

JOBLESS WORKING-CLASS IN LONG TERM ARREARS NOW FACING REPOSSESSION

Property Portfolio Rescue (PPR), the UK based property recovery specialist, has produced a quarterly forecaster using its enquiry levels from distressed sellers to measure the current level of crisis and forecast future mortgage possessions, liquidations and unemployment.

Key findings:

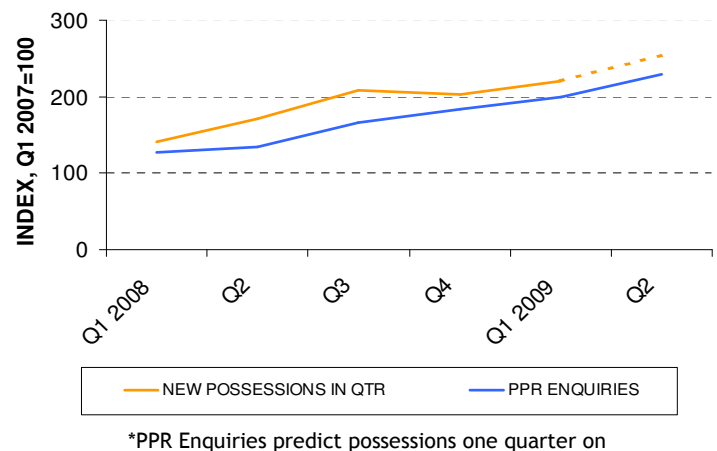
- Long term arrears drive jobless working-class into repossession
- Supply/demand imbalance of prime properties sees slow in enquiries from top end sellers
- Unemployment is set to reach three million before the end of 2009
- Repossessions set to exceed 67,000 in 2009
- Q3, 2009 company liquidations are expected to exceed 6,000

With ongoing reports of rising unemployment and growing repossessions, PPR are continuing to experience an influx of enquiries from distressed sellers looking to secure the fast sale of their residential property. The majority of sellers (in excess of 3,400 in Q2 of 2009) are in long-term arrears, unable to make the necessary mortgage repayments. PPR enquiries are proving to be an accurate lead indicator for future repossessions, one quarter on. (Graph 1)

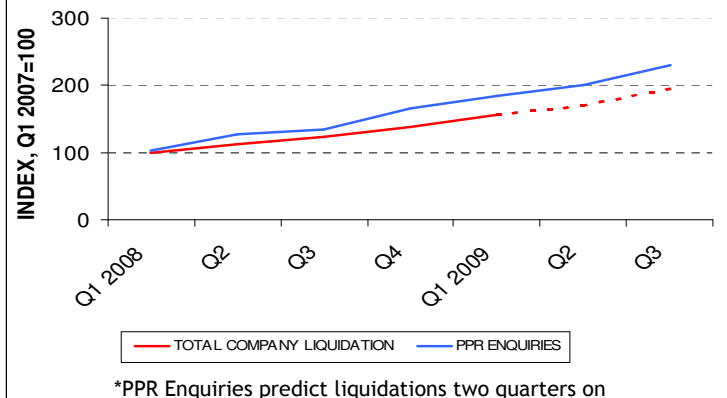
With a number of small businesses still facing difficulties, many are being forced to divest property assets in order to generate cash flow and avoid insolvency. An increase in enquiries from distressed sellers is also proving to be a reliable predictor of company liquidations, two quarters on. (Graph 2)

Unemployment is inextricably linked to mortgage arrears, property repossessions and company failures. PPR enquiry levels are therefore a reliable indicator of unemployment figures, three quarters ahead. (Graph 3)

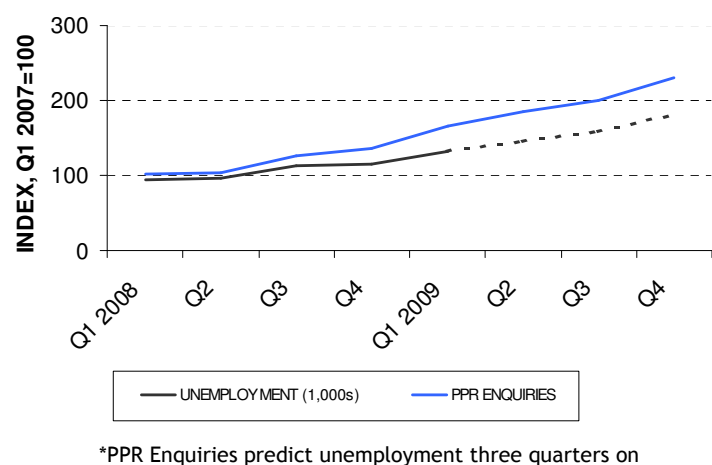
Graph 1: PPR Enquiries & Possessions



Graph 2: PPR Enquiries & Liquidations



Graph 3: PPR Enquiries and Unemployment



Enquiry levels from distressed sellers have been growing month on month since the beginning of 2008, as individuals, landlords and small businesses are forced to sell their home or residential property assets to avoid future repossession or bankruptcy.

