



One Touch
Property Investment

One Touch HOW TO INVEST IN UK PROPERTY GUIDE

BREXIT ACTUAL IMPACT ON THE UK PROPERTY MARKET

According to the Halifax banking group, the rate of grow has slowed down but there is still positive annual price.

“The increase in prices slowed to 5.8 percent from 6.9 percent in the three months to August, Halifax, part of Lloyds Banking Group”

The Bank of England dropped the (repo) interest rate to 0.25%, thereby providing more liquidity to the banking sector. Banks are therefore able to lend more money via mortgages to homebuyers and buy-to-let investors.

UK investors can now purchase property with mortgage rates as low as 1.5%. Making it very affordable to purchase buy-to-let property and improving the monthly positive cash flow.



NEGATIVE SENTIMENT IS SLOWING DOWN THE VOLUME OF PURCHASES

A number of buyers have adopted wait and see - typically British - cautious approach. This has resulted in a slow-down in the activity and sales volume on the property market.

There are signs that developers, particularly in London, have slowed down the number of new build starts and acquisition of new site. This can be seen as the cost of land has decreased*.

According to the publication called Inside Housing, developers are already experiencing a skills shortage which is driving up build costs. The good news that the conservative government has confirmed the EU migrant workers, who are already in the UK, will not be asked to leave. However, there is uncertainty whether the freedom of movement will continue when Brexit is negotiated. The threat of skilled labour shortages could push up building costs and therefore make is a good time to invest while prices are low.

BUYERS MARKET

If developer's margins start to come under pressure, it is likely that less homes will be built. Where supply reduced, the shortages will drive up properties prices and rents.

The rental market has reacted in a calm manner to the Brexit result, and rental figures have remained more or less the same. The supply has remained near enough the same, with 67% of ARLA members reporting no change, and 64% of members reporting no change in the number of prospective tenants.



RECOVERY AND GROWTH

2012
(105,74)
-10%

DECLINE

2013
(135,257)
+29%

UPTURN

2014
(146,359)
+8%

GROWTH

2015
(156,140)
+7%

CONTINUED
GROWTH

THE GBP DEVALUATION AGAINST THE RAND

The Pound (GBP) foreign exchange rates hit a 31-year record low against the Euro and US Dollar in October 2016. Consensus amongst foreign exchange platforms is that further volatility can be expected in the pound valuation throughout the Brexit negotiation process. Until the exact terms of Brexit are made clear, there is bound to be uncertainty.

On a positive note, the UK is the EU's biggest customer; it is not foreseeable that the EU would implement protectionist tariffs that would make the UK seek more favourable terms with other countries. Global trade has become remarkably more free and open than when the EU was created. The World Trade Organisation website states that "One result of the Uruguay Round (of negotiations) was countries' commitments to cut tariffs and to 'bind' their customs duty rates to levels which are difficult to raise".

GBP ZAR Historical Charts
GBP/ZAR 730 Day History

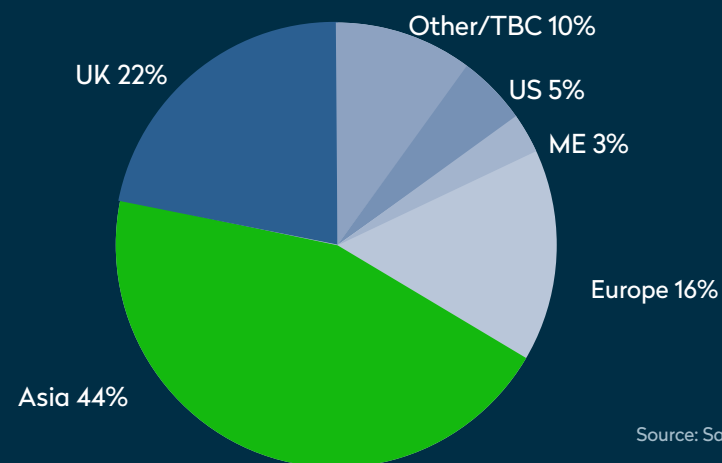


Source: Echangerates.org.uk

City 2016 turnover by nationality

Savvy investors are using the temporary volatility to snap up UK assets. The most of the **£4.3 billion** of commercial property acquisitions were carried out by Asian investors.

Savills reported "To date in 2016 Asian purchasers have accounted for the highest level of turnover (44%), followed by UK purchasers (22%) and European (16%). However, there remains relatively little activity from Middle Eastern (3%) and US (5%) purchasers."



Source: Savills Research

IT IS NOT JUST PROPERTY

Japanese SoftBank purchased the semi-conductor chip maker ARM for £24.3 billion.

ARM produces the microchip processor for virtually every mobile device the world including iPhones and Samsung. Other corporate raiders are looking to acquire good quality UK companies on the cheap. Buy-to-let investors could adopt the same strategy and use the short term pound weakness which is also causing real term price disparity of UK house prices.

