

LONDON RESIDENTIAL PROPERTY MARKET OVERVIEW

H1 2016



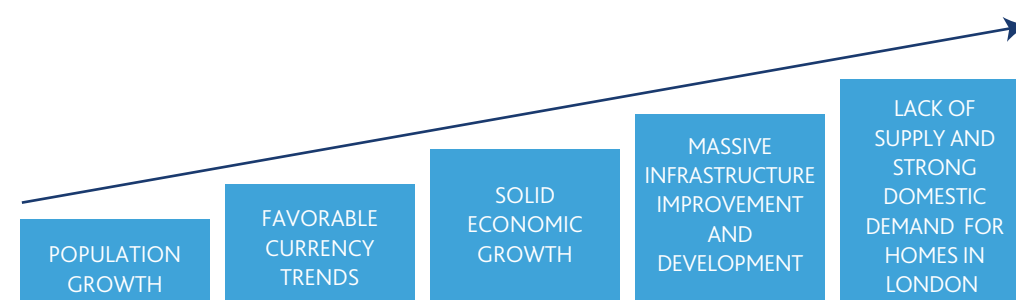
LONDON IN NUMBERS



MARKET OVERVIEW

- London's property market is currently feeling the pressure from political uncertainty, with the U.K.'s vote on its European Union membership, mayoral elections in May and weakness in the pound contributing to falling house prices in some areas.
- Demand from house buyers has fallen in the last quarter reflecting investor concern about the outcome of the June 23 "Brexit" referendum that has helped push sterling lower, as well as the introduction of a higher tax rate on buy-to-let properties and second homes in April.
- As a consequence the development market is set to slowdown in the short-term although putting this into context the number of units under construction is now more than 33,000, a figure that has trebled in just three years.
- While London property prices are expected to fall in the near term, expectations further out are positive for the capital. The imbalance between demand and supply will still exert a strong influence on the market, with house prices expected to rise by close to 25 percent over the next five years.

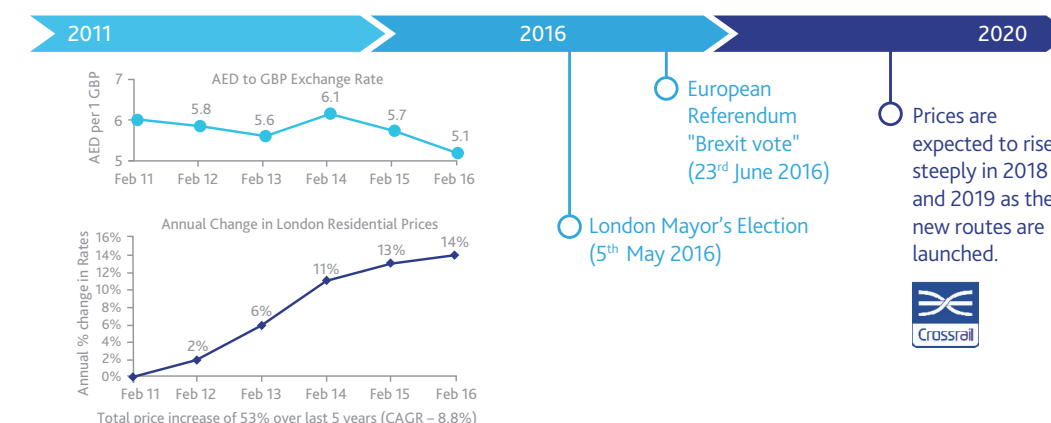
LONDON MACRO DRIVERS



Please note:
All figures are approximate; some figures are rounded to their nearest integers. Although the best effort has been made to procure the latest data, some of the latest available figures may date back to 2014 or before.

¹ Calculated at 22% of UK's Nominal GDP as estimated by the IMF at USD 2,945,146 billions in 2014
² Number 1 commercial investment destination in the world in 2013, 2014 and 2015 as per JLL
³ Draft London Housing Strategy April, 2014 – Mayor of London
⁴ Source: CNN Money

MARKET SNAPSHOT AND OUTLOOK



PERIOD OF STRONG RECOVERY

- UK's economy was severely tested by the financial crisis of 2008-09.
- Property prices fell to their lowest levels in over a decade in 2009.
- A strong recovery has been seen since 2011 on the back of a solid economic growth and improving fundamentals.

