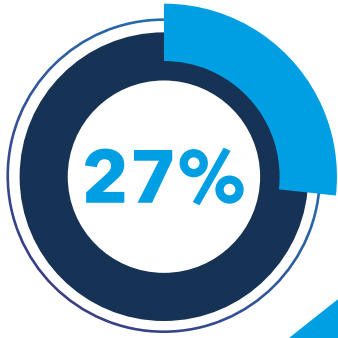


BRIDGING LENDING BURGEONS AS BORROWERS BENEFIT FROM RATE WAR



GROSS BRIDGING LENDING INCREASES



BRIDGING LENDING BURGEONS AS BORROWERS BENEFIT FROM RATE WAR

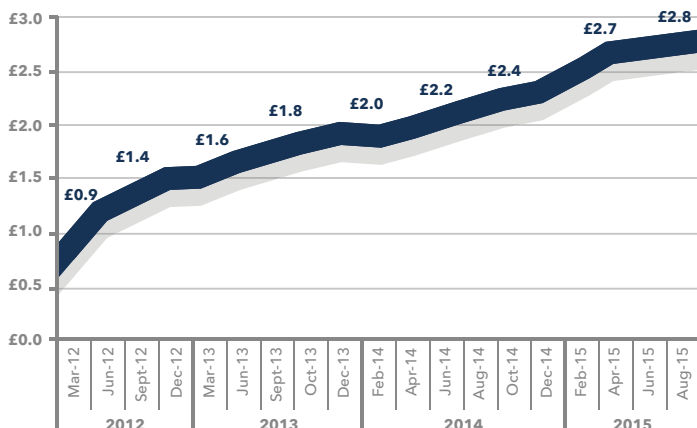
- **GROSS BRIDGING LENDING INCREASES BY 27% IN YEAR TO AUGUST 2015 - WHILE MORTGAGE LENDING RISES JUST 2% OVER SAME PERIOD**
- **ANNUAL UK GROSS BRIDGING LENDING HAS GROWN BY £1BN (OR 56%) SINCE AUGUST 2013 FROM £1.8BN TO £2.8BN**
- **SHORT-TERM FINANCE BORROWERS CAPITALISING ON RATES AS LOW AS 0.59% A MONTH**

Annual gross bridging lending increased by **27%** in the twelve months to the end of August, according to the latest West One Loans Bridging Index. This marks a slight slowdown on the previous two-month period, but represents a significant annual increase.

Short-term lenders are now providing almost **£2.9bn** of finance on an annual basis, up from **£2.2bn** in August 2014 and the **£2.8bn** recorded in the 12 months to the end of June 2015.

The bridging market's significant annual gains - buoyed by borrowers capitalising on record low rates - are in stark contrast to the marginal growth of the mortgage lending market, where house purchase lending grew by just **2%** annually, according to the latest figures from the Council of Mortgage Lenders (CML).

GROSS BRIDGING LENDING (£ BILLIONS)

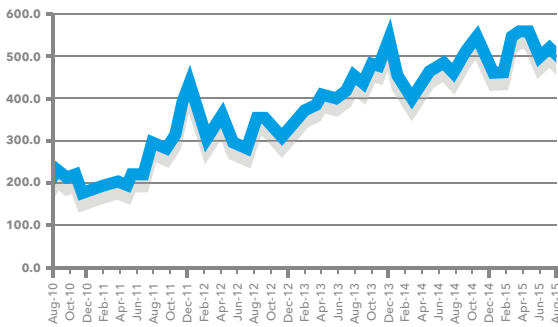


DUNCAN KREEGER, DIRECTOR OF WEST ONE LOANS, SAYS:

“While the mortgage market has witnessed year-on-year growth, the rate of improvement is negligible and significantly behind the bridging lending market. The mainstream home loan sector is also hostage to more monthly volatility than the short-term finance market, as evidenced by the 9% dip the CML reported in August.

