

PRESS INFORMATION

2 June 2009

Young Group Registers Interest in HCA's Initiative for the Private Rented Sector

Property Portfolio Manager, Young Group, has announced its formal expression of interest in working with the Homes and Communities Agency (HCA), supporting its recently launched Private Rented Sector Initiative (PRSI) in an asset management role.

Young Group has long been a champion of residential property as an asset class in its own right, noting its strong underlying fundamentals and past outperformance over commercial property, equities and gilts.

Neil Young, Young Group's CEO, comments; *"A concerted effort to bring increased institutional involvement to the residential property sector is long overdue and I'm delighted that the HCA is leading the charge through its PRSI."*

One of the principal barriers to entry for institutions has been the traditionally fragmented nature of residential property holdings, an ad hoc approach to property management and a lack of cohesive asset management experience and delivery in the sector.

Young Group, a company of accountants and surveyors, already provides a proven residential asset management service more commonly associated with the commercial property arena, to a global client base of more than 400 investors.

Neil Young continues, *"Arguably, the UK has one of the world's most highly developed asset management markets. However, almost all of that experience is skewed towards the commercial sector. A commercial asset management approach cannot simply be applied to residential property; they are completely different asset classes. One of the greatest hurdles to growing institutional involvement in the PRS is in managing the large portfolios of residential assets appropriately."*

As an asset class, residential property is management intensive and the sector has traditionally focused upon delivering property management to individual owners or landlords with small fragmented portfolios.

Tim Collins, Young Group's Commercial Director adds, *"Our proven experience in providing residential asset management as an integral part of Young Group's portfolio consultancy has taken years to cultivate and remains scarce in the industry."*

"Institutional investors with interests in the residential sector require a new breed of asset manager that understands the commerciality of residential property, can actively drive income generation and operate at a larger scale, generating economies that can be factored into asset management costs and returns. Young Group can provide this and looks forward to working with the HCA in facilitating greater institutional involvement in what we believe is one of the best performing asset classes available."

Michael Oakes – Communications Manager, Young Group

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Residential Property is Management Intensive in Nature:

- Increased uncertainty of income compared to commercial leases from shorter tenancies and softer covenants.
- Commonly let on assured shorthold tenancies which limit tenants obligations to repair and insure the assets, whereas commercial lets are full repairing and insuring leases.
- Increased tax burden. There's an inability to claim VAT on the cost of repairs and purchases are liable to Stamp Duty Land Tax (SDLT).
- Residential holdings tend to be fragmented. Tenants can be spread across numerous developments and locations.
- Average lot size of residential property is a fraction of that for commercial making economies of scale harder to generate.
- Fund Manager experience is focused upon commercial property rather than residential. Outsourcing tends to be to managing agents providing reactive property management rather than to asset managers who can drive income generation and maximisation.

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About Young Group (www.younggroup.co.uk)

Young Group specialises in delivering Property Portfolio Management services to private and institutional investors.

The Group's activity spans the entire investment cycle from identifying opportunities and financing their acquisition, through to managing the asset (furnishing through Young Furnishing – www.youngfurnishing.co.uk; tenancing through Young London – www.younglondon.co.uk; refinancing through Young Finance – www.youngfinance.co.uk), regularly reviewing the performance of the property holdings and advising on strategic direction, through to realising returns in the most tax efficient manner. This process also includes sale of property through Young London.

Young Group Asset Management - At a Glance:

- All assets successfully tenanted with no rent arrears disputes
- Currently managing 300-400 units across London
- Accredited by the National Approved Letting Scheme (NALS)
- Highly experienced in marketing the entirety of new apartment blocks, e.g. My Base1, Southwark (85 units - phased occupation); The Interchange, Dalston (30 units – fully tenanted in 8 weeks); The Retreat, Earlsfield (22 units – fully tenanted in 6 weeks)
- Average void across the portfolio: 8 days
- Performance Example: Young London managed assets in Southwark outperformed the market by 50% over the past 12 months. [Based on FindaProperty rental index for Southwark compared to Young London rental income performance]
- The lettings business was shortlisted for National Estate Agent of the Year Awards in its first year of operation

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YOUNG GROUP®

Property Portfolio Managers

- 5,000 unique visits per week to website viewing 1.5m pages per year, 300%+ more than the Google benchmark for similar sized estate agents; an in-house increase of 60% since the beginning of 2009
- In 2008, Young Furnishing provided furnishing on behalf of our landlords to accommodate 272 Young London tenants

Neil Young, CEO – Young Group

A qualified accountant, Neil has more than 10 years experience in global corporate finance having worked with companies such as Thomson Holidays and British Airways. In 2000 he was appointed European Chief Financial Officer at Highland Partners, before leaving to found Young Group.

Neil works closely with his management team to ensure that Young Group operates effectively to manage clients' investment assets and to ensure that all Group companies remain focused on delivering excellent service in all areas, whether it is in the realm of financial advice (Young Finance), investment opportunities, property management (Young London) or furnishing (Young Furnishing).

Tim Collins, Commercial Director – Young Group

A chartered surveyor, Tim has more than 15 years experience in the property industry. In 2000 he joined Nelson Bakewell as a Board Director of the Building Consultancy division working with blue chip clients including Axa, Henderson, Scottish Widows and Grosvenor.

Tim joined Young Group in 2007 and is responsible for maximising the value from the commercial elements of Young Group's mixed use property interests and overseeing the commercial performance of the Group's business, together with strategic involvement in directing clients' property portfolios and associated ongoing asset management. Tim is driving the Group's expansion into this field for large scale portfolios including those held by banks, institutions and private individuals.

Visit www.younggroup.co.uk to learn more.

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