Nick Hopkinson, Director of Property Portfolio Rescue, comments:

The forgotten mass market: working-class homeowners trapped in debt

“While our business primarily looks to assist sellers at the mid to top end of the market, our latest Distress Index reflects continuing problems for the forgotten mass market of working-class homeowners. These owners are trapped by a combination of surging unemployment, reducing household incomes, growing negative equity and increasing mortgage costs, with no chance of securing a competitive, new mortgage rate. At PPR, we are continuing to experience a growing number of enquiries from homeowners at the bottom end of the market, who are desperate to sell and have nowhere else to go.

Renewed optimism from prime location sellers

“Over the last few weeks we have seen improved optimism among those selling prime properties. This has been driven by a combination of very limited supply and an increased demand from wealthier buyers looking to re-enter the market. As a result, we have seen a recent drop in distressed seller enquiries from top end property owners, particularly in London.

Financial Advisors introducing sellers with no other choice

“Enquiries from Financial Advisors and Mortgage Brokers on behalf of clients, who may have lost their jobs or are suffering from reduced or negative equity, have surged in the last quarter. Over 10 percent of the total enquiries we received in the Quarter Two of 2009 were from these introducers - this is 185 percent up on the same time last year, as more people fail to get further mortgage finance and struggle with debt. This is clear evidence that for most people today’s mortgage market is effectively closed; you need a huge deposit and a perfect credit rating to stand a realistic chance of securing a mortgage.

Government and bank led initiatives aren’t working

“The Government and bank led schemes designed to help the most financially vulnerable are clearly not working to address the real issues. It has been widely reported that a pitiful number of homeowners have actually been saved by the much trumpeted Government

schemes. Meanwhile, while repossessions may be growing at a slower rate than previously feared, serious arrears are surging. The current forbearance being shown by banks is only delaying the inevitable.

“Further, the banks are currently all increasing their mortgage rates. I would like to see the taxpayer owned banks forced to offer more competitive mortgages to those who need them most.

More property market pain expected next year

“Unemployment is surging and the wider recession will continue to grind on until the major banks have repaired their balance sheets and re-open for lending to businesses and homeowners, evaluating applications against more normal risk criteria. Against this reality, we will see any short-term signs of recovery in the housing market petering out or stagnating at best.”

Detailed Analysis

Date	PPR Enquiries ¹	New possessions in quarter ²	Total Company Liquidations ³	Unemployment (1,000s) ⁴
Q1: 2007	1,444	6,472	3,274	1,691
Q2: 2007	1,458	6,476	3,191	1,621
Q3: 2007	1,493	6,838	3,113	1,731
Q4: 2007	1,835	8,135	2,929	1,563
Q1: 2008	1,949	9,174	3,262	1,610
Q2: 2008	2,402	11,076	3,689	1,643
Q3: 2008	2,657	13,469	4,059	1,922
Q4: 2008	2,888	13,115	4,525	1,956
Q1: 2009	3,321	14,825	5,110	2,221
Q2: 2009	3,408	17,049	5,554	2,457
Q3: 2009	3,610	17,494	6,387	2,671
Q4: 2009	3,899	18,531	6,554	3,072
Q1: 2010	4,188	20,014	6,943	3,152
Q2; 2010	4,621	21,496	7,498	3,339

* Actual

* Forecast based on last quarter’s trend

*Forecast based on actual PPR enquiry index

Notes to editors

Property Portfolio Rescue's Distress Index has been compiled using data from their enquiry levels between 2007 and 2009, currently running at a rate of over 3,000 per quarter.

¹**PPR Enquiries** are based on the total number of individuals and companies per quarter contacting Property Portfolio Rescue in order to sell their property or portfolio of properties quickly.

²**Possession** figures are taken from the FSA and are based on new possessions per quarter, as reported in its June statistics on mortgage lending:

http://www.fsa.gov.uk/pages/Doing/Regulated>Returns/IRR/pdf/mlar1_stats_jun09.xls

³**Total Company Liquidations** are based on quarterly figures produced by The Insolvency Service, published in May 2009:

<http://www.insolvency.gov.uk/otherinformation/statistics/historicdata/CompanyLiquidations.xls>

⁴**Unemployment** figures are taken from the National Statistics Labour Market Statistics June 2009 (non seasonally adjusted):

http://www.statistics.gov.uk/downloads/theme_labour/LMS_FR_HS/WebTable09_age.xls

About Property Portfolio Rescue

Property Portfolio Rescue is a UK based residential property recovery specialist, offering a lifeline to small business owners, buy to let landlords, residential owners and developers wishing to divest their property portfolio quickly and discreetly. The company aims to grow the portfolio to £100million of assets, to become one of the UK's leading residential landlords.

Visit www.propertyportfoliorescue.com

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