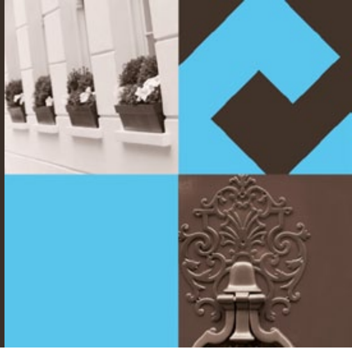
TURNBULL

MONTHLY MARKET BULLETIN

APRIL 2011



ALL ABOUT TURNBULL

"The Turnbull partnership is a proudly independent firm, headed by Johnny Turnbull, one of the most respected buying advisors in the London market. Turnbull sets the standard for the acquisition of exceptional property in Prime Central London and acts solely for Private Clients. Our select team combines their resources,contacts and broad experience with an unsurpassed expertise and knowledge of the market, to ensure we meet the highly personal and exacting needs of each client".

The first quarter of 2011 was certainly an interesting one with headline grabbing events unfolding across the globe. With unrest and uncertainty prevailing in many parts of the world, London's attraction for wealth only grew. This was certainly reflected at Turnbull this quarter with a large number of clients approaching us, the majority coming from abroad with substantial budgets.

With some of the clients we have recently retained, political turbulence back home has prompted them to look for additional properties in London. They may already own smaller properties here and now want to buy something more substantial.

Holding on to existing properties only exacerbates the existing shortage of supply which persists in prime central London. This is coupled with high levels of demand in these areas of London, with buyers often prepared to pay whatever it takes to secure the right property. Although there is a risk that this type of activity could potentially fuel the market to a point where it overheats, there is currently no reason for this gross imbalance in supply and demand to change.

As spring arrived, there was a boost for the property sector in the UK: measures announced in UK Chancellor George Osborne's 'Budget for growth and jobs' were seen as distinctly encouraging to property investors, as was Fitch's re-affirmation of the UK's triple-A rating.

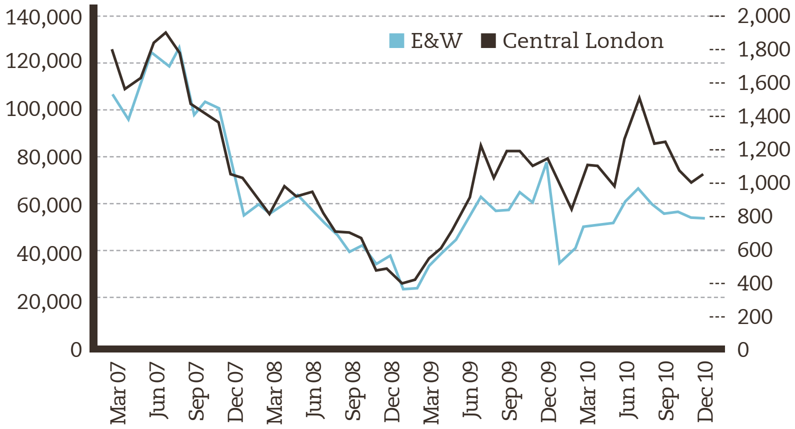
We give a more detailed overview of the budget highlights on the next page, but probably the most significant points for London's market were the stamp duty increase from 4% to 5% on properties selling for over £1m, in place from April 6th, and the concessions to the property investment market. New rules were announced whereby investors will be charged stamp duty on the average, rather than the total, price of properties purchased in a portfolio, subject to a minimum of 1% - a clear encouragement to professional landlords and institutional investors to build their portfolios.

Fairness in taxation was also the subject of much debate in the budget, particularly with reference to the top 50p tax rate. Alongside this, the introduction of a so called 'mansion tax' on properties over £2m has long been a hobby of the Liberal Democrats. This would theoretically shift some of the emphasis from high rates of income tax to wealth taxation, including property. Whether this becomes a reality or not in the forthcoming months has to be seen given the historic opposition from the Conservatives.

The UK continues to engineer a weak exchange rate in order to promote growth of exports, given the Chairman of the Bank of England's belief that 'Trade has always been the key to faster economic growth and higher living standards.'* This has led to unprecedented low interest rates and substantial money printing – some would say this manipulation of currency in both the UK and US is akin to China's interventionist stance which has successfully fuelled their own exports.

