

00:00:03:27 - 00:00:34:19

HOST

Welcome to the People Property Place podcast with me. Your host, Matthew Watts, founder and managing director of Rockbourne. This is a podcast where I share the stories, views, opinions and career journeys of the movers, shakers, innovators and leaders in the real estate industry.

00:00:34:22 - 00:01:02:06

HOST

Welcome to the People Property Place podcast. Today we're joined by Ainslee McLennon, managing director and head of UK balanced funds at Nuveen, and she began her career working in the investment department at Ryden Property Consultants in Edinburgh, where she qualified as a chartered surveyor before moving to PJ Leggett and Co. She joined Henderson Global Investors in 2002 and remains with the business today, having gained extensive experience running commercial property mandates, investing in the UK and European markets.

00:01:02:11 - 00:01:21:18

HOST

In 2016, Ainslee was recognized by city Am as one of the city's 100 Most Influential Women, and a year later she was shortlisted for Investment Weeks Fund Manager of the year. A year after this, in 2018, the Yanis Henderson UK property page received a Portfolio Advisor Platinum Award. Ainslee, welcome to the podcast.

00:01:21:20 - 00:01:24:13

GUEST

God you make me Sound a lot better than I am.

00:01:24:15 - 00:01:35:08

HOST

No. Well, you've got and you've had an incredible career, so I really appreciate you coming to join me today. So a place I always like to start is how did you get into real estate? Because from a little bit of research that I've done, you didn't study it?

00:01:35:11 - 00:01:52:25

GUEST

No, I didn't start. I didn't start there, I didn't I mean, it wasn't something was nowhere. My frame of reference as I went off to university, I just kind of wanted to go away to university. That was kind of the Holy Grail. And I started out of university. I went to Aberdeen and I was doing, accountancy, which I loved within ten minutes.

00:01:52:25 - 00:02:17:23

GUEST

Philosophy. And I knew, I mean, I knew within literally a couple of weeks got that done. And it took me probably another, probably another half a year to have the confidence to have a chat with my parents about the fact that this definitely wasn't where I saw my future. But I was loving being at uni, so I really went around it in the way where you look at what courses would keep me there, so there was nowhere else I could do it.

00:02:17:25 - 00:02:33:05

GUEST

I'm from Glasgow. I'm actually. Did you have a similar course that you were running at Paisley, but the only other place you could do this kind of land economics degree was a Aberdeen, and hence I did my homework on switching to that. And that was I mean, it's shame to say it, but that was really how it kind of kicked off for me.

00:02:33:05 - 00:02:35:28

HOST

You didn't like your degree, but how did real estate come into the frame?

00:02:35:28 - 00:02:53:28

GUEST

Well, land economics was you could choose to do urban or agricultural or, land economics. And I picked urban. Then it really led down that route of, you know, just surveying what's going to be the what is going to be the profession out of that, really. That was the main place people went for the money, left your neighbors to do their chartered training.

00:02:53:28 - 00:03:11:22

GUEST

But interestingly, in my honors here, actually, I did my dissertation on a on a sustainability theme. And I think actually that was, you know, in my DNA that was always of a of interest to me right at the very beginning of everything I did. And I was lucky that I managed to get a graduate position at writing in Edinburgh after I graduated.

00:03:11:22 - 00:03:18:06

GUEST

And off I went. So, you know, that was it was really sort of a tricked into it, but maybe really fortuitous that I did.

00:03:18:06 - 00:03:19:09

HOST

And you, you're an investment.

00:03:19:09 - 00:03:42:26

GUEST

So if I did my training in the investment team at Ryden and that was great. I had a really I worked with a very lovely team and I very luckily had a very strong female ultimate boss who kind of paved the way and helped me maybe kind of create my character as a graduate because it was so I mean, you know, people get annoyed when you sort of say was still quite a it was quite a male dominated environment.

00:03:42:26 - 00:03:56:29

GUEST

It was, it absolutely was. But she was a very strong female leader, and she had a great sense of humor. And she led with strong principles and she got things done. She's super bright, and I just try to learn as much as I could offer. The way she conducted herself in what was quite, you know, you were the graduate.