*Source: xe.com; London Land Registry

CONTINUING DEVELOPMENT DURING 2016-2020

- Urban regeneration across multiple areas of London to create new housing and employment.
- Government releasing land for brownfield development of housing and other uses.
- Refurbishment and other improvements to existing rail and public transport infrastructure.

CROSSRAIL

- Cross-rail is Europe's largest construction project and the biggest infrastructure scheme to be undertaken in London for 20 years. It is estimated to add £42bn to the economy of the UK.
- Demand for property close to transport links has a clear relationship with price performance. The neighborhoods around stations such as Woolwich, Whitechapel, West Drayton and Ealing Broadway are set to benefit most from the new east west route.
- Average prices of properties within 10-15 walk from Crossrail stations have already outperformed prices in the wider areas and forecasts predict these "hotspot" locations will see price and rental growth outperform the market by up to 15% up to 2020.









LONDON PROPERTY VALUES BY BOROUGH

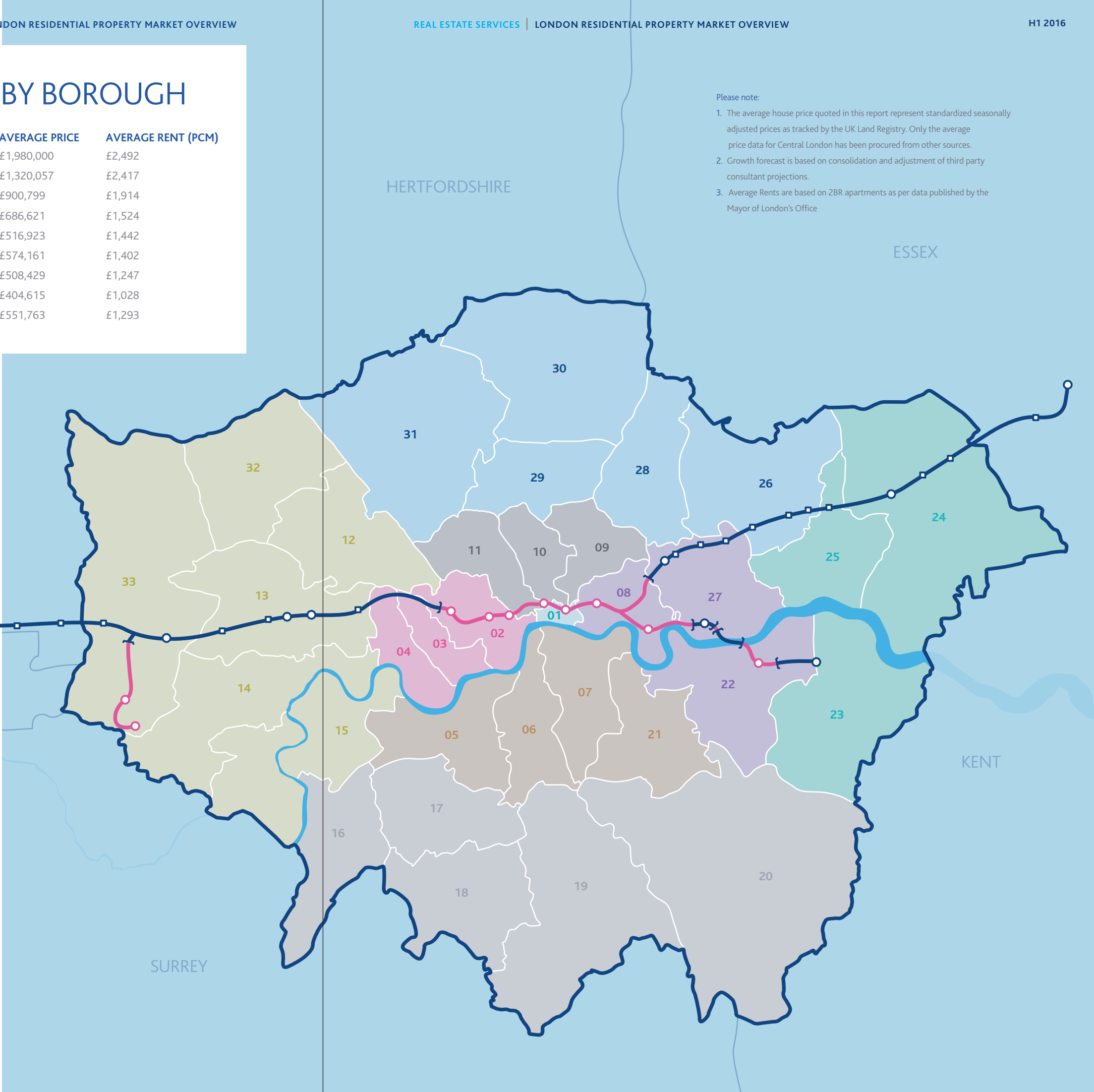
ZONE	BOROUGHS	PROJECTED GROWTH BY 2020	AVERAGE PRICE	AVERAGE RENT (PCM)
CENTRAL	1	17%	£1,980,000	£2,492
WEST	2,3,4	16%	£1,320,057	£2,417
NORTH	9,10,11	18%	£900,799	£1,914
SOUTH	5,6,7,21	19%	£686,621	£1,524
EAST	8,22,27	18%	£516,923	£1,442
OUTER WEST	12,13,14,15,32,33	17%	£574,161	£1,402
OUTER SOUTH	16,17,18,19,20	19%	£508,429	£1,247
OUTER EAST	23,24,25	21%	£404,615	£1,028
OUTER NORTH	26,28,29,30,31	14%	£551,763	£1,293