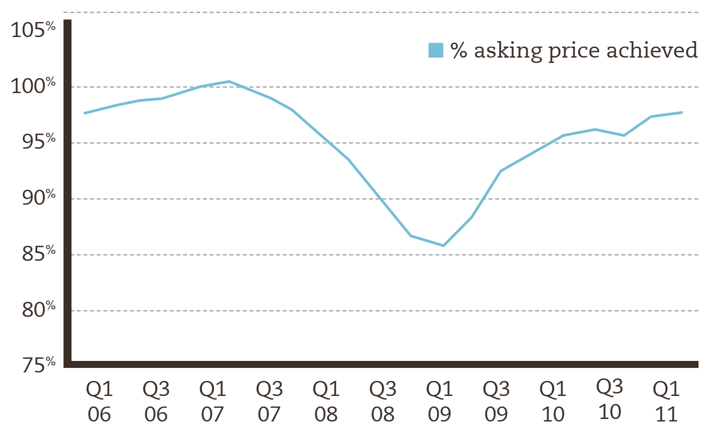
It is no surprise therefore that Mervyn King in the short term continues to tolerate rising inflation without recourse to raising interest rates, which would in turn increase the value of Sterling. However the coming months will be interesting given that the European Central Bank raised interest rates this month for this first time in three years and Mervyn King is fully aware that 'long-term interest rates are unsustainably low'.*

TRANSACTION LEVELS IN LONDON HAD STRONGEST RECOVERY



Source: Land Registry,

IN CENTRAL LONDON PROPERTIES ARE SELLING NEARER ASKING



Source: Lonres

*Speech at Economic Summit at SIEPR, 11 March 2011

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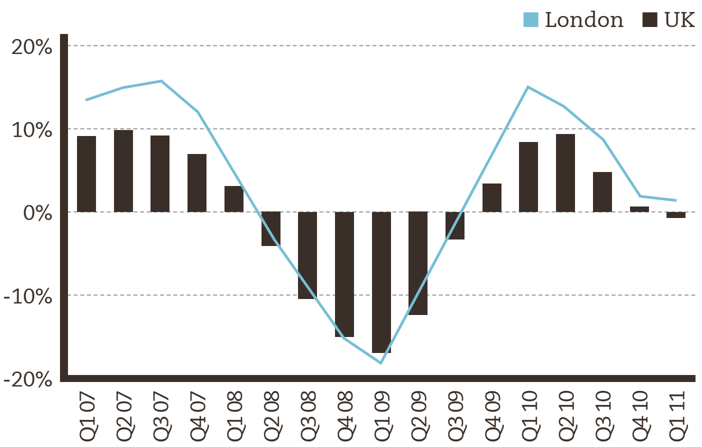
Prime central London currently seems immune to house price falls and has also bucked the trend for low numbers of sales. Overseas investment has been key to polarisation, with an increase in international buyers meaning London can perform differently.

For overseas investors, London is seen as a safe haven and property in the most prime areas is in strong demand as an asset. It is a very different story in other parts of the country. Although national house price indices can often give different messages, they are all currently pointing towards a downward trend. The Halifax says prices dipped by -2.9% over the year to March 2011, while the Land Registry put the fall at -1.7% and Nationwide put it at 0.1%.

The Nationwide's index highlighted regional disparities at the end of the first quarter with the north / south divide continuing to widen. In London average prices increased 2.3% over the first quarter compared to a 1% increase in the UK as a whole.

House price growth in the prime central London boroughs still remains particularly high. In Kensington & Chelsea annual growth in values stood at 7.2% at the end of February. In the north London borough of Islington values increased by 9.7% over the past year.

LONDON CONTINUES TO OUTPERFORM IN Q1



Source: Nationwide

Budget 2011: Property-related highlights

- stamp duty increase from 4% to 5% on properties sold for over £1m from April 6th
- average, rather than the total, price of BTL portfolio purchases to be charged a minimum of 1% stamp duty – giving up to 4% stamp duty saving and clear encouragement to professionals and investors building property portfolios
- a new £250m FirstBuy package of interest-free loans for five years targeted at some 10,000 first time buyers with 20% loans on deposits for new-build homes
- changes to planning permission rules whereby developers will find it easier and faster to change the use of a building from an office or shop to a residential home.
- 12-month time limit for Councils to process planning applications, including appeals
- new deals to speed up planning decisions for surplus military and other publicly owned underused land
- corporation tax to be reduced on a sliding scale from 26%, down to 23% by 2014-15, signaling 'Britain is open for business', part of a £4bn giveaway to businesses
- the £30,000 levy on 'non-doms' is unchanged, only rising to £50,000 after 12 years

LATEST ANNUAL GROWTH IN AVERAGE VALUES

England & Wales	London	Westminster	Kensington & Chelsea
-1.7%	3.2%	4.2%	7.2%

Source: Land Registry

COMPARISON OF NATIONAL INDICES

	Avg house price	Monthly growth	Annual growth
Nationwide	£164,751	0.5%	0.1%
HBOS	£162,657	-0.9%	-2.8%
DCLG	£155,635	-1.4%	0.5%
LandReg	£162,215	-0.8%	-1.7%
Rightmove	£231,790	0.8%	0.9%

KEY HOUSING MARKET STATISTICS

	Latest data	Quarterly growth	Annual growth
Mortgage approvals	46,967	-1.5%	-0.1%
Resi. transactions	72,000	-1.4%	-2.7%
Gross mortgage lend	£11.35bn	-0.8%	-1.0%
Inflation	4.4%	na	na
Base rate	0.5%	na	na

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