- The UK is considered a safe haven
- It has moderate, liberal, respectful government and is considered politically stable
- The UK is a relatively safe country with a diverse culture, generally accepting and allowing people to follow their beliefs (in particular London)
- There is a shortage of homes and according to the Barker Review 250,000 new homes need to be built each year
- Supply of new housing is not meeting demand
- Net inward migration is on the increase and could further exacerbate the housing crisis
- In 2002, when the Barker Housing Review was conducted, the net inward migration was only 260,000. That has skyrocketed to 491,100 in 2014.



UK house building
Homes completed, financial years 1970/1-2013/14



Source: Dept Communities & Local Government

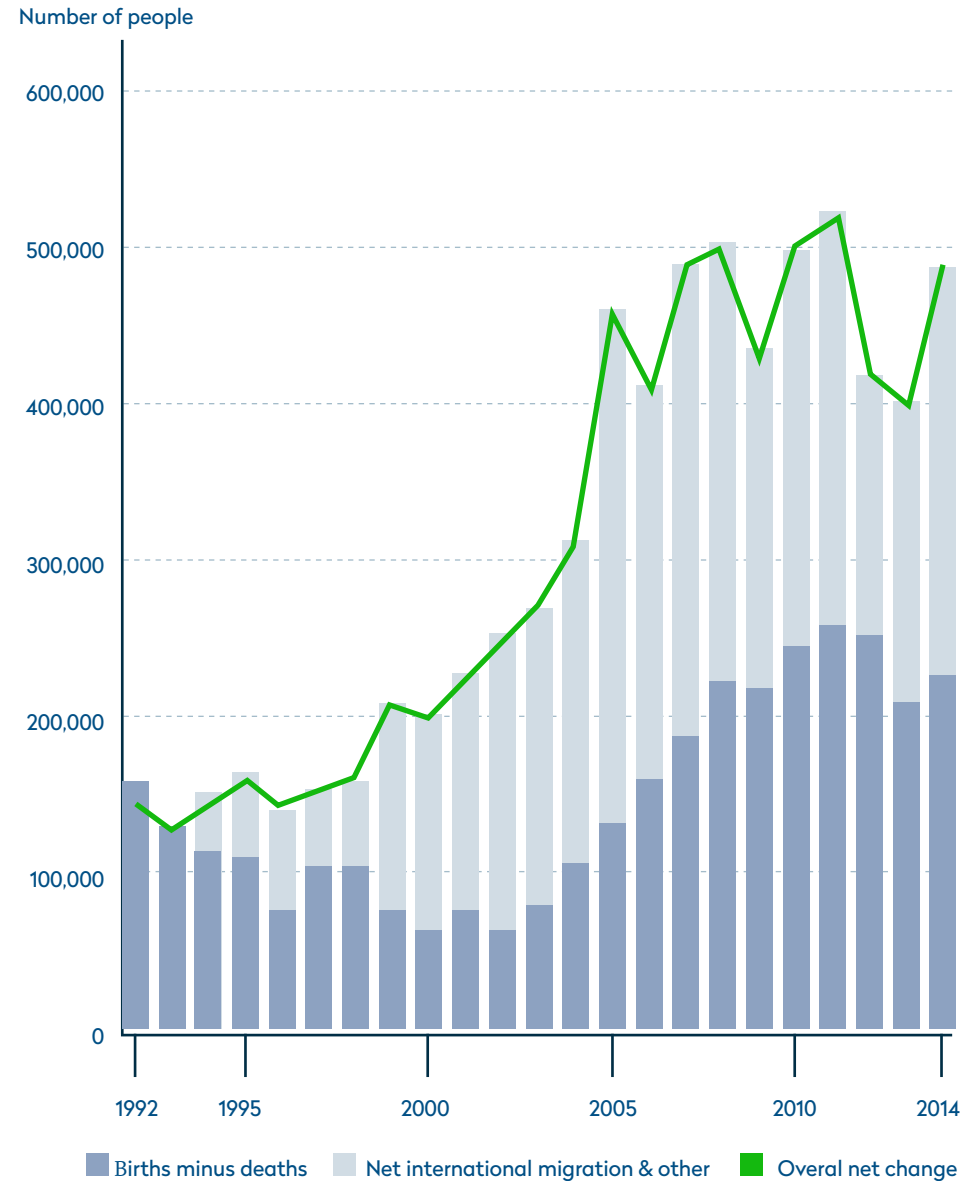
**CAN YOU IMAGINE
THE EXTRA PRESSURE
THAT IS PLACING
ON THE HOUSING
SHORTAGE**



SUMMARY:

The UK housing market is looking like a good medium term investment because demand outstrips supply and the pound is temporarily suppressed due to uncertainty about the Brexit negotiations.