“Bridging lenders and brokers have defied any suggestions of a seasonal slowdown and have worked hard throughout the summer to complete deals, with this stellar service and competitive interest rates helping maintain the attractiveness of bridging lending as a short-term finance solution. The £3bn annual lending milestone is now very much on the horizon and it is up to lenders and intermediaries to keep the momentum going and tick off this historic landmark. At the rate we’re going, it would represent a welcome Christmas gift for all stakeholders in the short-term finance sector.”

INDEX OF LOAN VOLUMES (3 MONTH MOVING AVERAGE)

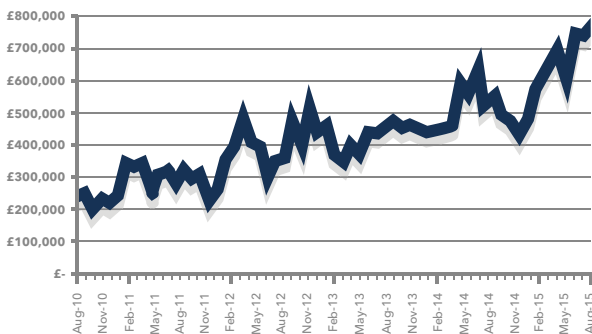


TRENDS IN THE BRIDGING INDUSTRY

Loan volumes have checked back slightly from the highs seen in April and May, but continue on their overall upward trajectory thanks to a **12.2%** annual improvement.

Typical loan sizes have displayed no such reticence as they continue their inexorable rise. The average bridging loan is now worth more than **£780,000**, a **48%** increase on the **£526,000** registered for the equivalent period last year.

AVERAGE BRIDGING LOAN SIZE



DUNCAN KREEGER ADDS:

“With the economic recovery ongoing, borrowers are becoming increasingly confident in the capacity of short-terms lenders to meet their requirements and feel increasingly comfortable using bridging loans for large projects.

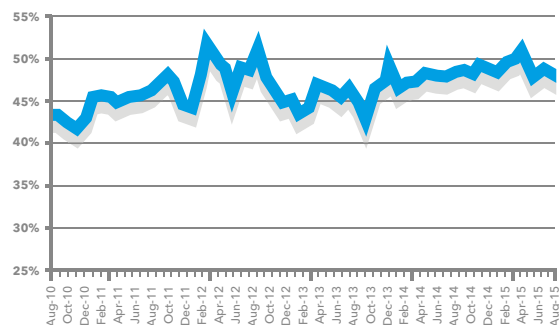
“But bridging lenders are equally adept at handling smaller requests for finance as they are larger loans and will always assess each case on its individual merits. One of the fundamentals underpinning the bridging sector’s success is this adaptability and flexibility.”

SHORT-TERM FINANCE BORROWERS

CAPITALISING
ON RATES AS LOW AS



LOAN TO VALUE - 1ST CHARGE



LOAN TO VALUE RATIOS

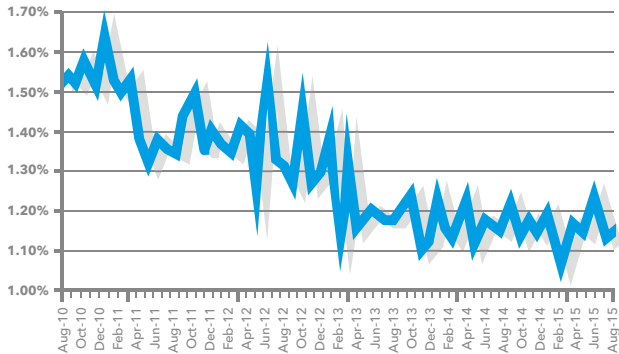
Loan-to-value ratios continue their downward trajectory, falling to **48.3%** in the two months to August, down from **48.7%** in the previous period. However, on an annual basis, typical LTVs have risen by **1.1%**.

