	£86.21m	36.62%	1,085	15.61%	68	£297,316	-1.89%
South West	£46.86m	50.33%	652	23.40%	69	£255,171	3.67%
Wales	£10.82m	1.28%	203	-1.75%	69	£168,903	-4.80%
West Midlands	£21.88m	-1.63%	393	-9.13%	68	£196,750	-0.81%
Yorks & H'side	£18.96m	20.68%	390	14.42%	68	£160,231	-12.47%

REGIONAL FOCUS - SOUTH WEST

Total lending -
£46.9M

Plans arranged -
652

Average released -
£71,029

Average property value -
£255,171

REGIONAL FOCUS - SOUTH WEST

The South West has experienced a dramatic increase in total lending to £46.9m compared to £31.2m for the same period of 2013. This has been largely fuelled by the increase in plan numbers to 652 up 23.4% from 529 for the same period last year.

The growth in business levels in the South West is also significant alongside its counterpart in the South East which whilst remaining strong with a 36.6% growth in value and 16% growth in plan numbers, the gap in business levels between the two is narrowing. Perhaps in part this is a reflection in the house price cycles, with price rises in the South West typically following later than the South East.

Review

- Highest -
South East (1,085)
- Lowest -
Northern Ireland (49)

1 Scotland 361 2013 - 387	2 North 177 2013 - 199
3 North West 616 2013 - 513	4 Yorks & H'side 390 2013 - 341
5 Northern Ireland 49 2013 - 23	6 Wales 203 2013 - 207
7 West Midlands 393 2013 - 433	8 East Anglia 282 2013 - 211
9 East Midlands 348 2013 - 410	10 London 472 2013 - 375
11 South West 652 2013 - 529	12 South East 1,085 2013 - 939

NUMBER OF EQUITY RELEASE PLANS



Review

- Highest -
South East (£86.21m)
- Lowest -
Northern Ireland (£2.01m)

1 Scotland
£17.71m
2013 - £16.18m

2 North
£9.30m
2013 - £8.20m

3 North
West
£31.33m
2013 - £23.56m

4 Yorks
& H'side
£18.96m
2013 - £15.71m

5 Northern
Ireland
£2.01m
2013 - £1.02m

6 Wales
£10.82m
2013 - £10.68m

7 West
Midlands
£21.88m
2013 - £22.24m

8 East Anglia
£17.07m
2013 - £12.18m

9 East
Midlands
£20.94m
2013 - £18.99m

10 London
£56.70m
2013 - £40.28m

11 South West
£46.86m
2013 - £31.17m

12 South East
£86.21m
2013 - £63.10m

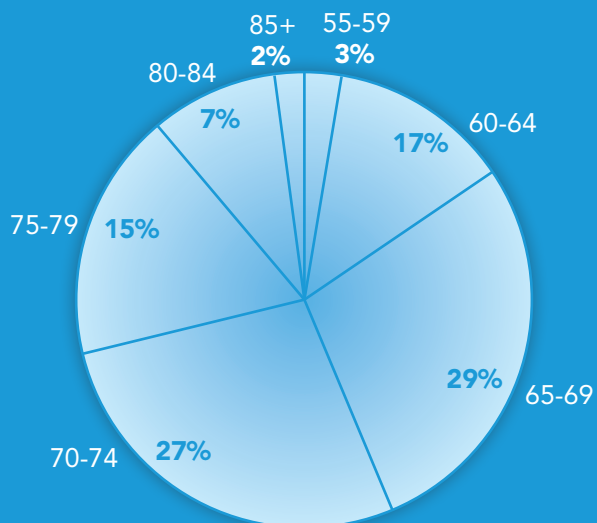
VALUE OF EQUITY RELEASE PLANS



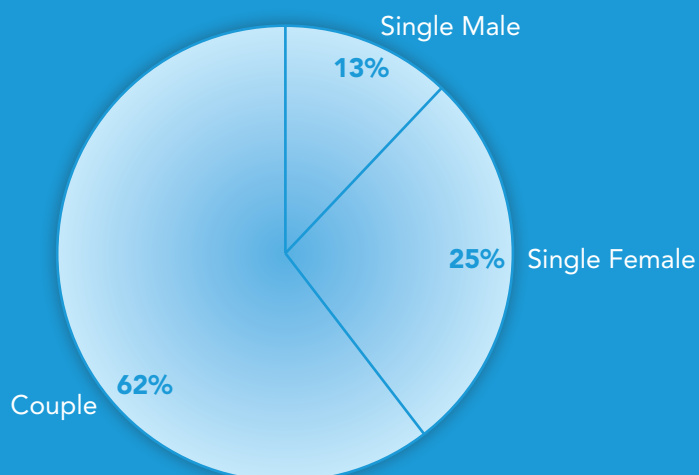
Analysis

- Average age 68
- 62% of those releasing equity are couples
- 92% more single women release equity than single men

CUSTOMERS BY AGE



CUSTOMERS BY STATUS



PRODUCT MIX