Annual Population Change

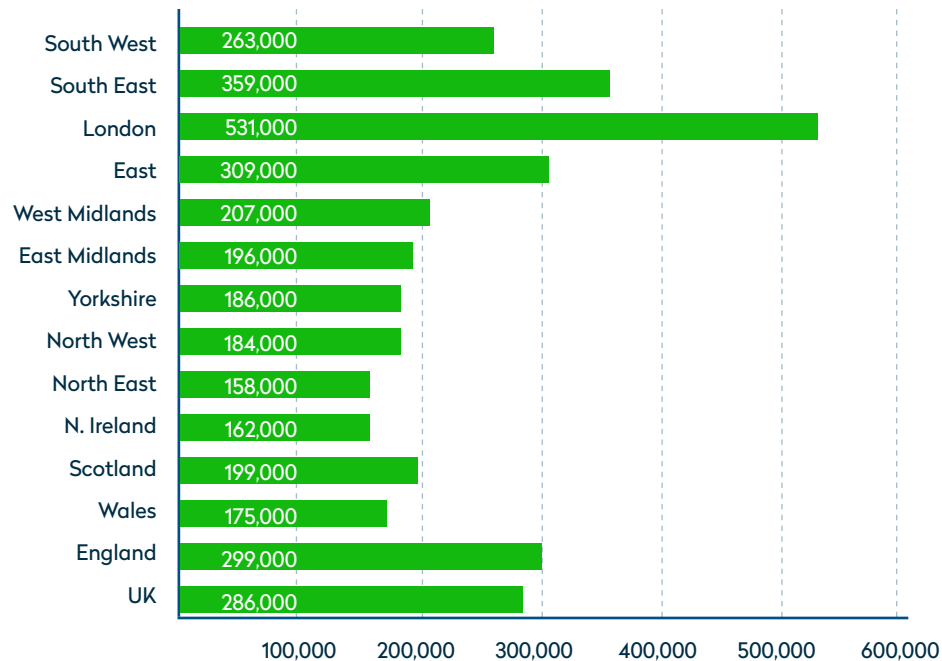


Source: ONS BBC

ONE TOUCH PROPERTY SOURCING PRINCIPLES

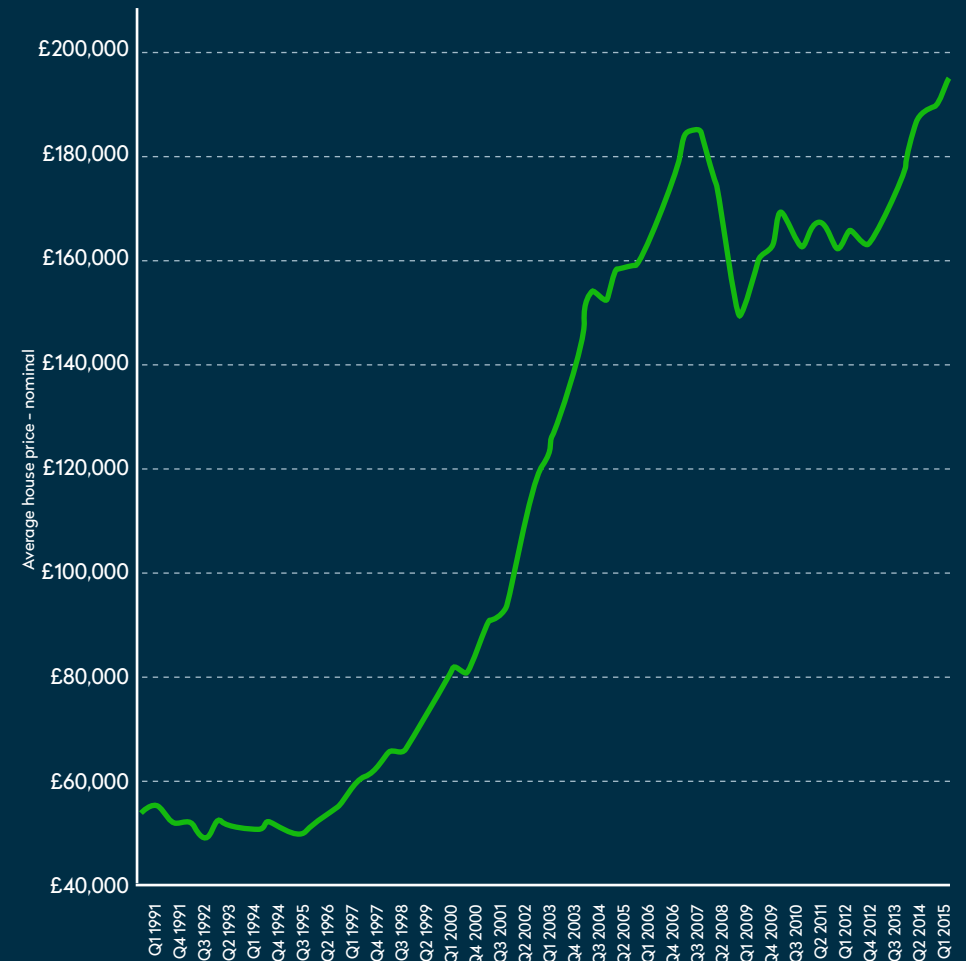
- Find areas of supply shortage versus demand
- Source undervalued properties
- Choose properties close to amenities and transport links
- Infrastructure changes
- Early stage regeneration and inward investment
- Where legislation can disrupt or secure position
- Reliable developers with good quality builds
- Job Creation is a driver of growth

Regional house prices



Source: ONS House price Index Sep. 2015

UK House prices in past few decades



- In 1969, average house prices were: £4,312
- In 1975, average house prices were: £10,388
- In 1980, average house prices were: £22,676
- In 2016, average house prices were: £198,564

Source: Nationwide

MANCHESTER

NAMED BEST PLACE TO INVEST IN PROPERTY



Manchester tops the table as the best place to invest to achieve high rental yields. Not only can investors achieve high rental yields here, there is also a sizeable rental sector. 26.85% of the housing stock is privately rented, which is above the national average of 18% and assures investors that there will be a strong demand for property. Manchester is also home to 60% more 25-29 year olds (those most likely to rent) than anywhere else in the UK.