DUNCAN KREEGER COMMENTS:

“One of the bridging sector’s main virtues is its sensible stance on risk and it has steadfastly refused to embrace borrowers with insignificant deposits. Typical LTVs have only occasionally strayed north of 50%, a statistic rendered even more impressive when you consider that average loan sizes continue to rise. It all means that despite the runaway success of the bridging lending sector, lenders and borrowers are keeping their feet firmly on the ground.”

BRIDGING INTEREST RATES

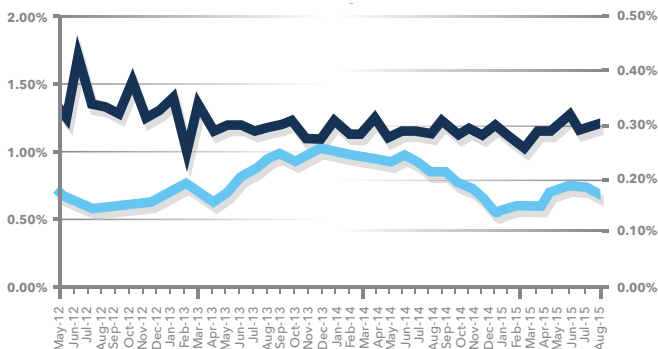
INTEREST RATE (MONTHLY)



Average bridging interest rates have continued to fall over the past few months, with the typical rate for the two months to August standing at **1.15%**, down from **1.20%** in the eight weeks to June 2015. The average interest rate for the year to August 2015 is **1.16%**, which is slightly down from **1.17%** for the 12 months to August 2014. However, while the average currently stands at **1.15%**, headline rates are available from as little as 0.59%.

The spread between the returns from backing bridging and 10-year government bonds currently stands at **1%**, slightly down from June's figure of **1.06%**.

INTEREST RATE (MONTHLY) VS 10 YEAR ZERO COUPON GILT YIELD



ANNUAL UK GROSS BRIDGING EXCEEDS

£2.8 BILLION

DUNCAN KREEGER CONCLUDES:

“The global market turmoil has persuaded the Bank of England to hold off from raising interest rates for now, but a rise in the near future is inevitable as the Base Rate can't stay at 0.5% forever. This will certainly be on the minds of lenders and borrowers and they would be advised to make hay while the sun shines in terms of taking advantage of the current crop of competitive rates on offer, but any rate rises when they come are likely to be gradual rather than abrupt hikes. That said, lenders are jostling for market share with rates available from as little as 0.59% and tactics usually seen in the mainstream sector such as free legal fees are increasingly common as short-term finance providers aim to attract business.

It's something for the bridging market to be mindful of, but it will take more than a few rate rises to derail the powerful express train that is the short-term finance sector. However, in the fight for business, bridging lenders must remember to price for risk and not engage in a race to the bottom in terms of rates.

We've long helped educate intermediaries as to the benefits of the bridging market and we continue to make strides on the investment front in terms of making it as straightforward as possible for depositors to reap the rewards of the market's success.”



NOTES FOR EDITORS

Director Duncan Kreeger is available for interview and comment on a variety of industry-related topics.

Please get in touch for more information.

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BRIDGING INDEX METHODOLOGY

West One analyses detailed data based on their own Management Information and industry sources to create the index. In some cases, where stated, three-month moving averages are employed to help reveal trends more clearly.

In May 2013, the West One Loans Bridging Index was recognised by Wikipedia as a key measurement tool of the UK Bridging industry.

ABOUT WEST ONE LOANS

West One Loans is a specialist provider of short term bridging finance for residential and commercial properties. Established in 2005, the group is now one of the biggest privately funded short-term secured lenders in the UK, having completed deals in excess of £500 million to date.

The company is authorised and regulated by the FCA for unregulated collective investment schemes, a founder member of the Association of Bridging Professionals, patron of the National Association of Commercial Finance Brokers and member of the Association of Short Term Lenders. Company registration number: 5385677

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