00:03:56:29 - 00:04:17:15

GUEST

So you were kind of sort of seen as the run around. Yeah. And also, you're trying to be vegan. You're the only kind of young girl in the team. I think she just wanted to make sure she was a really good mentor in that respect as well. And she pushed you forward in sort of, you know, if somebody messed around, if you sometimes had investors or clients, we were just like just a bit, just not necessarily speaking in the way that any of us would expect to hear that.

00:04:17:15 - 00:04:37:15

GUEST

Not you do. I'd faint if I thought that my daughter was spoken to you like that, but she always sort of, you know, said, you stick to the professional, you stick to the professional answer. You don't get carried away or give the face down, you know, and you can use your brain to keep moving forward rather than getting caught in these tiny little moments and keep up, keep a sense of humor.

00:04:37:15 - 00:04:58:08

GUEST

And actually, I have to say, you know, that served me really, really well and everything. And I, you know, and I really enjoy what I do. And that's changed many times over, although I started in investment and I've kind of always been in investment, moving to client side just completely opened the door to me on what it really meant to be in the industry, because I could really make a positive difference from inception.

00:04:58:08 - 00:05:13:16

GUEST

You could be right, you know, involved right through to when you maybe dispose of an asset or a fund or made a broad decision to do something that was going to benefit investors, and you could enjoy the journey or that or have the pitch of the journey of that, depending on how it's going. But you own that responsibility.

00:05:13:18 - 00:05:31:14

GUEST

It is when I was on the agency side of it, you know, you do. Maybe you do for somebody. And I did find that quite I find all that quite hard to find the cold calling, quite hard kind of generating it, you know, initially when you're learning your way as well, it's quite a investments, quite heavy area to be in because then the margins, the numbers are bigger.

00:05:31:14 - 00:05:50:20

GUEST

You've got to make it all happen and it's all millions. It's not like you're doing, you know, a rates review or something like that. You're, you know, you're really trying to kind of move the dial for people. And I definitely felt more comfortable in my own skin as soon as I moved to the client side. And I've, you know, tried really hard to kind of create and make that something that I can do a really good job for.

00:05:50:23 - 00:05:53:10

HOST

So how long were you in the investment agency space before you spoke to?

00:05:53:13 - 00:06:10:26

GUEST

About four and a half, five years. I did my took a couple of years to become chartered, and then I moved across and and then I worked for a lovely man called Peter Leggett for a year, but that was commuting from Edinburgh to the borders for, he was faith based in terms of the sort of investment company he ran.

00:06:10:29 - 00:06:33:20

GUEST

And I just, I just could feel that I needed to go to a bigger space. And I was lucky that I was interviewed for this position at Henderson at the time, in 2002, and I, you know, I managed to get that job. And that was really what catapulted me down into London and into a company that I got the opportunity to have, you know, such an incredible journey on.

00:06:33:23 - 00:06:38:27

HOST

So Henderson at the time, can you give me a bit of a picture about the business at the time and then also the role that you were you took out? Yeah.

00:06:38:27 - 00:07:00:22

GUEST

So I was, I was interviewed by a guy called Mike sales, who's still business. Yeah. And who was in charge of all funds at the time. And he was recruiting for somebody to assist as a kind of a portfolio

manager on a set of the funds that they were running for some Middle Eastern clients, who were invested in a number of different mandates in the UK, had bespoke mandates.

00:07:00:25 - 00:07:17:12

GUEST

And so, when I got that job, you know, I literally came in and that was that was me. It was it wasn't, you know, the training. It was a much smaller team. It was very hands on. It was very practical learning. You didn't so you weren't on the sidelines at all. You were involved from day one.

00:07:17:15 - 00:07:36:07

GUEST

It was before. And you were in these sort of structures now where you have teams of asset managers, teams of investment people for different sectors and the life funds. And that kind of business did have that. But for balanced funds, it was much more, you know, you were a jack of all trades. And that's always been my that's resultantly been my passion because I've been able to be broad.