BOUROUGH KEY

CENTRAL	OUTER WEST
01 CITY OF LONDON	12 BRENT
	13 EALING
WEST	14 HOUNSLOW
02 CITY OF WESTMINSTER	15 RICHMOND UPON THAMES
03 KENSINGTON & CHELSEA	32 HARROW
04 HAMMERSMITH & FULHAM	33 HILLINGDON
NORTH	OUTER SOUTH
09 HACKNEY	16 KINGSTON UPON THAMES
10 ISLINGTON	17 MERTON
11 CAMDEN	18 SUTTON
	19 CROYDON
SOUTH	20 BROMLEY
05 WADSWORTH	
06 LAMBETH	OUTER EAST
07 SOUTHWARK	23 BEXLEY
21 LEWISHAM	24 HAVERING
	25 BARKING & DAGENHAM
EAST	OUTER NORTH
08 TOWER HAMLETS	26 REDBRIDGE
22 GREENWICH	28 NEWHAM
27 NEWHAM	29 WALTHAM FOREST
	30 ENFIELD
	31 BARNET

CROSSRAIL ROUTE KEY

	SURFACE LINE
	TUNNEL LINE
	TUNNEL ENTRANCE / EXIT
	SURFACE CONNECTING STATION
	TUNNEL CONNECTING STATION
	STATION



- Please note:
1. The average house price quoted in this report represent standardized seasonally adjusted prices as tracked by the UK Land Registry. Only the average price data for Central London has been procured from other sources.
 2. Growth forecast is based on consolidation and adjustment of third party consultant projections.
 3. Average Rents are based on 2BR apartments as per data published by the Mayor of London's Office

STEP-BY-STEP BUYER'S GUIDE



If you are interested in buying property in London please contact Khaled Chahal.



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FEES & TAXES

PURCHASE COSTS

STAMP DUTY & LAND TAX (SDLT) ON FREEHOLD PROPERTY VALUE	BUY TO USE (SDLT RATE)	BUY TO LET* (SDLT RATE)
UP TO £125,000	ZERO	3%
THE NEXT £125,000	2%	5%
THE NEXT £675,000	5%	8%
THE NEXT £575,000	10%	13%
THE REMAINING AMOUNT	12%	15%

EXAMPLE: IF YOU BUY A FIRST HOUSE FOR £500,000, THE SDLT YOU PAY IS CALCULATED AS FOLLOWS:

0% ON THE FIRST £125,000 = £0

2% ON THE NEXT £125,000 = £2,500

5% ON THE FINAL £250,000 = £12,500

TOTAL SDLT = £15,000

IF PURCHASED AS A BUY TO LET THE SDLT WOULD EQUATE TO £30,000

- SDLT is the most significant cost at this stage – in case of a buy to let purchase, it can range from 3.8% to 10.7% (for a £200k property and a £2mn property respectively).
- Other costs including administration, solicitor fee, valuation & surveyor fees, mortgage arrangement fee, land registry fee, etc. can add 1-1.5% to the cost of the home purchase.
- We strongly recommend that you obtain tax planning advice from a professional advisor.

