

KL NEWS

PROPERTY INVESTMENT
PUBLICATION

PROPERTY
INVESTORS
AWARDS 2017

We are nominated!

SWEDISH
MARKET

What comes next?



PROPERTY
PARTNERS

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october 2017

WORDS FROM THE EDITOR

October became a valuable period of time for the company and our partners largely due to the KL Conference held in Stockholm. Our management team is operating from several countries and the KL partnership network spreads over the whole UK, which makes our offline meetings truly precious. The time flew quickly and everyone left the venues feeling motivated, full of new knowledge and power to overcome future challenges.

As always, our management team had one foot in the UK. Rajeev Lehar, one of the co-founders of KL, has attended the UK's largest property event - MIPIM and visited a couple of our property projects - not without adventures!

And for the dessert, we have just received fantastic news! KL Property Partners were nominated in a couple of categories at the Property Investors Awards 2017. We are the only non-UK based company nominated this year so we are completely thrilled! It is just one month left until we know the final results and we keep our fingers crossed!

I wish you a purposeful November!

Best wishes,
Alina Gritckova



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PROPERTY
INVESTORS
AWARDS

2017
FINALIST

NOMINATED IN **THREE** CATEGORIES



NEW PROPERTY INVESTOR OF THE YEAR

PROPERTY DEAL OF THE YEAR

SERVICED ACCOMMODATION OF THE YEAR

KL Property Partners are honored to be in the finals of one of the most prestigious property awards in UK. We are the only non-UK based company nominated and it feels truly fantastic to have our achievements and hard work recognised. Click [HERE](#) to learn more about the award and other finalists. The motivation behind our nominations says:

"They founded KL Property Partners just one year before Brexit, but opted to accept the challenge and remain in the British market despite such uncertain times. Operating from abroad, Sergey and Rajeev have been exposed to even more complex conditions than local companies. However, thanks to their divergent backgrounds, creativity, strong partnerships and great knowledge in risk adjustment, they have established a strong presence on the UK market and are now constantly expanding into new areas."