JOB CREATION AND EMPLOYMENT OPPORTUNITIES ARE A DRIVER FOR INCREASED DEMAND FOR BUY-TO-LET PROPERTY

JOB CREATION AND INWARD INVESTMENT IN MANCHESTER

In part due to all the regeneration occurring in Manchester, it is now gaining significant attention from overseas investors. German investors have named Manchester as the most important city outside of London for investment, and German Deka Bank have paid £164m for the new office block at One Saint Peter's Square. Manchester is also the largest economic area outside of London with £56 billion gross value added (GVA). The flow of cash into Manchester does not look to be subsiding, as Germany is expected to spend another £200m in the city before the end of the year. UK property is being seen as an attractive prospect to German investors due to the drop in the sterling in comparison with the euro. Even before Brexit though, German investor Hansainvest bought the 280,000sq ft Amazon distribution hub at Manchester City Airport for £35m.



22%
GROWTH



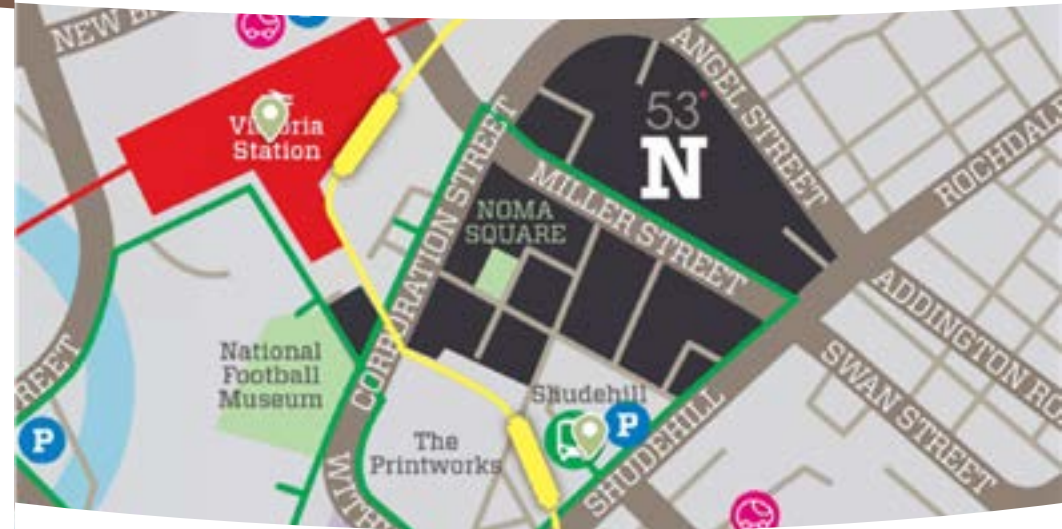
HIGHEST
YIELD



JOB
CREATION

NOMA £800 MILLION REGENERATION

The specific area in which the Manchester buy-to-let property is being developed, is along the perimeters of the Noma Regeneration area, which is a 20-acre regeneration of Manchester urban land owned by The Co-operative Group and Hermes Real Estate. It is well-served by transport links, located within 6 minutes' walk of Manchester Victoria Station and The Arndale Centre.



EXCELLENT INFRASTRUCTURE

Manchester's transport infrastructure is superb, providing fast and affordable travel across the city and the wider North West region via its state of the art Metrolink tram system and extensive road network. Communication links further afield are enabled by Manchester Airport as it continues to be the North's preferred airport for International travel.

NEW ENTERPRISE DISTRICT

Allied London is developing a new neighbourhood of St Johns with a 1.1 regeneration scheme that will provide workspace for the bustling start-up and technology community. The 5 year scheme will see the development of mixed use office, commercial workshops residential properties and two hotels along the south bank of the river Irwell.

LIVERPOOL

Liverpool comes in a close second on the table of the best places to invest in property to achieve high rental yields. Liverpool is undergoing several regeneration schemes focusing on Liverpool docks and housing that upon completion will only raise house prices in the area as it increases in desirability. Liverpool's L1 postcode in particular is on the up, still remaining affordable but having experienced a rise in house prices of 41.2%.

LIVERPOOL WATERS

The Liverpool waterfront is in the midst of one of the largest scale regeneration projects in the country. Liverpool Waters is a £5.5 billion redevelopment of the Vauxhall area of Liverpool by the Peel Group. The Liverpool Waters development plans to create 17,000 full-time jobs and 21m square feet of new commercial and residential floor space, including four hotels.

