

UK later life lending expert sells minority stake to leading mutual insurer

DEAL FLASH | FINANCIAL SERVICES | JULY 2021

DEAL SNAPSHOT

Responsible Group, a leading broker and correspondent lender in the later life lending (equity release) industry, has sold a minority stake to The Royal London Mutual Insurance Society Limited (Royal London), the UK's largest life, pensions and investment mutual; this move will help the group accelerate growth and boost its later life lending proposition.

Based in Plymouth and founded in 2010, Responsible Group is a key participant in the UK industry, with a number of leading distribution partnerships including a FTSE 100 Insurer and the Telegraph Media Group. Its pioneering 'Later Life Lending' scheme is the most compliant form of addressing equity release, with market-leading systems and controls adhering to exceptional conduct standards.

For Royal London, the acquisition will offer participation in one of the fastest-growing markets in financial services.

OAKLINS PLAYED A MAJOR ROLE FACILITATING THIS DEAL

Oaklins Cavendish, based in the UK, advised Responsible Group on the sale of a 30% minority stake to Royal London. The team obtained a thorough understanding of the business, ensuring the correct positioning of its pioneering later life lending proposition and the market opportunity available to it. The team managed the process from start to finish, ensuring delivery in line with a tight timetable and equitable legal negotiations.

“We were delighted with our decision to engage Oaklins Cavendish to advise us on our plans to bring inward investment to the group. The team brought a number of highly complementary skills to our internal deal team. They calmly helped us navigate all stages of the process, from due diligence through to completion. They were a pleasure to work with and I highly recommend them.”

STEVE WILKIE

CHAIRMAN AND CO-FOUNDER
RESPONSIBLE GROUP, UK



MARKET TRENDS & DEAL DRIVERS

The later life lending sector offers alternative options to those at retirement age who hold equity in their properties and wish to supplement their pensions saving. There has been significant growth in the market in recent years, with more to come as homeowners seek to unlock the substantial housing wealth they have accumulated but have traditionally been unable to access.

The equity release market, offering a high-yielding alternative asset class for investors, has seen an increased flow of funding recently, with later life lending products set to become a widespread feature of financial planning for an ageing population.

M&A VALUATION ASPECTS

There was strong interest from large trade participants and UK private equity buyers. This enabled Oaklins Cavendish to help management select the best partner to support the company's ambitious, long-term growth plans.

An excellent deal structure, including inbound capital investment, was achieved that focused on securing significant overall value for shareholders both now and going forward, given the expected future performance of Responsible Group.

TALK TO OUR ADVISORS

✉ BEN GOLDRING

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With 11 years of experience in corporate finance, advising clients on mergers and acquisitions, disposals and fundraising, Ben has led and worked on some 20 deals across several sectors, with a focus on insurance, payments and fintech. Recent transactions include the US\$130 million sale of Sentenial, a payments and open banking business, to ASX-listed EML Payments as well as that of CaseLines, a legal technology platform, to NYSE-listed Thomson Reuters.

✉ JAMES BAKER

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James has been directly involved in several M&A assignments, including buy- and sell-side transactions and IPOs. His experience spans a number of sectors, such as business services, consumer, financial services and TMT. Recently, he has supported the sale of a minority stake in Systal Technology Solutions to Inflexion.

“We are delighted to have assisted the shareholders of Responsible Group in their partnership with Royal London. The later life lending market is experiencing significant growth, offering those with equity in their homes additional choices at retirement that have traditionally been unavailable. The investment from Royal London marks a step-change in Responsible Group's growth journey, and we wish the team every success in the coming years.”

JAMES BAKER

SENIOR ASSOCIATE, OAKLINS CAVENDISH, UK



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