*Implemented from April, 2016; applicable on second homes and all buy to let homes

RUNNING COSTS

- Buildings & contents insurance
- Mortgage payments & Mortgage insurance
- Maintenance & repairs
- Letting agent fees – 10 to 15% of rental income
- Council tax & utility bills (during vacant possession)



SALES COST

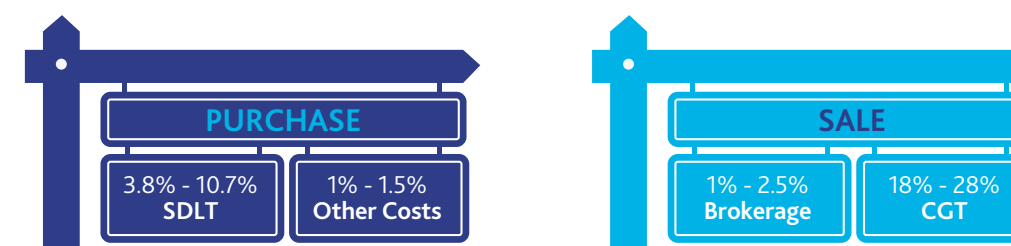
Cost	% of Sale Price
Brokerage	1-2.5% of sale value plus VAT on brokerage paid
Capital Gains Tax (CGT)	18% to 28% CGT on value appreciation for any house sale by an expat

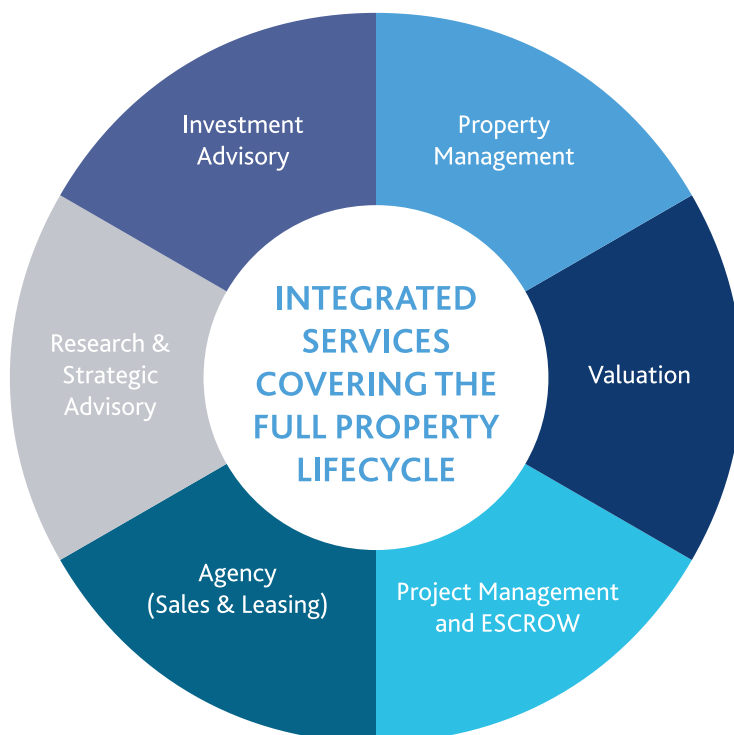
BASIC RATE TAXPAYERS EARNING UP TO £31,785 IN 2015/16 WILL BE CHARGED 18% ON ANY GAIN.

HIGHER AND ADDITIONAL RATE TAXPAYERS WILL PAY 28% CGT.

TAX ADVISORS CAN GUIDE ON HOW TO REDUCE ANY TAX LIABILITY.

SUMMARY OF KEY ADDITIONAL COSTS





DISCLAIMER:

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All opinions and estimates included in this report constitute ADIB Real Estate Services, as of the date of this report and are subject to change without notice. Figures contained in this report are derived from a basket of locations highlighted in this report and therefore represent a snapshot of the market. Due care and attention has been used in the preparation of forecast information.

However, actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts, by their very nature, involve risk and uncertainty because they relate to future events and circumstances which are beyond ADIB Real Estate Services' control.



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