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SHIP FULL YEAR RESULTS 2005

Reversions revival continues and the equity release sector witnesses the birth of the drawdown mortgage

The eighteen members* of UK equity release industry body, SHIP (Safe Home Income Plans), that represents over 95% of the equity release sector, today report fourth quarter figures to 31 December 2005 and full year results that show a continued growth in Home Reversion business year on year and a significant increase in drawdown business.

Overall Business Figures:

The total value of new business written in Q4 2005 was £297.6 million, contributing to a total new business figure of £1,103.5 million for FY 2005. The value of written lifetime mortgage business increased marginally by 3% from Q3 2005, £276.3 million (Q3 2005) to £284.2 million (Q4 2005). However, total lifetime mortgage business was flat against 2004 (£1048.9 million compared to £1,151.8 million FY 2004). Home reversions business, however, accounted for £54.6 million worth of new business in FY 2005, up 35% year on year from FY 2004 (£40.5 million).

Birth of the Drawdown Mortgage:

For the first time, SHIP's fourth quarter figures, reveal the rising influence of drawdown plans. During Q4 2005 only £1.5 million was taken from all existing drawdown mortgage schemes. However, during the same quarter an impressive £14.2 million was taken from committed new business (£31.3 million).

The recent SHIP Members Survey showed drawdown mortgages as one of the most popular features for consumers in 2005 and may be another reason why lifetime mortgage business has flattened.

Jon King, Chairman of SHIP commented:

“2005 has seen a change in customer choice when making decisions regarding equity release from their homes. After eight years the tables have turned and while lifetime mortgages business has softened, the home reversion business is

going from strength to strength. The “birth” of flexible drawdown plans is also a significant evolution in the equity release industry. Our SHIP Members Survey highlighted that this feature is already one of the most popular for equity release customers and it will be interesting to see how drawdown will impact on equity release figures during 2006 and onwards.”

“SHIP’s fourth quarter figures and end of year results are ultimately positive with a clear increase in home reversion sales. However, it is vital to address the shortage of specialist IFAs advising on equity release, which we believe is the key restriction to stronger growth in the sector. The industry as a whole must work together to raise awareness of equity release and reassure consumers.”

Ends

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Notes to Editors:

SHIP new business figures:

Period	Total SHIP £m
2005 FY	1103.5
2005 Q4	297.6
2005 Q3	293.6
2005 Q2	260.9
2005 Q1	251.4
2005 H1	512.3
2004 FY	1192.30
2003 FY	1161.40
2002 FY	852
2001 FY	572

About SHIP:

Safe Home Income Plans (SHIP) is the UK's leading professional body for equity release product providers, representing the interests of its 18 members who provide home income and equity release plans. It was launched in 1991 to promote safe schemes. At present, 90% of the equity release market (in volume terms) is represented by SHIP members.

SHIP's current 18 members* are: Bridgewater Equity Release, Bristol and West Mortgages, Ecclesiastical Life, GE Life, Hodge Equity Release, Home & Capital Trust, In Retirement Services, Just Retirement, Key Retirement Solutions, Mortgage Express, National Counties Building Society, New Life Mortgages, Northern Rock, Norwich Union, Portman Building Society, Prudential, Standard Life, Stroud and Swindon Building Society.