

**JUST RETIREMENT (HOLDINGS) LIMITED
 (“JUST RETIREMENT” OR “THE GROUP”)**
INTERIM RESULTS

Just Retirement, the specialist UK life assurance group focusing on the provision of financial services to those at or in retirement, today announces its interim results for the six months ended 31 December 2012.

HIGHLIGHTS

- **Record Group total sales up to £946.6m, an increase of 44.1% over the six months ended 31 December 2011**
- **IFRS pre-tax profits increased to £77.8m**
- **Value of New Business increased to £55.5m, up 18.8% (2011; £46.7m)**
- **Embedded value operating profit before tax increased by 253.4% to £100.0m**
- **Financial assets grew to £5.9bn**
- **Pillar 1 solvency ratio at c.175%**

KEY FINANCIALS £m (unaudited)	6 months ended 31 Dec 2012	6 months ended 31 Dec 2011	12 months ended 30 Jun 2012	% change HY12/ HY11
	£m	£m	£m	
Sale of Annuity Policies ⁽¹⁾	800.4	519.4	1,194.9	54.1%
Equity Release Mortgage Advances	146.2	137.7	269.9	6.2%
Total sales	946.6	657.1	1,464.8	44.1%
Group IFRS profit before tax	77.8	1.8	62.2	
Group IFRS operating profit before tax	44.7	40.3	87.1	10.9%
European Embedded Value of new business after tax ⁽²⁾	55.5	46.7	90.3	18.8%
European Embedded Value New Business Margin ⁽²⁾	6.9%	9.0%	7.6%	
Embedded Value Operating Profit before tax ⁽²⁾	100.0	28.3	17.6	253.4%
Group Embedded Value	551.0	346.4	365.0	51.0% ⁽³⁾

⁽¹⁾ Includes sales of enhanced and fixed term annuities
⁽²⁾ Life Company Results
⁽³⁾ Comparing 31 December 2012 to 30 June 2012

As previously announced, Just Retirement delivered sales of £946.6m, with annuity sales up 54.1% to £800.4m, where Just Retirement maintained its leading position in the enhanced annuity market. Equity release mortgage advances increased by 6.2% to £146.2m.

Group IFRS profit before tax increased significantly in the period to £77.8m. Profitability has been supported by favourable growth in our core business and benefited from improved economic conditions. Group IFRS operating profit before tax totalled £44.7m, an increase of 10.9% (2011; £40.3m).

The Group Embedded Value was £551.0m (£365.0m at June 2012). In the six month period Group embedded value benefited from the value of new business of £55.5m, additional capital of £40.0m and improved economic conditions.

Just Retirement's financial assets, which support its annuity liabilities, increased by 18.6% to £5.9bn compared to £5.0bn at 30 June 2012. The portfolio is mainly composed of cash, gilts, corporate bonds and equity release mortgages.

Just Retirement Limited's Pillar 1 solvency ratio, measuring the amount of surplus capital the company holds compared to the minimum regulatory capital requirement was c.175%. This ratio is stated after making allowance for corporate bond defaults of 85bps per annum. Just Retirement did not suffer any defaults within its corporate bond portfolio during the half year to 31 December 2012.

In 2012 the Group achieved its eighth consecutive 5 Star award for annuities and its fifth such award for equity release mortgages from the prestigious Financial Adviser Service Awards. In March 2013, Just Retirement was ranked for the fourth consecutive year within The Sunday Times' Top 100 "best companies to work for" and was the top ranked product provider of Retirement Income solutions.

Commenting on the Interim Results, Rodney Cook, Chief Executive Officer of Just Retirement, said:

"As previously announced Just Retirement achieved record sales results across all categories of the Group's business. Total group sales increased to £946.6 million, an increase of £289.5 million, a growth of over 44% compared to the same period last year.

Today I am announcing Group IFRS operating profit before tax is 11% higher, increasing to £44.7 million for the half year. In addition, Group IFRS profit before tax increased significantly in the period to £77.8m with profitability driven by strong growth in our core business.

EEV operating profit before tax increased to £100.0m compared with £28.3m in the comparative period. The improvement is mainly attributable to increases in the new business contribution and the return on the opening embedded value, together with an improved result from operating assumption changes.

Just Retirement's Pillar 1 solvency ratio, measuring the amount of surplus capital the company holds compared to the minimum regulatory capital requirements was c.175%. The regulatory capital position of Just Retirement Limited therefore continues to remain strong.

Total annuity sales for the half year exceeded £800 million for the first time. These high sales volumes have benefited from increased total market activity by financial advisers to bring forward business ahead of the December dates for gender based pricing and the Retail Distribution Review. We expect volumes in the next quarter will be lower than these unusual market levels.

Equity release advances maintained strong growth to reach record levels of £146.2 million, an increase of 6.2% compared to the same period last year. Demand from those people approaching and in-retirement to improve their retirement income continues to fuel growth in the sector. The total market for equity release, as measured by the Equity Release Council, has grown in each of the last three reported quarters.