00:07:36:07 - 00:07:56:19

GUEST

So we've had to, you know, my, my team and myself were not beholden to one sector. We can literally move in and out of sectors as we feel it is appropriate for the investor or trend receiving or demographic changes and the diversity that you can get with that or spreads the risk. But it also means that you're learning in all markets and geographies at all different times.

00:07:56:21 - 00:08:23:09

GUEST

And that has changed hugely in the 20 years, because before it was literally office, retail, industrial. Yeah. And that was the universe, the investable universe. And you know, no, it just probably listed 30 different things that you would consider to be real estate, sensible, you know, liquid in many respects, depending on what you go for, investments within the within the same sort of footprint of the UK, which is just amazing.

00:08:23:09 - 00:08:25:23

HOST

So your role spanned investment and asset management.

00:08:25:29 - 00:08:42:01

GUEST

So we did what we at the back in the day. We thought a lot of that asset management under us. So we had to you know it was your duty to make everything perform. It was really great. I got to cut my teeth on lots of different things, including a small residential fund at one point as well.

00:08:42:04 - 00:09:08:09

GUEST

So it was a great it was a great place to kind of really get to understand fund management and, it just kept evolving. So I was involved in a variety of different funds and then started to run the UK pension funds that we that we run. But you still run. And that was, that was really great as well, because if you really make quite a difference there and there, you know, discretionary mandates that you're really making, you know, you can see your five year plan of what you want to do and how you're going to execute it.

00:09:08:09 - 00:09:26:01

GUEST

And I mean, that's so very satisfying. And I think that's partly it's, again, for me, from cradle to grave on the the experience of what you choose to do, justifying it not just to yourself but to a like getting pure buy in, you know, everything that can affect and make you double down on your decision to do, which is kind of what it is.

00:09:26:03 - 00:09:50:06

GUEST

You know, you could catch your breath and think it's it's really two zero. And you know that I've kind of like that part of it. I also, I found over the years with the different clients that we've had, I've really I've really enjoyed eyeballing the clients and being able to, be on the hook, you know, face to face and really, because there's nothing more powerful than sitting in front of a client saying, this is what we're doing, this is how we're going to do it, and we will deliver this to make it.

00:09:50:06 - 00:10:08:08

GUEST

So, you know, when you've sat in front of someone and said it, and that's great in good times. But actually, what I've learned over the years, and particularly I'm sure we're want to talk about the open ended fund, but, you know, when things weren't so easy and being in front of clients just as soon as anything needs to be communicated, never, ever hide from it.

00:10:08:08 - 00:10:25:05

GUEST

Just always go on and do it because everybody goes on the journey together. Then, rather than kind of creating or positions. Yeah. And I enjoy that. You know, I enjoy making sure that we have done the absolute best we can when we sit down and talk to our investors about what we're up to.

00:10:25:05 - 00:10:34:16

HOST

So they kind of co-mingled funds at the time or where they just set separate mandates. But whether, you know, and what was the kind of the ten year or the average, you know, time for those.

00:10:34:19 - 00:10:49:00

GUEST

Oh, I mean, we have we we've had some of them for years and years and years, these mandates and they continue to be with us. And so they are more invested in the I mean, they really have understood the property, long term investment. Some investors in property say they understand that, but I don't sometimes feel but they do understand that.

00:10:49:00 - 00:11:08:00

GUEST

But I think that, you know, these investors are looking for steady income, building capital over time, just with sensible investments. Of course, the pivot has been very much, for many of them. And again, I'm sure with this towards how they decarbonize a lot of these buildings as well and how they make themselves or as an entity cleaner.

00:11:08:01 - 00:11:21:20

GUEST

Yeah. And that's great because when you're mandated to do it, it's actually a lot easier than trying to make it so with people who aren't maybe quite so focused on that, you know, there are long term players in, in these markets. So it's been it's been great.

00:11:21:20 - 00:11:26:14

HOST

So your career is kind of evolved and, and grown as the business has as well. And the mandates evolve too.

00:11:26:14 - 00:11:43:03

GUEST

Yeah. Business. Yeah. Henderson, acquired New star, back in 2009. And I mean, I knew I did the

analysis on that portfolio before, but we were wondering if we would take it on. And I just knew from the outset I was like, this, this has to be I have to do this.