LIVERPOOL ONE SHOPPING DISTRICT

Liverpool One Shopping centre residential and leisure complex completed in 2008 by The Grosvenor Group. 42 acres of under-utilised land in the city-centre was redeveloped. The completion of L ONE has significantly boosted the local economy as well as lifted Liverpool into the top five most popular retail destinations in the UK.



TOURISTS

Tourism is an important component of Liverpool's economy. Liverpool is the 6th most visited city in the United Kingdom and one of the 100 most visited cities in the world by international tourists. Tourism is worth approximately £1.3bn a year to Liverpool. The city's new cruise liner terminal, which is situated close to the Pier Head, also makes Liverpool one of the few places in the world where cruise ships are able to berth right in the centre of the city.



53000 STUDENTS LIVERPOOL HAS THREE UNIVERSITIES



One Touch property have been involved with student property in Liverpool since 2011. In addition to the residential and business growth, Liverpool is home to over 53000 students, 12% of which are overseas students. The annual increase in student numbers are continually growing as Liverpool's rich history and cultural significance continue to attract visitors and student alike.

Liverpool Investment Options

Student Property	Residential Buy-to-let
Prices from £56,000	Prices from £92,000
8% - 9% Net Income	6% - 7% Net Income
Rental Guarantees	Capital Growth Prospects

GREATER LONDON

INVESTMENT PROPERTY

AFFORDABILITY

Londoners are prepared to move to save on housing costs. This should restrain rental growth as a whole, but will also mean that rental growth in outer London locations is likely to be stronger than areas closer to the centre.

With affordability becoming increasingly stretched, many first-time buyers are being forced to look further afield to find suitable accommodation, while existing homeowners wishing to trade-up are also having to look outward. Parental support for those fortunate enough ordinary people will also boost demand, especially in outer London.

Typical Single Person	Annual Salary: £40,000
House Price Affordability	Five Times Salary plus 20% Deposit
One Bed	£240,000 - £300,000
Typical Couple	Annual Salary: £70,000
Two Bed	£350,000 - £420,000
Typical Yields	4.5% Net Income
Finance for non-residents	60% Loan



5.6%
per annum average
gross yield

31%
house price inflation
over 5 years

28%
rental inflation
over 5 years

59%
total return over a
5 year period

Consequently, we are expecting housing demand to be particularly strong in outer London where property is most affordable, and although housing delivery will also be greatest here, we believe that upward price pressures will be highest in outer London over the next five years.

Sources: Savills (Nov 2014), JLL (Nov 2014), Office for Budget Responsibility (Dec 2014), Rightmove (Oct 2014)

CARE HOME SECTOR

FUNDAMENTALS

AGING POPULATION

More people over 65 than under 16 in the UK.

An NHS study found life expectancy in England and Wales is expected to continue to rise from the 2012 average of **79.5 years** for men and **83.3** for women, to **85.7** for men and **87.6** for women by 2030.



INCREASE IN DEMENTIA

Number of patients with recorded diagnosis of dementia increases by 62 per cent over seven years (according to the Health and Social Care Information Centre)

DEMENTIA REQUIREMENTS

Specialist nursing care is required. Dementia requires specialist 24 hour nursing care.

Government pays for anyone who cannot afford it. Safe and secure investment.

NATIONAL HEALTH SERVICE

The National Health Service budget is not balanced and there is a freeze on capital expenditure. Private and business partnerships are essential in order to provide the standard of services required for dementia patients.

PROCESS

Existing residential home converted to a specialist nursing care home with the aim of increasing income.

Simple sales and leaseback

Experienced Care Home Operator refurbishes the property and leases it back on a long term leaseback at 8% Net income



AFTER



- COURTYARD / REST AREA**
- comfortable seating;
 - bright, contrasting surfaces;
 - canopy / shelter;
 - formal planting;
 - avoid level-changing;



- COURTYARD / WALKING AREA**
- comfortable seating;
 - bright surfaces;
 - looping paths;
 - features / markers easing spatial orientation;
 - sensory planting;



- PATHWAYS**
- handrails;
 - raised beds;
 - sensory planting;
 - shelter;
 - visibility;
 - rest points;



- FEATURES / MARKERS**
- mail/cannon markers (mailbox / telephone box);
 - water elements;
 - sensory stimulation (smell, touch, sound);



