



0.5% Base rate cut in surprise BoE announcement

12 October 2008

It was widely predicted that the Bank of England's Monetary Policy Committee (MPC) would cut the base rate this month, but the announcement, made a day ahead of schedule is a signal of the seriousness of the situation. Neil Young, CEO of Property Portfolio Managers, Young Group, comments; 'In recent months, the MPC has been engaged in a delicate balancing act. On the one hand, stagnating financial markets prompted calls for a rate reduction; on the other, inflationary pressure was in danger of racing out of reach of the Government's 2.0% target. The MPC steadfastly held to its inflationary-led remit and since April has kept the base rate at 5.0%.' However, Neil Young comments; 'Conditions in the wider economy have changed markedly since April when the 5.0% rate was set. The economy is now at a stage whereby such a rate cut can be made without jeopardising the Government's inflation target. The current general economic slowdown will cool inflation; demonstrated by the price of Oil this week falling to an eight month low, below \$90 a barrel. 'Historically, the MPC has made small, 25 basis point rate adjustments, so today's 50 basis point reduction, coupled with the 50billion bank rescue package is an effort to jolt the economy. 'Whether this dramatic 0.50% reduction in base rate will be reflected in lenders' standard variable rates remains to be seen. But for the millions of homeowners on tracker mortgages who will see immediate benefits, this has been just the good news they've been waiting for.' The 50 basis point reduction in the interest rate, would shave 800 a year off the mortgage repayments of an average priced UK property. Neil Young, CEO - Young Group, is available for interview

About Young Group - Young Group specialises in providing Property Portfolio Management services to private investors, identifying the best off-plan opportunities in London on their behalf and managing the entire investment process - from sourcing the property through to financing, furnishing and letting. Young Group is a wealth manager with a focus on property as an asset class. Young Group owns all the property it sells, and also retains a number of properties for its own portfolio. As the principal in every transaction, Young Group does not realise any profits until completion, giving investors 100% confidence that properties will 'value up' and that financing will be secured. Young Group has transacted in excess of 1,500 apartments, with a retail value of 630m. The majority of our units are bought by clients for their private portfolios. The Group's lettings division, Young Lettings, has successfully let all investors' apartments within a week of completion. For each property exchange, Young Group donates 50 to Children with Leukaemia, the UK's leading charity dedicated exclusively to fighting Britain's biggest childhood cancer through pioneering research, new treatment and support of children with Leukaemia and their families, and to Norwood, the Children and Families First charity which provides support to families facing social difficulties.