00:11:43:04 - 00:11:44:25

HOST

Really? Yeah. Because I was a retail firm.

00:11:44:26 - 00:11:45:18

GUEST

There's a retail store.

00:11:45:25 - 00:11:47:16

HOST

And you guys are very institutional.

00:11:47:23 - 00:12:09:26

GUEST

Well, yeah. Henderson or Henderson or I mean Nuveen. So what's been borne out of Henderson is is much more institutional, especially in the UK. But but in, you know, when Penny acquired the whole platform, we were thrown into the retail world. I mean, by God, I absolutely loved it, I loved it, I loved that the man on the street could invest in a fund that we were operating.

00:12:09:26 - 00:12:31:24

GUEST

I loved it, you know, I could easily invest in a fund that we were operating that you everybody. It could make a positive difference to all layers in the investment in the investment chain. And I definitely find that really meaningful, much more meaningful than investing money. When I had at the exit for some of our, Middle Eastern clients, people who had a lot of money, who were you were investing money for?

00:12:31:24 - 00:12:45:04

GUEST

But it was never, you know, you know, a small fund. It was never going to transform their day. What does it could actually have a helpful pension contribution to somebody who had put a slug of their money into the fund.

00:12:45:04 - 00:12:58:12

HOST

And did you feel that weight of the responsibility and the expectation to manage that retail fund more greatly than, you know, a more institutional pension fund or do you just kind of take the emotion out of it? And is that what makes a good fund manager?

00:12:58:15 - 00:13:15:03

GUEST

I just I just felt, Marcus. Marcus finding this year came over from new star. Yeah. And he and I, you know, joined forces to kind of call on this fund. And, you know, we just had we we were just so into it, like, we were so into making it the best version of events that we could.

00:13:15:05 - 00:13:32:01

GUEST

It could be. And that's partly, you know, the competitive nature of us wanting it to be a best in class product. And you're in a peer group and you want to be, you know, cutting, making a difference and standing out because your track record and your performance helps, you know, the distribution team in terms of getting you in front of people.

00:13:32:01 - 00:13:54:13

GUEST

And we had to build a track record because we never, you know, generally with retail funds, you know, you want three years track record, you know, that you generally can deliver. And all the things that kind of you hone in your laser focus on, right, what do we need to do? And with it being a daily traded fund, which had never run a daily traded fund before, really quickly Marcus and I were, you know, we took the fund on at 550 million quite quickly.

00:13:54:13 - 00:14:14:17

GUEST

We're back to 500 million. And so you're seeing that daily outflow because I wasn't used to that. You know, the midday trades to come in and be like, what's going to happen today? Was that we stylized it very quickly away from the value add elements, which a lot of which probably wasn't the right long term holdings for the funds and, and and into caw caw caw caw.

00:14:14:17 - 00:14:25:28

GUEST

Like we said, you on our income we can build on that that have no surprises at the tenant level so that we're not giving you the distribution will be steady and people will feel that. And in quarterly they'll they'll just.

00:14:26:05 - 00:14:27:22

HOST

So there's no, you know, managing.

00:14:27:23 - 00:14:47:06

GUEST

Rooms by any. Yeah. But they'll know what's coming to them. And that will help because it will build a steady kind of base upon which to gain trust and hopefully longer term track records. And so we did that. And, you know, we started that was from 2010 when we were kind of we were shaping the portfolio and we were already into some some trends.

00:14:47:06 - 00:15:08:27

GUEST

I mean, very quickly we were acquiring alternatives for that fund. And it held over the years that we ran it, everything from data centers to care homes, student leisure, you know, we went through the whole car showrooms at some points we had, you know, we had a really broad spread. I mean, we built up almost what we consider support values as well sometimes.

00:15:08:27 - 00:15:23:07

GUEST

So we need a lot of really great London pubs, which we, we kind of portfolio up so we would know there was liquidity, but we would also be enjoying some very good long term income. And we bought early into the. So the you through much higher LIBOR and then they became normalized.