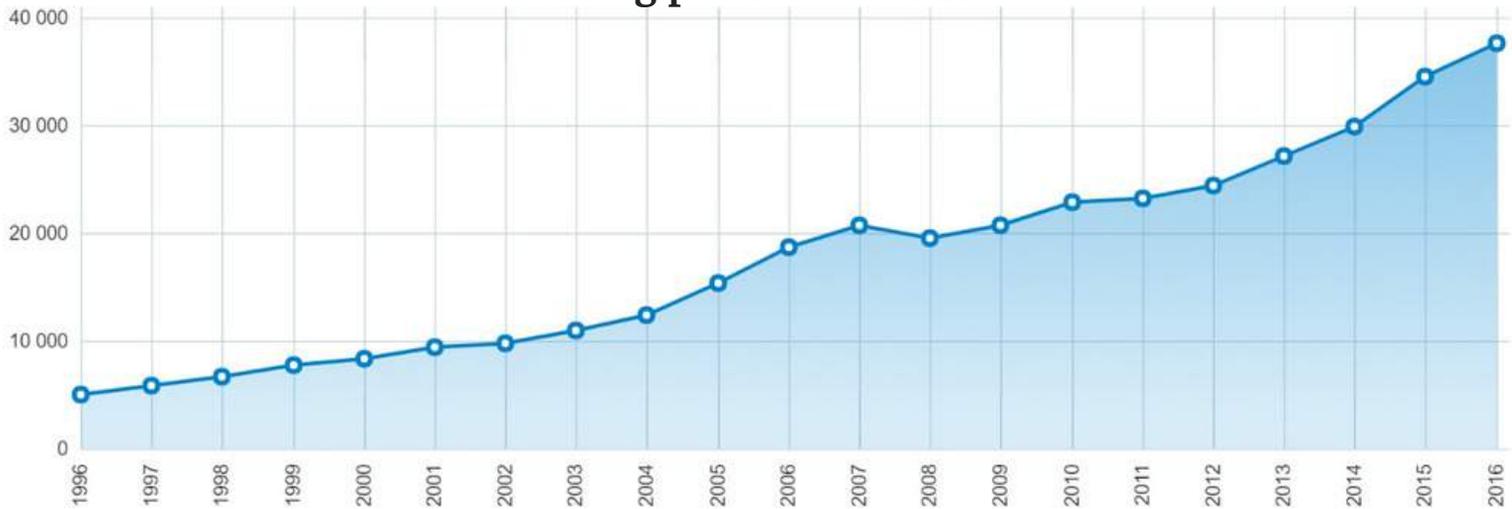




SWEDISH MARKET

BY RASMUS MELLERUP

Housing prices in Sweden



Sweden

3 months			
40 843	2 501	25 154	+1.4%
SEK/sq m	price thousand SEK	number sold	price development
12 months			
40 216	2 547	103 862	+5.7%
SEK/sq m	price thousand SEK	number sold	price development

Stockholm

3 months			
58 837	3 518	8 909	-1.2%
SEK/sq m	price thousand SEK	number sold	price development
12 months			
59 244	3 639	40 334	+2.0%
SEK/sq m	price thousand SEK	number sold	price development

Source: Svensk Mäklarstatistik

What is going on in Sweden?

Since 2008 the housing prices in Stockholm have increased by around 90%. In the last few months, however, prices in Sweden and most of all Stockholm have stagnated and even declined in some areas. We see the price growth of only 1,4% in Sweden within the last 3 months, and decrease of -1,2% in Stockholm. (Source: Svensk mäklarstatistik)

There is a mix of reasons behind this trend and one of the major factors would be the new restriction on loan takers issued by the Swedish banks, which limits the amount of loan to 5 annual salaries. There are also rumours of even stricter amortisation conditions for loans over 50%.

What impact does this have on the market?

The bigger construction companies are struggling with selling their new projects and we observe a substantial decrease in the stock prices within this sector. There are fewer bids for ordinary apartments nowadays and they are not being sold as quickly as before.

A recent survey from one of the bigger banks in Sweden shows that in many of the ongoing projects up to 80% of properties are sold to private investors, who are not intending to move in. With current lower sale prices they will most likely not be able to sell the properties at the planned price, so the investors will either lose money in the deal or pay the reservation fee without buying the complete apartment afterwards.

To answer the question if we have a bubble here in Sweden - I personally think yes and it is only a matter of time before we see an even bigger decline in prices.

Will this have an impact on SCH?

Yes and no. On the one hand, it will have an influence on the profit from the projects and, of course, we will be even more selective in our choice of deals. On the other hand, with our leading technology from Russia, our building cost will still be a lot lower than our competitors' and therefore we will be more adaptive to lower sales prices. ◀



PARTNER CONFERENCE

AT THE BEGINNING OF OCTOBER WE GATHERED OUR PARTNERS IN STOCKHOLM FOR TWO FULL DAYS OF CONFERENCE MEETING

It is a challenge we have, not to have a traditional office where we all operate from. It is also our strength, that we work with partners who are not bound to office hours and work with passion in different areas. So for us, meeting altogether at a conference is something truly special as we don't meet each other often. It is a special time for us, when we can exchange our expertises and knowledge as well as take decisions on the future of our company.

We always keep our eyes open when it comes to knowledge about different markets, since it gives us an incredible strength and insight about not only local market shifts, but market shifts in a bigger perspective. So we had two special speakers at the conference. The first one is our Swedish partner and key actor within one of our property subsidiaries in Scandinavia. He has over 10 years experience in the Swedish property market, with focus on Stockholm and nearby towns. He delivered a speech on current trends on the Swedish market, key processes within property business and main ways to benefit from the local conditions. The second guest we had was our Russian partner and co-owner of one of our construction subsidiaries, who was showcasing a modular building technology he has used in Russia for several years. We have already presented this concept in our previous publication.