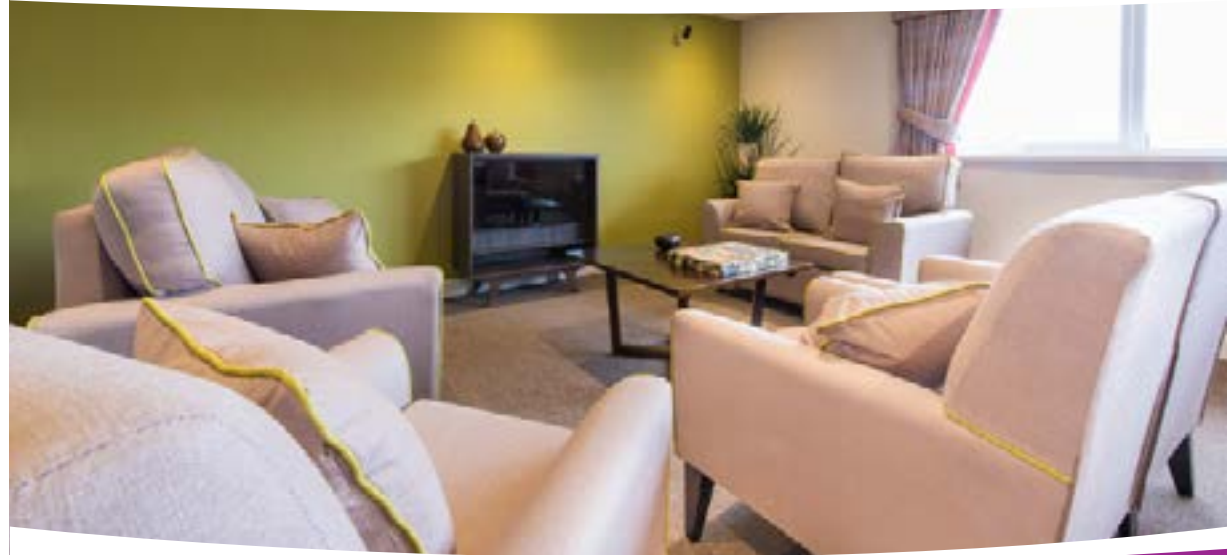
AFTER INTERIOR

CUSTOMER FEEDBACK

People visiting the home told us they knew how to make a complaint.

One person said, *"I cannot imagine having anything to complain about. The home has been perfect for [relative] from day one."*

"I find the staff are very diligent and responsive to [relatives] needs. I am very happy that [relative] has been lucky enough to stay here."



RELAXING ENVIRONMENT | MAKING PEOPLE FEEL SPECIAL | ACCESSIBLE FOR FAMILY MEMBERS

INVESTMENT SUMMARY

Care Home

Prices from £75,950

8% Net Income

25 year lease

115% Buyback at year 10



"We think the scheme is stunning and we are really pleased that you stayed so close to our brief. We are excited to see the final product and we are putting the home forward for the environment and design awards later this year"

HOTEL ROOM INVESTMENT



Most hotels are not actually owned by the management companies operating them. Insurance and pension funds own the hotels and branded companies continue to run them.

'China's Anbang Insurance Group has agreed to acquire Strategic Hotels & Resorts for around \$6.5 billion, as the owner of New York's iconic Waldorf Astoria expands its U.S. hotel portfolio.'

Fortune.com

**ON A SMALLER SCALE,
INVESTORS CAN PURCHASE
HOTEL ROOMS AND LEASE
THE HOTEL ROOMS BACK TO
THE MANAGEMENT COMPANY
ON A 5 OR 10 YEAR LEASE.**

CAER RHUN HALL

Most of the hotel room investments have a turn-around situation or a long term owner that is looking to exit the business within a few years and is working with a developer to refurbish and take over the business.

Caer Rhun Hall is a beautiful late Victorian country retreat nestled in the heart of the Conwy Valley in North Wales.

Set amongst stunning parkland and gardens, the house is neatly tucked away in a wonderfully secluded setting making it the perfect destination for a peaceful country escape, a romantic wedding, a business conference or a relaxing spa experience.

Caer Rhun Hall is currently only partially operational as a wedding venue with limited guest bedrooms, but over the coming months it will undergo sympathetic refurbishment and development to transform it into a 100 bedroom country hotel and spa. It will become the region's most exclusive hotel for guests, weddings and conferences.



WHY BREXIT IS HAVING A POSITIVE IMPACT ON THE HOTEL SECTOR?

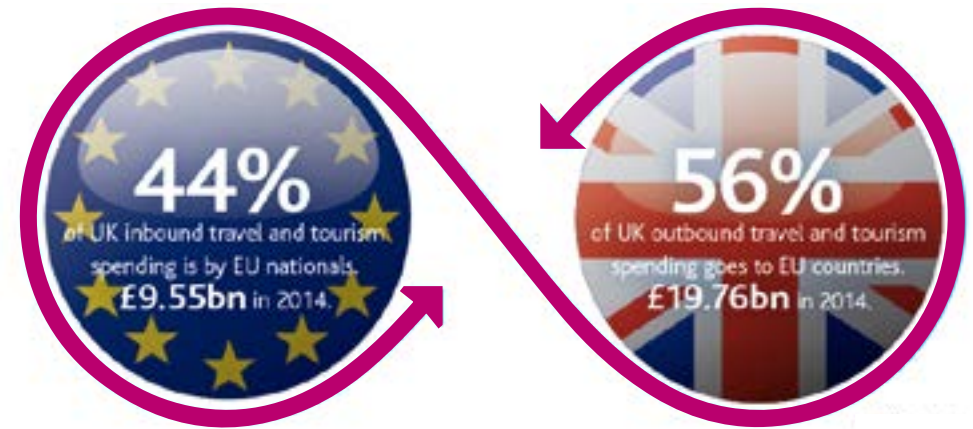
- The pound has devalued
- Thereby making it more expensive to travel abroad
- Cheaper for foreigners to visit the UK
- Good for UK tourism
- Flights could be more expensive after Brexit (unified EU tariffs)

GBP/EUR 90 Day History



Source: Exchangerates.org.uk

Travel expenditure between the eu and the uk



Source: ONS

1. Can one sell one's hotel room?

Yes, you can sell at any time. There are a number of investors that are looking for income producing assets at the moment. Properties with immediate income are of particular interest. The developer has a defined buy back ranging from 5 years at 10% uplift.