00:15:23:07 - 00:15:26:12

HOST

Were you picking some stuff out of, you know, the banks or out of any sort of.

00:15:26:18 - 00:15:45:16

GUEST

I mean everywhere. Yeah. Because we were growing. But then to be that we got sick two, two and a half years, people were starting to buy the fund much more consistent. But purchases, inflows, you know, did inflows. And in 2012 we put our first sort of panels on a bank that we had in Farnborough was a huge bank here.

00:15:45:16 - 00:16:03:26

GUEST

I think it was the second biggest in the UK or something like that. So the huge roof expanse and being you regret about that, they wanted to work with us to get the benefit of that. And fairly quickly they were making savings on their energy costs. You know, retail warehouse, you know, exactly the most insulated vast it can be because doors opening, shutting all the time.

00:16:03:26 - 00:16:28:01

GUEST

So they were making savings and we started from there on. Let's really look at this portfolio and see like we have a lot of so this is well at that time we were probably about 70, 75% Sofi's base. We had a lot of industrial, a lot of retail warehousing, you know, was fitting the bill. And we started to really rule out to ESG thought and mainly about energy, into the portfolio.

00:16:28:01 - 00:16:31:20

HOST

And it was driving that. Was that the occupier?

00:16:31:22 - 00:16:32:20

GUEST

No, we were.

00:16:32:24 - 00:16:35:01

HOST

You were deciding and thought, this is a really good business.

00:16:35:01 - 00:16:54:07

GUEST

And yeah, because we were trying to find ways as well of being able to engage with tenants and in the very quickly we realized that often led to a renewal of a lease. It was it was goodwill with the tenants who were making savings. They could see themselves there longer. It removed some potential obsolescence if things weren't invested in.

00:16:54:12 - 00:16:58:13

GUEST

And that was, you know, it wasn't the right thing to do.

00:16:58:15 - 00:17:01:06

HOST

You know, it's like as government grants and you're taking advantage of that.

00:17:01:06 - 00:17:16:15

GUEST

It has a bit we had a little bit of that initially, but we I mean, it was sat as a line on the valuation. And we were, you know, we were doing a lot of it. So I think it just made sense. I mean, sometimes, you know, in fact, in one situation when we sold an asset, we kept sort of panels or a term was about 8% on that.

00:17:16:15 - 00:17:43:18

GUEST

And, you know, we disposed of it later, but it was, it was it was good business. You could also see that to give them devolve assets that were good assets, and they did quite often help us attract the right tenants or the tenants. We had the, the, the credentials that we really wanted in a, in a, in a fund that should have a strong backbone of income as its main delivery for an investor who didn't want to be, they wanted all their high octane stuff elsewhere.

00:17:43:18 - 00:18:09:07

GUEST

They wanted their diversified commercial property fund to be, you know, risk averse. Yeah. Steady Eddie sitting in the corner for maybe 45% of allocation, maybe a little bit more sometimes, maybe a little bit less than others. But just to be you know, dull and steady. And this was a way of helping build the blocks that would keep that fund kind of at the front of the pack in terms of being able to deliver good things.

00:18:09:12 - 00:18:30:15

GUEST

Yeah. And we absolutely loved it. Marcus and I, I will team you, Robin, Rob, Manpreet. We were just we were really into it. It was like we were always trying to be dynamic and the fund was growing so we could really be dynamic in terms of the kinds of things that we got into, got involved with that were asset management plays, but de-risked or quite a lot of the time.

00:18:30:15 - 00:18:50:12

GUEST

So we hadn't or we didn't go in for any speculative. And here we did. You know, I did definitely feel the burden of that, even if we did well out of that, I would always think, cos you just got to remember what's right for us. It might not be something, some deals might not be right for us. They might be great deals, but it might not be the deals for this particular mandate.

00:18:50:14 - 00:19:11:18

GUEST

I mean, we run that really very joyfully, continually. Right through to all literally the morning of the result on Brexit. And I had just had my second child and was just back at work. And I remember fitting him up at four in the morning. My husband saying, oh my God, it's, it's to go.

