

The Tradition "Future HPI"

The leading index of future average UK house prices

Year ahead house price futures drop £13,059 in April

The seasonally adjusted Halifax House Price Index fell £2,563 in April, yet the non-seasonally adjusted version, used as a basis of the derivative market, rose by £333. The average UK house price is now valued at £190,952. However, the small rise in the underlying benchmark failed to boost sentiment among residential property derivative traders in April despite increased activity in the market. The average UK house price future for May 2009 fell another £13,059 in April to £163,264, and is now £27,688 lower than the current average UK house price.

Tradition Future HPI* (House Price Index)

April 2008

HPI NSA	£190,619	190,952	+£333
1 Year	£176,323	£163,265	-£13,059
4 Year	£168,698	£158,490	-£10,208
30 year	£495,609	£473,561	-£22,048



*In association with Strutt & Parker Real Estate Financial Services

Note: Figures refer to the future value of the average house price in the UK

Commenting, Peter Sceats, Director of the real estate division at Tradition, said:

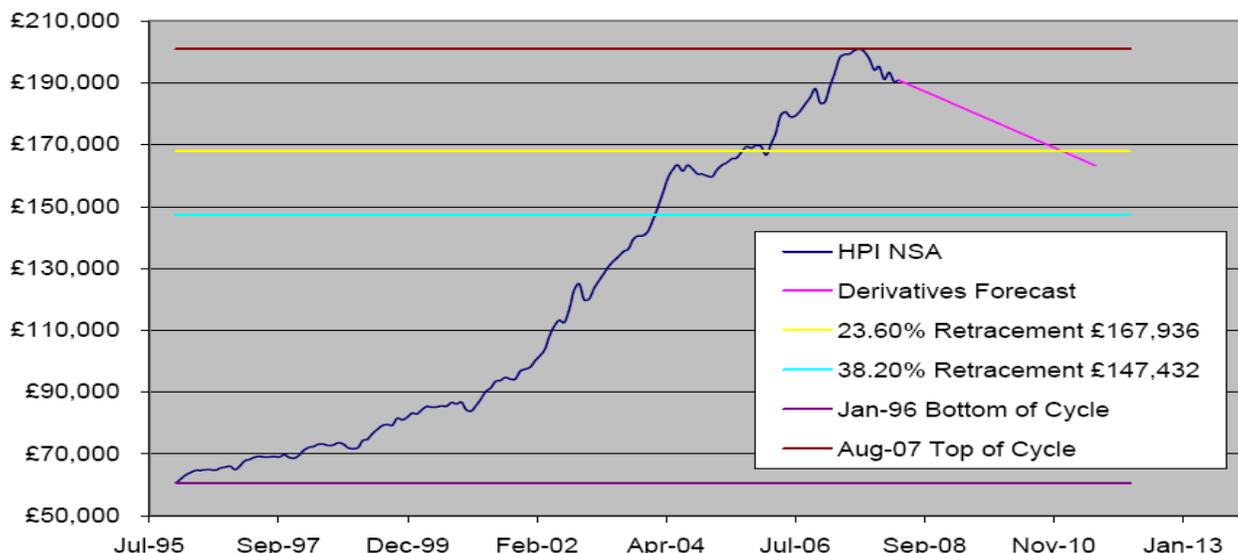
“Residential property derivative prices were marked down in April as shares in house-builders fell and reduced mortgage availability hit the headlines. As a result year-ahead house price futures are currently trading 17% below the current average house price indicating an increasingly pessimistic view of the outlook for the property market.”

Measuring the Potential Market Retracement

The exercise of human nature in markets determines that markets never go up or down in a straight line and, as such, peaks and troughs occur within overall bull or bear trends. Troughs often display a proportional relationship to peaks, and vice versa.

The 23.60% "Fibonacci" figure is widely used as a measure of potential price retracement. After £201,081 was established as the top of the cycle (that started at £60,638), retracement theorists were predicting the HPI index would fall to £167,936

Indeed, residential derivatives have just breached this downside target.



Notes to Editors

The Tradition Future HPI

The Tradition Future HPI is published every month by the Property Derivatives Team at Tradition Financial Services Limited ("Tradition"), a global leader in interdealer broking. The index provides an estimate of the future price of an average UK house. It uses derivative prices quoted in the over-the-counter (OTC) residential property market with HBOS PLC's Halifax House Price Index as its basis.

The Tradition Future HPIs are not a guarantee of future property returns; rather they illustrate dynamic forward prices which are subject to change. The indices are an economic reference tool representing the changing forward value of UK housing. The OTC market in UK house price derivatives is accessible to suitably authorised banks, institutions, and individuals via Tradition. For more information on house price derivatives, please call Tradition on +44 (0) 207 796 1510 or e-mail property@tradition.com.

Tradition is authorised and regulated by the UK FSA.

HBOS PLC Disclaimer

HBOS PLC have no liability to Tradition or its customers and are not under any obligation to continue to publish HPI data. The data is prepared from information that HBOS PLC believe is collated with care, but the company makes no statement as to its accuracy or completeness. HBOS PLC reserve the right to vary methodology and to edit or discontinue the indices at any time for regulatory or other reasons. Persons seeking to place reliance on the indices for their own or third party commercial purposes do so at their own risk.

Tradition Disclaimer & Trademark Information

The information is not provided as the basis of any professional advice or for transactional use. Tradition makes no warranties or representations about the information contained in this pamphlet whether in relation to its accuracy, completeness or otherwise and shall not be liable to anyone for any claims or losses of any nature howsoever arising out of its use. Should you require information for specific investment purposes, please contact us.

Tradition Future HPI is a trademark of Tradition and  Tradition is a registered trademark of Compagnie Financière Tradition.