Our long standing commitment to lead reform in the annuity market to deliver transparency and create default "shopping around" achieved another positive step forward with the implementation of the ABI code on Retirement Choices on 1 March 2013. This is welcome news for customers, intermediaries and for the industry as a whole.

I am also pleased to report that, during this period, Just Retirement successfully launched into the defined benefit de-risking market, with an innovative proposition to target smaller schemes. The proposition uses Just Retirement's personalised underwriting to bring wider choice and improved value to corporate advisers and their trustee clients looking for de-risking solutions. The response from advisers has been positive and we are progressing a pipeline of quotations.

Just Retirement successfully delivered its response to the regulatory challenges of the Retail Distribution Review and the gender directive and is continuing to support advisers as they make their transition to supporting their clients and adapting their businesses following these changes.”

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INTERIM RESULTS REVIEW

Summarised Group IFRS results for the half year

	6 months to Dec 2012 £m	6 months to Dec 2011 £m	12 months to June 2012 £m
Gross premium written	758.8	502.2	1,131.7
Outward reinsurance premium	(303.3)	(305.7)	(680.7)
Net premiums written	455.5	196.5	451.0
Investment income	240.5	207.0	374.1
Other income and charges	5.0	1.2	3.0
Total income	701.0	404.7	828.1
Net incurred claims and change in insurance liabilities	(502.8)	(302.6)	(549.7)
Acquisition and other expenses	(73.5)	(55.7)	(126.4)
Finance costs	(46.9)	(44.6)	(89.8)
Profit before tax	77.8	1.8	62.2
Taxation	(18.2)	(0.5)	(16.0)
Profit after tax	59.6	1.3	46.2

Group IFRS profit before tax increased significantly in the period to £77.8m. Profitability has been supported by favourable growth in our core business and has benefitted from the improved economic conditions.

Investment income has grown as a result of increases in interest income on corporate bonds and mortgages, together with increases in unrealised gains on corporate bonds.

European Embedded value of new business after tax

6 months ended	31-Dec-12	31-Dec-11	% Change
Sales	£m	£m	
Annuity Policies	800.4	519.4	54.1%
Equity Release	146.2	137.7	6.2%
Total Sales	946.6	657.1	44.1%
Value of New Business⁽¹⁾			
Total VNB	55.5	46.7	18.8%
Margins			
EEV new business margin ⁽²⁾	6.9%	9.0%	

⁽¹⁾ After acquisition expense overruns.

⁽²⁾ Treating the new equity release mortgages as assets supporting the new annuity business

The Group has continued to maintain its profit-focused strategy. The value of new business (VNB) has grown to £55.5m for the six months to 31 December 2012. The movement in the EEV new business margin is a result of changes in the business mix, arising from the significant annuity sales volume during the period.

European Embedded Value (EV) profit

	6 months to 31 December 2012 £m	6 months to 31 December 2011 £m	Year to 30 June 2012 £m
Operating profit from covered business	100.0	28.3	17.6
Operating loss of distribution company	(0.7)	(0.2)	(0.8)
Operating loss from other Group companies	(0.5)	(1.2)	(4.1)
EEV operating profit	98.8	26.9	12.7
Economic variance	94.0	(22.5)	12.8
EEV profit before tax	192.8	4.4	25.5
Tax			
Covered business	(46.0)	(2.3)	(8.5)
Other	(1.1)	0.2	(0.4)
EEV profit after tax	145.7	2.3	16.6

Operating profit from covered business for the six months to December 2012 increased to £100.0m as a result of an increase in the new business contribution and the return on the opening embedded value, together with an improved result from operating assumption changes.

Pre-tax embedded value profit of £192.8m for the first six months of the financial year compared with £4.4m in the comparative period, with the increase attributable to the significant improvement in the operating profit and the economic variance. The Group experienced a positive economic variance resulting mainly from a reduction in corporate bond spreads as financial markets recovered.

European Embedded value

Group embedded value at the end of the six month period to 31 December 2012 increased to £551.0m from £365.0m at 30 June 2012.

Financial Assets

£m	31 December 2012	31 December 2011	30 June 2012
Cash	127.8	99.4	57.4
Gilts and AAA	359.1	223.2	319.2
AA	477.6	327.0	384.5
A	1,729.8	1,144.7	1,410.2
BBB*	1,092.0	761.3	904.7
Derivatives**	50.4	-	42.6
Loans secured by mortgages	2,046.3	1,636.8	1,842.8
Total	5,883.0	4,192.4	4,961.4

* Includes BB of £30.7m at 31 December 2012

**Derivatives reported as a net liability at 31 December 2011

As at 31 December 2012, Just Retirement held £5.9bn of financial assets, an increase of 18.6% on the position at 30 June 2012. The corporate bond portfolio consists of investment grade bonds, the majority invested in A rated and above. The Board monitors the quality of these investments carefully and seeks to ensure that, in addition to careful matching of its underlying liabilities, the risk of default on holdings is minimised. Just Retirement has no direct exposure to Greece, Ireland, Portugal or Cyprus. Consistent with previous years, the Just Retirement Group experienced no defaults in the period under review.