00:19:11:20 - 00:19:33:01

GUEST

And quickly showering and getting dressed and going into work. And it was really interesting because the main floor at Henderson was absolutely buzzing over equities and bonds. Teams were running it. And then you go onto the property floor. It was sort of I think my mike would definitely have been in. Definitely PR would have been in. I was in maybe to the team room, but it was it.

00:19:33:05 - 00:19:49:09

GUEST

You know, we really realized very quickly that ideally to the fund, it's just a totally different experience from an institutional mandate or something where they were just there is no they just watching. No. You know, they're not they're not able to do anything. Whereas unduly traded fund, you know, it can be significant on a daily basis. I was going.

00:19:49:09 - 00:19:56:13

HOST

To ask you how much when you're managing that, how much cash reserves do you hold versus how much. How do you manage that cash versus the ability to invest it?

00:19:56:20 - 00:20:17:12

GUEST

So at times when we're we're taking very steady, healthy daily net inflows, we would, you know, maybe abort it down to 11, 12%. Something like that average would probably have been about 15. That would be my kind of ideal. But other times we would if we could view something was coming towards us, we would raise it.

00:20:17:13 - 00:20:32:22

GUEST

And sometimes up the up in the early 20s, depending upon how we felt, things were shaping up and and that was sensible. It used to used to go one of two ways for investors because they want performance. But they want the crudity and they can't decide sometimes which they want more.

00:20:32:29 - 00:20:36:24

HOST

And real estate in terms of an inherently illiquid assets just juxtaposed.

00:20:36:24 - 00:20:55:05

GUEST

So you could really hack someone off by being at 20% and then like, we want to work working. But you know, the next meeting you could go to, you get the vibe, be there, you know, be at that level. Yeah. And I guess because you're competing against a peer group where, I mean, a sensible investor would usually be invested in 2 or 3 of the funds in the peer group.

00:20:55:05 - 00:21:18:21

GUEST

And I think that's great because then they're getting so much more diversification. They were really good with a really good peer group, but you just always wanted to have to be a bit better. You know, so you're kind of always having a focus, like I should be measured against that. And the liquidity levels varied for the different funds at different points for different reasons, because some of them might see, you know, a bigger single outflow or something that was quirky, that happened.

00:21:18:21 - 00:21:29:15

GUEST

So, you know, no two days were the same for any of us. But again, I think that, I would argue that kept a sharp because we always had half an eye on the liquidity of the illiquid assets.

00:21:29:18 - 00:21:38:24

HOST

And do I mean, were you did you always have like a couple of jewels in the crown that like, we was trying to that if you needed to we could just exit, you know, super quick.

00:21:38:24 - 00:21:58:08

GUEST

We did. But we also, you know, my the jewels in the crown. We tried to have quite a few of them actually, because, you know, you really want to hold them back. It's because there are some assets you we loved and you wanted them to stay as long as possible. And the only kind of barrier to that eventually in some situations was the skew they had.

00:21:58:08 - 00:22:19:03

GUEST

If they were sizable. People always worried that really big assets would be illiquid. And for us, you know, some of our biggest assets were so incredibly liquid. And they they helped to sort it out really quickly to sell one of them for liquidity and do very well with it. You know, that's just the way it was in reality for us that I know for other people that they found it easier with smaller investments.

00:22:19:03 - 00:22:41:10

GUEST

So I think it's just dependent on maybe what the assets were at the time and the sectors and things like to go back to those London pops, which just sticks in my mind because we actually followed the point of view. And to provide live. But it was having them portfolio load up and able to go with one chunk was incredibly attractive to some people, and sometimes we tell them individually here and there, but other times you could group them.

00:22:41:16 - 00:22:43:02

HOST

And it's a portfolio premium attached.

00:22:43:02 - 00:23:04:20

GUEST

To it. And people want yeah, they wanted a big long list too. You know, it was, it was, it was playing and especially London and they were locations that people generally would know were like and you know, and made a positive difference. So I think we did try to think of it in a multi-layered approach to, you know, not just asset by asset, not just top down, not just bottom up, but also groupings, timings.

00:23:04:20 - 00:23:07:12

HOST

I was going to say retail. I wonder how you kind of navigated that.