2. What am I actually buying?

Similar to a sectional title in South Africa, you own the hotel room and it is registered at the deeds office called Land Registry in the United Kingdom.

3. If the management company is not performing, can we get rid of them?

The hotel management company commits to a long term lease with the buyer. They are obligated to pay the net rental return and refurbish the property throughout the lease period. If they do not perform, you can terminate the lease and instruct another hotel management company.

Year	Rental income (circa 10%)	Rental income deductions	Balance of client rental income
1	£7,500	£7,500	£0
2	£7,500	£7,500	£0
3	£7,500	£0	£7,500
4	£7,500	£0	£7,500
5	£7,500	£0	£7,500
6	£7,500	£0	£7,500
7	£7,500	£0	£7,500
8	£7,500	£0	£7,500
9	£7,500	£0	£7,500
10	£7,500	£0	£7,500
Total	£75,000	£15,000	£260,000

Buy back at 125% £93,750

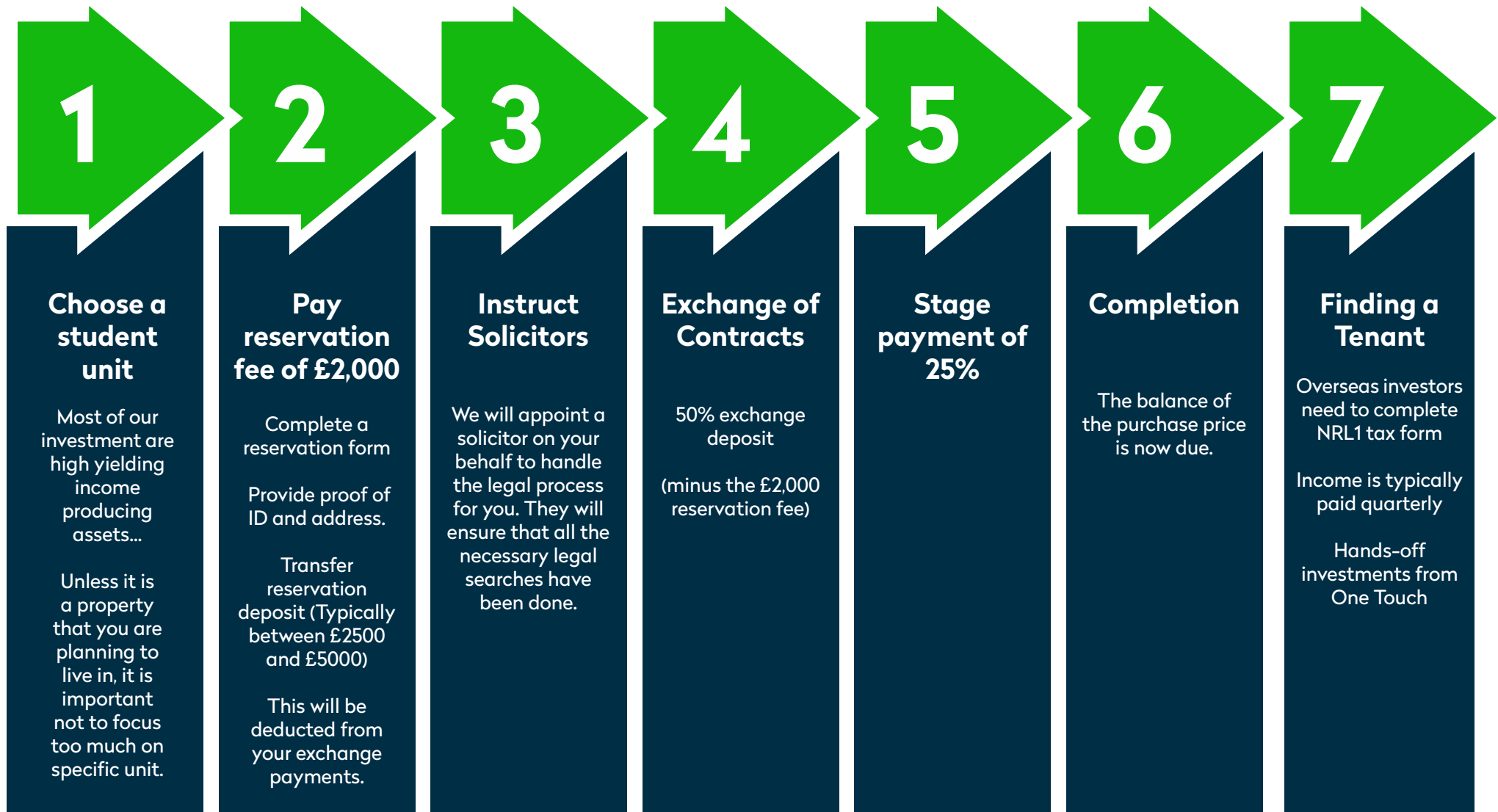
Total purchaser returns £168,750

Less cash input £75,000 (including £15,000-2 years deduction)

Cash received over and above initial cash input £93,750

ROI: 125%

THE PURCHASE PROCESS EXPLAINED



DOES THE BUYER NEED TO PAY ANY TAX ON TOP OF THEIR INCOME?

