

NEWS RELEASE

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TFS, a Subsidiary of Compagnie Financière Tradition, Enters Into the Nascent Property Derivatives Market

NEW YORK, August 22, 2005 – The London office of global over-the-counter (OTC) broker, Tradition Financial Services Ltd. (TFS), is pleased to announce the company's entry into the nascent property derivatives market.

Derivatives such as swaps and options are widely used in equity and commodity markets as tools to manage risk and market exposure. Usually financially settled, swaps and options offer companies the chance of cash compensation if a chosen market moves against them.

TFS plans to become the central broker of commercial property risk, introduce new players to the marketplace, educate participants and innovate new risk management products in this regard.

Workshop

TFS has developed a workshop designed to equip new entrants to the property derivative market. "Workshop: PROPERTY DERIVATIVE" will take place at The Lanesborough Hotel in London on the morning of October 26, 2005. For information on property derivatives or to book a place at the workshop, please e-mail Kirstie.Findlay@tfsbrokers.com or call Kirstie at +44.207.796.1000.

Newsletter

A free newsletter called "Risk & Manage" was designed to explain and report on all matters property derivative was launched on August 14, 2005. To register for the complimentary newsletter, please e-mail Risk&Manage@tfsbrokers.com.

Editor Notes

What is a Property Derivative?

The word "derivative" is a generic term which covers a variety of financial deal types that derive their value from an underlying market. A buyer and a seller meet in a financial transaction usually arranged thru a broker, the chosen benchmarker representing the aspect of commercial property risk determines the deal is financial settlement. The deals could also be described in terms of swapping a property return for a cash (LIBOR) return.

The derivative described here is called a swap and can be arranged for various time frames, the most popular during the early stages of this market has been three years.

In simple terms, the Total return or "E" Swap is IPD's All Property Index over LIBOR. For example, if IPD's All Property Index was 15% and LIBOR was 5%, the benchmarker for an E swap would be 10%. Thus, the buyer, in this case, is receiving the difference between the IPD return and LIBOR.

New Products

The fruits of recent research will be visible when TFS launches the "K" Swap, the first of what will be an innovative suite of risk management tools for the property derivative market.

Hedging Property Exposure

A typical example of a hedge transaction (where a derivative is used to protect the value of an asset) in property is where a commercial property owning company, fearing reduced commercial letting returns, or maybe fearing a fall in property values (the two things are obviously linked), sells a so-called "Total Return" or "E" swap. While the property market may actually go on to fall and cause reduced income for the company, the "E" swap (whose value increases as the index representing commercial letting returns falls) matures at a lower price and generates cash income, which compensates for reduced letting income.

Later as liquidity in the derivative market increases, participants will be able to trade out of deals before maturity bringing flexibility managing commercial property risk.

TFS will be introducing further property instruments in the near future. This will be announced through press releases to the trade media and editions of the new property derivatives newsletter "Risk & Manage".

About TFS

Founded in 1985, Tradition Financial Services is now a market leader in the brokering of financial and non-financial products. With offices worldwide, the Company covers currency options, equity derivatives, freight, precious metals, energy and pulp & paper markets. TFS Energy brokers a full spectrum of OTC energy and energy-related physical and derivative products including electricity, natural gas, crude oil and refined products, coal, environmental product, weather derivatives, exchange-traded futures and options, and now property derivatives.

Alongside with capital markets broker Tradition UK, TFS is a subsidiary of Compagnie Financière Tradition (CFT), one of the world's top three brokers in financial and commodity-related products. CFT itself is a subsidiary of VIEL & Cie (www.viel.com), which is based in Paris and is continental Europe's top financial brokerage firm.

TFS's Role as a Broker

At its core, TFS acts as a pure broker facilitating inter-dealer transactions in wholesale OTC markets. In this role, the Company takes no positions and is not a principal party to any transactions. Commissions are earned directly from trade counterparts by providing a confidential point of contact for all market participants to conduct business. TFS is also world-renowned for its reputation as an educator of risk management techniques and as a developer of new markets. As a complement to the introduction of new OTC products, TFS may offer both group and individual consulting services to aid in the effective use of derivative strategies. Expansion outside of its core businesses includes cross-over into the areas of energy consulting and recruitment services.

TFS is subject to and meets the highest standards of regulation in every location where it conducts business.

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