The technology provides lower costs and a much more efficient project time frames thanks to the high level of process standardisation and very reasonable costs of construction materials.

During the conference we also had internal sessions where we, among other things, discussed different areas of our presence in UK, from opportunity, sustainability and risk aspects. We also discussed some of our latest products and digital solutions that we are developing at the moment and will showcase to you very soon. We believe in creating value for everyone – our company, partners and clients – so all of our solutions are based on win-win concept and therefore take some time to find the most efficient way to equal and sustainable benefits.

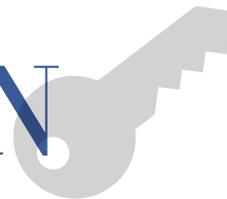
Not being able to meet by the coffee machine each day, our team is challenged by the lack of collaboration spirit and face to face interaction. A couple of team activities – some were hilarious and some made us think a little harder – helped us to realise once again, that we are much stronger together and there is always someone to back up.

To summarize it all, we have grown even stronger, identified even more ambitious goals and are motivated to work hard to create more value for you as an investor, property owner or if you are just curious about investing and properties. ◀

CORPORATE STRUCTURE

DEVA JEGANATHAN

OPERATIONAL PARTNER



What is your role at KL Property Partners?

I am an operational partner at KL Property partners and responsible to introduce Cashflowing, Development property deals and other business opportunities to KL and its clients from South east in United Kingdom. I work very closely with the founding partners and actively participate in growth ideas that helps to achieve the vision of the company with my experience in Business development.

How do you contribute to the company's goals?

By making sure that we are only selecting the property deals that are very much cherry picked and also achieves our minimum criteria. At the same time keep a very close attention on the market and market changes so we de-risk our investment portfolio's to achieve maximum return.



How can you help our readers?

I am always happy to help anyone who is very COMMITTED to learn and invest in property. If any readers got any questions with regards to property investment or portfolio building I am very much happy to answer and if I am not the right person to answer some delicate questions I will put you in touch with the right person who can advice.

What is the favourite thing about your work with KL?

The company has a great culture that has been the backbone of the growth. Company is very particular who they work with and every member of the team has gone through that scrutiny and selected. Hence working with such a great bunch of people with who are rich in knowledge, passionate in what they do is something very special.

Tell us some words about your background

I migrated to UK in 2003 to do my MBA and was working on a corporate job. Then got involved in the property business in late 2008. After building my own property portfolio over the years Now, I am proven international public speaker, who inspires people around the world, while also educating them in property investing and wealth creation. I also won the award for "Property deal sourcer of the year 2015" and most recently a finalist for "Best of UK accredited landlord of the year 2016" and finalist "Landlord and Letting award 2016". I have dealt with over 35 million pounds worth of property transactions.

What do you enjoy doing in your free time?

I love reading and running. On my free times you will see me reading some business or self development books or would be jogging the streets of Chatham with my trainers on.

How can our readers reach you?

You could reach me through Facebook or LinkedIn via social media or feel free to email to deva@thepropertydiect.com



Our greatest benefit, and the key to our success, is our team. In our next publications we will keep introducing you to our partners and employees. Can't wait? Click on the links to learn more about us and our trusted partners:

▶ **OUR TEAM**

▶ **PARTNERSHIP**



MIPIM is one of the world's most influential international property forums held throughout the year in several countries. MIPIM UK is the UK's largest property event, uniting all key stakeholders in UK real estate as well as international and local investors. In October KL Property Partners used this exceptional opportunity to meet investors from all over the world, new partners and government representatives.



This year MIPIM UK attracted 3,250 participants, including representatives from London (50%), UK regions (43%) and international actors (7%). 77% of the participants came from the private sector, the other 23% were representing the public sector. This was an exceptional opportunity for us to connect with business leaders across the whole industry, top overseas and local investors, agents, developers, urban planners and industry disruptors, meet UK Government representatives, Senior Ministers and key Local Authority leaders.