Loans secured by mortgages have an average loan to value of approximately 26% as at 31 December 2012 (30 June 2012 – 26%) and are secured by first charges on residential property.

Capital

Consolidated net assets on an IFRS basis increased to £363.8m at 31 December 2012 compared to £264.0m at 30 June 2012, the increase primarily reflecting the profit after tax of £59.6m and a capital injection of £40.0m from the parent undertaking, Avalon Acquisitions Ltd.

Just Retirement Limited's Pillar 1 solvency ratio, measuring the amount of surplus capital the company holds compared to the minimum regulatory capital requirements was c.175%. This ratio is stated after taking into account our prudent approach to the allowance for corporate bond defaults of 85bps per annum.

The regulatory capital position of Just Retirement Limited therefore continues to remain strong.

Awards

We were ranked within The Sunday Times' Top 100 "best companies to work for" in its annual survey, published in March 2013 and were ranked 49 out of 1100 entrants in the mid-sized company category. We were the top ranked product provider of Retirement Income solutions.

This accolade follows a very successful 2012 in which we received our eighth consecutive Financial Adviser 5 Star award for annuities and our fifth award for equity release.

Outlook

Current trading shows a continuation of the trends apparent in the first half of this financial year.

Interest rates are expected to continue to be suppressed in the medium term and corporate bond spreads are expected to continue to exhibit volatility due to on-going concerns over Europe and the general economic situation.

Annuity sales volumes are expected to reduce from the unusual levels seen in the first half. However, we expect longer term demand for enhanced annuities to remain strong, particularly in the light of regulatory changes.

Overall, we expect further progress across all areas of the business in the second half of the financial year.

Notes to Editors

Just Retirement (Holdings) plc was founded in 2004 and listed on the Alternative Investment Market (AIM) in December 2006. In November 2009, Just Retirement was acquired by Avalon Acquisitions Limited, a company backed by funds advised by Permira. The Group provides products to those at or in retirement, these include enhanced annuities and equity release mortgages.

Enhanced Annuities

Annuities are contracts offered by the Group to people at retirement (annuitants) under which the Group undertakes to make a series of payments in the future in return for the immediate payment of a lump sum to the Group by the annuitant. This lump sum is provided by the annuitant's pension fund. The level of future payments is set according to the rates of return available within the capital markets and the expected longevity of the annuitant. In 2011, the total value of the annuity market in the UK was £11.2bn. (Source: Association of British Insurers "ABI")

Enhanced annuities are offered to people at retirement that may not live as long as average due to lifestyle (smoking, for example) or illness. Given the impact of these factors on longevity, it is possible for providers such as Just Retirement to offer "enhanced" annuity rates to those qualifying. In 2011, the total annual value of the enhanced annuity market in the UK was £3bn. (Source: Towers Watson)

Just Retirement does not provide pension fund management. As such, it can only offer annuity contracts to those utilising the Open Market Option (OMO). OMO allows pension fund holders to "shop around" for an annuity rather than take that provided by the incumbent pension fund provider. At the end of 2011, the total value of annuities bought during the year using the OMO was £6.3bn. (Source: Association of British Insurers "ABI")

Fixed Term Annuities

At the end of June 2011, Just Retirement launched the first capped drawdown product following the change to the pensions rules in the April Finance Bill: The Just Retirement Fixed Term Annuity. Available through financial intermediaries, it is a capped drawdown arrangement that provides a guaranteed income (within government limits) for a term of retirees' choice, from three years up to a maximum of 15 years. Just Retirement were the pioneer of a radical new customer benefit known as the enhanced annuity conversion feature. This is available to customers if they select Plan Protection at the outset, and allows retirees to convert to an enhanced annuity at any point during the plan term, either with Just Retirement or any other provider who accepts OMO's. A similar arrangement written as a Trustee Investment Plan is also available to members of SIPP and SSAS schemes.

Equity Release

Equity release plans are advances made to homeowners in or at retirement. They fall into two main types: lifetime mortgages and home reversion plans. Just Retirement only offers lifetime mortgages. This allows the homeowner to borrow a certain amount of capital against the value of their house. Although this advance carries a rate of interest, this is capitalised over the life of the mortgage. The loan, together with the accumulated interest, is repaid at the end of the mortgage.

The equity release market is monitored by the industry body, the Equity Release Council and advice within the market is regulated by the Financial Services Authority. The Equity Release Council announced that the total value of the UK equity release market in 2011 was £788.5m.