



YOUNG GROUP[®]

Property Portfolio Managers

PRESS INFORMATION

3 December 2008

Buy-to-Let's £400 million Boost to the Treasury

As a result of this year's base rate cuts, the buy-to-let sector will boost the Treasury's coffers by more than £400 million, according to property portfolio managers, Young Group.

Young Group, has identified that this year's drop in base rate from 5.5% to 3.0% has boosted income in the buy-to-let sector to the tune of £1 billion*. Investors see their income from property taxed – typically at 40 pence in the pound – so the Treasury's annual take of the revenue could amount to £400 million; that represents £80 million for each and every 0.5% drop in rates.

"November's 1.5% rate cut alone saw investors with tracker mortgages provide an additional £240 million a year to the tax pot"

Neil Young, CEO - Young Group

Neil Young, CEO of property portfolio managers, Young Group points out; *"Buy-to-let is a sector that's sometimes unjustly maligned but not only does it fulfil a valuable role in providing quality housing stock, it also makes a significant contribution to the Treasury's tax revenues. The Government should be appreciative that as a result of lower interest rates, well advised investors who have tracker mortgages in place are currently providing an additional £400 million a year boost to their tax receipts."*

Neil Young continues; *"With an eye on the economy and the potential for base rate cuts, Young Finance - the Group's FSA regulated mortgage company – was advising investors to take tracker mortgages as long as twelve months ago. As a result, we now have a significant proportion of investor clients benefitting from the falling interest rate, typically generating an **additional** annual positive cashflow of around £8,000 each on their London property investments."*

It is widely predicted that the Bank of England's Monetary Policy Committee will announce a further reduction in interest rates on 4 December. Each 0.5% cut in base rate could see Alistair Darling receive an additional £80 million from the buy-to-let sector as a result.

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Notes to Editors:

***The Figures**

Young Group, has identified that of the £136 billion of outstanding buy-to-let mortgages, approximately 30% are currently tracker products, which have automatically seen interest rates come down in line with the Bank of England's base rate cuts.

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A drop in base rate of 2.5% boosts positive cashflow within the buy-to-let sector to the tune of £1 billion – and that’s only taking into account those with tracker mortgages. Lenders are now beginning to pass on the base rate cuts to their standard variable rates, which will boost this figure even further.

Since investors see their income from property taxed – typically at 40 pence in the pound - the Treasury’s annual take of the revenue could amount to £400 million as a result of the base rate cuts announced so far this year; equivalent to £80 million for each and every 0.5% drop in rates.

About Young Group

Young Group specialises in providing Property Portfolio Management services to private investors, offering the best off-plan direct investment opportunities and end-to-end management service in London.

Young Group manages the entire investment process 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 private high net worth clients for their own portfolios. The Group's portfolio managers liaise with the **Young London** (www.younglondon.co.uk) estate agency 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 Finance 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.

- 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 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.

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About Young Finance

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Neil Young, CEO – Young Group, is available for interview/further comment

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