



YOUNG GROUP[®]

Property Portfolio Managers

PRESS INFORMATION

10 April 2008

Base Rate Down by 25 Basis Points to 5.00%

Reaction and Mortgage Market Commentary

As widely tipped, the Monetary Policy Committee (MPC) today announced that the base rate has been reduced to 5.00%.

Neil Young, CEO of Property Portfolio Managers, Young Group, provides his observation on LIBOR and base rate, the current mortgage market and implications for homeowners and property investors:

Inflationary Pressure:

"When the Monetary Policy Committee (MPC) was given control over setting the country's base interest rate, its remit was to control inflation, not the wider economy. Today's announcement that the base rate has been lowered to 5.00%, at a time of heightened inflationary pressure, may raise questions over whether this inflationary remit remains the MPC's principal focus."

Mortgage lending and LIBOR (London Interbank Offered Rate):

"LIBOR and base rate movements continue to be uncorrelated, so lenders remain reluctant to link mortgage product to base rate and are offering fewer new tracker deals – as base rate is no longer a true reflection of the cost of their finance. In addition, even in the current climate of falling base rates, anecdotal evidence points to lenders increasing the margin between their standard variable rate and base rate."

Mortgage Lending: Good news for those on trackers

"It's not all doom and gloom for homeowners and property investors. Throughout the past 12 months, there has been an exodus from fixed rate deals to tracker mortgages. This time last year, 76% of mortgages were on a fixed rate, compared to just 52% at the end of February. Those on tracker rates have already seen the benefit; over the last six months the base rate has fallen by 75 basis points, meaning that those on tracker deals will have saved up to 15% on their interest payments."

"However, through our Young Finance mortgage business we're seeing that the best rates are now being offered on fixed rate deals as banks are able to price in margin with confidence."

"More good news for borrowers was Wednesday's news that HSBC will price match homeowners' existing deals – whether fixed or tracker – in an attempt to woo those who, coming to the end of a fixed term deal face lender's higher standard variable rate."

Buy-to-Let investment market:

"Today's announcement by the MPC that the base rate has fallen to 5.00% will have a negligible on the buy-to-let sector. Investors who approach property investment in the same way that they would any other asset class will be looking at the overall trend in interest rates – which is downwards – rather than short term fluctuations."

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Neil Young, CEO - Young Group, is available for interview

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Notes for Editors:

About Young Group

Young Group specialises in providing Property Portfolio Management services to private investors, offering the best off-plan direct investment opportunities in London, as well as access to indirect, development fund investment opportunities through its development arm, Young Property. Young Group manages the entire investment process. For direct investments this spans from sourcing the opportunities through to financing, furnishing and letting. Young Group owns all the property that it sells, and also retains a number of units in each development for its own portfolio. As the principal in every transaction, Young Group does not realise any profits until completion and has transacted in excess of 1,700 apartments, with a retail value of more than £700 million. The majority of our units are bought by clients for their private portfolios. The Group's portfolio managers liaise with the Young Lettings (www.younglettings.co.uk) team in advance of completion to let investors' apartments to quality tenants, often through corporate lets.

Young Group clients have access to all available finance products via Young Group's FSA regulated mortgage desk, Young Finance (www.youngfinance.co.uk).

Young Group's iconic Canary Wharf development, The Landmark (www.TheLandmarkE14.com), has been awarded two Daily Mail Property Awards in the categories of *best high rise development* and *best high rise architecture*. The Landmark East Tower rises to a height of 459 ft, making it one of the tallest residential properties in Europe.

Young Group's COO, Sylvana Young, has just been named Bradford and Bingley's Property Woman of the Year, 2008 for London.

Young Group supports NORWOOD and CHILDREN with LEUKAEMIA, two charities particularly close to our heart, donating £50 per property exchange and providing additional support throughout the year. Visit www.younggroup.co.uk to learn more.

About Young Finance

Young Finance (www.youngfinance.co.uk) is an appointed representative of Thinc Assured Network, one of the UK's largest financial advisory firms and is not tied to any group of lenders, nor does it charge commission or transaction fees.

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