Non-resident landlords complete an NRL1 form to apply for their rental income to be paid with no tax deducted.

INCOME TAX RATES AND BANDS

The table shows the tax rates you pay in each band if you have a standard Personal Allowance of £11,000.

Band	Taxable income	Tax rate
Personal Allowance	Up to £11,000	0%
Basic rate	£11,000 to £43,000	20%
Higher rate	£43,001 to £150,000	40%
Additional rate	over £150,000	45%

For example, if you purchased £150,000 worth of property with 10% net income:

£15,000 income

£11,000 allowance

£4,000 taxable at 20%

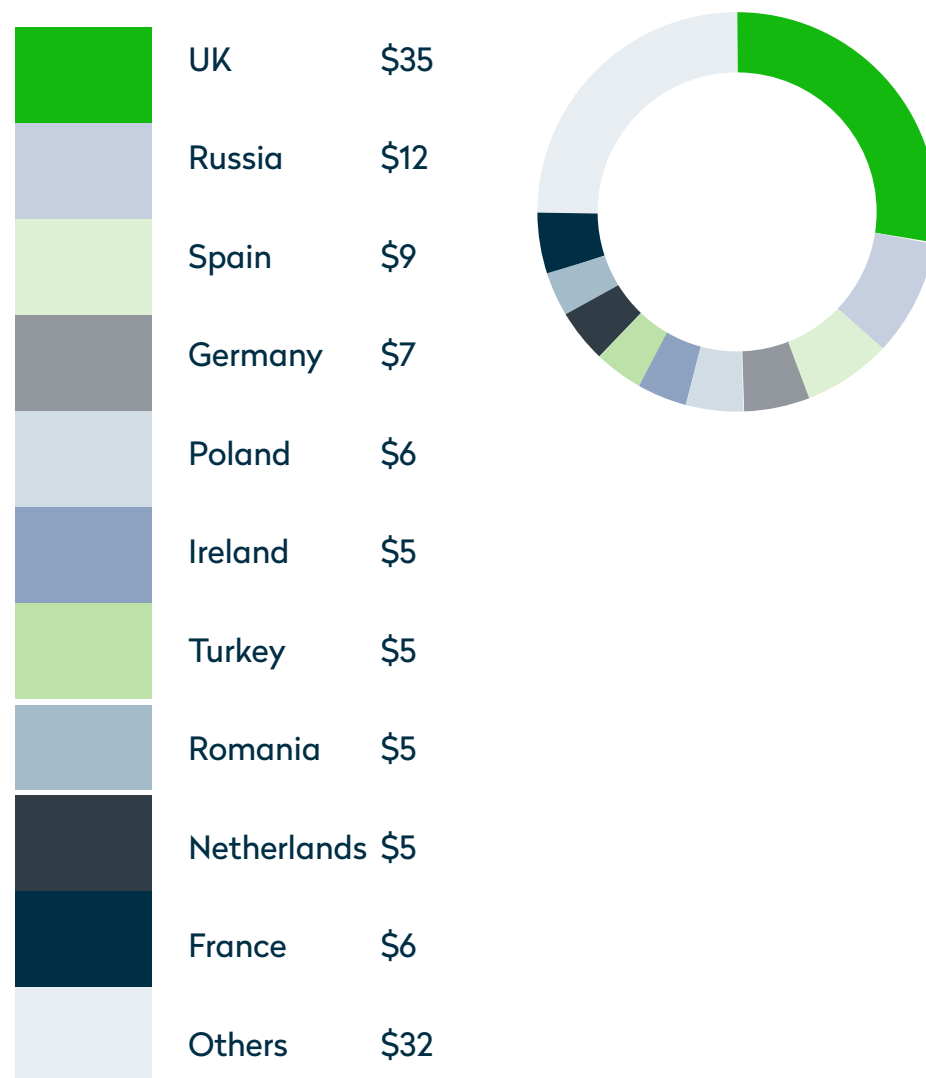
= £800 tax



SUMMARY

- According to the IMF, the UK is still one of the fastest growth G7 countries in the world.
- The UK is the largest foreign direct investor in the EU
- EU and UK still need one another and although the negotiations will not be simple, a mutually beneficial outcome would be ideal
- The headwinds faced in South Africa are arguably more onerous than the Brexit and economic growth.
- Gordhan trial, widespread corruption (train purchases, submarines, nuclear), Zuma home, EFF anti-boer sentiment, farmers murder, university protests, high HIV and unemployment rates.
- The UK unemployment rate is only 4.9%
- The shortage of housing supply will continue to drive forth price increases
- Inflation will return to long term average of 3% and prompt capital growth

Foreign direct investment in Europe
(FDI project values in USD billions)



Source: The FDI Report 2015