The comprehensive conference programme of this year covered the issues of UK's housing crisis, taxes, new Government's business strategy, cities of the future, urban and social development and construction. The Investors Summit organised within the conference offered expert market analysis with debates on future market pricing and opportunities. The debates have evolved around risk & reward, residential investment, retail & logistics and London office market.

RAJEEV LEHAR ABOUT HIS VISIT TO THE CONFERENCE:

Is it the first MIPIM for KL Property Partners?

Yes, KL was represented here with close partners for the first time. We were aiming to expand our connections, get insights from local markets and also be up to date on the innovations within technology and property.

What were the hot topics in your opinion?

Innovation challenges, governmental plans related to statistics, support and ongoing projects within the industry in UK and European markets.

What was the most relevant for KL?

Technology innovations that are closely related to enhancing our risk analysis model and of course a lot of investment opportunities. I had around 50 meetings with potential partners during those 2 days. Among many opportunities, we got one specific development deal, which will be funded by the government as long as we deliver an affordable housing scheme with the help of our newest building technology. They have been struggling with overruns of budgets, low quality of construction and most of all the highly restricted access for large scheme development in the area. We checked off all the boxes and are happy to proceed with a tender process soon.





What new connections did KL make?

We met a lot of new potential partners, both governmental and private, that we are already negotiating with regarding funding and investment opportunities. We have now got several more suppliers for different subsidiaries, projects and aspects of our business. On technology and innovation we have 6 new potential partnerships, 3 developers and 4 land owners who want to partner up with us in one way or another.

Anything that we will do differently after the conference?

We can now for sure be really proud of how far we have gotten. Many relationships are initiated and we are hiring more resources to handle back-end of relationships. Thanks to the huge amount of support we are getting from investors, government and developers we will focus on more specific type of investments to fulfill the demand, in parallel to our existing growth and strategy for this year. Our vision and goals for 2018 became even more clear after the event.

What is the next step after the conference?

Next step is to follow up closely with the new connections to find common ground.



DEAL OF THE MONTH

RAJEEV LEHAR ON A MISSION

KL purchased a conversion a while ago with the plan to turn the commercial property into residential flats and HMO. The building is now secured and we are following up on the council. Previously we faced the parking issue and received complaints from neighbourhood as there are very few parking slots. The council has restricted the car use in the area aiming to have less cars there and therefore more parking slots. This seemed very contradicting to us and we decided to visit the property and investigate the issues raised.

Few weeks earlier someone broke into the house, which was a pub previously, and had a huge party, without electricity nor water. They climbed up and broke in through shielded windows. This resulted in a lot of damage and a flooded the basement.



They also had a fight with police and neighbors complained about a lot of noise. Having found out about the incident, we went to investigate the damages and take some pictures so we could order metal shields instead of wood.

Since we had to secure the building after the break in, Rajeev had to break open the security since he didn't have the keys. On one side of the building there is a green area with a wall, which he had to climb over to get access to the backyard. In the meantime (good timing indeed!), a police car pulled over.

The police officer asked for a conversation. Rajeev figured out that it was the same officers who were called out during the break in and the fight with the "intruders". In the end, the policemen were happy that we as owners are eager to find solutions and flew all the way from Norway to solve the issue.

We also got to meet some of the neighbors and figured out the reason for their complaint on the planning permission. They thought we were converting the building into a prison house or a refugee camp. By being there physically and showing our commitment and the plans we have for the building, we succeeded to convince the neighbours that this project will raise the standards for the area and their property value will increase as well. They seemed feeling relieved and are now supporting us.

Lessons learned? Always be present when needed and be a problem solver. Create win-win scenarios and understand the opponent's way of thinking and reasoning. ◀



HALLOWEEN GREETINGS FROM KL TEAM



More useful information from us:



**PROPERTY
PARTNERS**