00:23:07:17 - 00:23:25:03

GUEST

Well, we we always thought initially or initially there was a bit of debate about, you know, because of some of the funds in the peer group at shopping centers. Ally the huge aversion to that, because I felt I just felt it was for no other reason at the time. It wasn't like I predicted on on shopping centers, but it just felt like a really big skew and a lot of work as a big single skewed.

00:23:25:03 - 00:23:46:18

GUEST

It didn't really break up and I was worried about that. So we didn't ever go into anything at that. We, we were mainly in, visa warehousing and things. So actually we were quite protected. We weren't completely protected, but we were quite protected. And also we didn't go into fashion parks. It was kind of a much more bulky goods style retail warehousing.

00:23:46:18 - 00:24:10:09

GUEST

So again, it wasn't of crazy rents. So when rent started to rebase, you know, we weren't going from 18 to 30. You know, it was they were never off those rents. So we could have had, you know, less fall. Ultimately some of that retail warehousing was disappointing. We had to sell to sell everything at the end up at the but, you know, we they were actually pretty good assets that you'd like to avoid, but you'd have done quite well on the bounce on them.

00:24:10:13 - 00:24:40:22

GUEST

But we, you know, we we had to get yourself however you have to sell and yeah, you couldn't be emotional about how many were. We were you know, we were very businesslike about it. But it's been you see the opportunity but you can't hold on to it. And ultimately for the the fund, you know, that was where we got to was it was shrinking and, you know, it was more about liquidity staying in that top quartile whilst giving liquidity was becoming the main focus, as opposed to it leveling out and a seeing a growth trajectory, trajectory again.

00:24:40:29 - 00:24:52:05

GUEST

And once the FCA had come out with their kind of consultation paper for many investors, completely understandably, they, you know, felt that that was just not possible. So that's too.

00:24:52:05 - 00:24:54:03

HOST

Uncertain. And so the fund wound down.

00:24:54:05 - 00:25:15:00

GUEST

The fund, the portfolio, we put the portfolio, quite early on to the market, and it was sold in its entirety, which was in May last year, which was a, you know, great timing was a good price. And the, you know, that was the right thing to do, really, I guess, from a business perspective. And we have kind of missed that part of where Henderson kind of I became part of Nuveen in 2014.

00:25:15:00 - 00:25:33:25

GUEST

So the mandate I was running for Jonathan Sloan was actually a sub delegated kind of mandate where we were doing the property element of of that mandate. But it was operated on that retail platform by Henderson, by Dallas Henderson. So there was also the dynamic of that, which, you know, again, was just it was great working with other teams.

00:25:33:27 - 00:25:43:19

GUEST

Inside and outside of the business. But is kept is kept that whole team really broad and really capable and you know, there you know, they were really are a fantastic team.

00:25:43:25 - 00:25:52:28

HOST

How how did you how do you manage the decision making process with someone like Marcus? If you're kind of both in charge of it rather than one being out and out calling the shots?

00:25:52:29 - 00:26:11:12

GUEST

I mean, we we didn't it wasn't even just Marcus and I, we would debate it, would really debate it and we would disagree, which I think was healthy. And we would find a longer term view that we felt was right, but we would do it by detective work. Maybe we'd literally go and dig by until we felt we had enough of the right answers to come down on one side or the other of something.

00:26:11:12 - 00:26:28:08

GUEST

And I think that's, you know, that's a healthy way to be. And maybe if it was your. So, I don't know, what he'd say about that. But you know, I was I think I was always very, very he, he is and he's one of the best dealers you ever see in the market. He's got an incredible network.

00:26:28:08 - 00:26:54:03

GUEST

He's incredibly well thought out. He can sense a good deal. I think I'm I was always very strong on does this deal fit for this type of mandate. Is this going to be the next piece of our jigsaw? And that's why we were probably quite good for each other, because I could never do anything like what he does in terms of his ability to really negotiate and be involved in incredible deals.

00:26:54:05 - 00:27:08:00

GUEST

But I can be absolutely there from that kind of investor perspective and the longer term strategy, and where there might be risk to other parts of the portfolio, is, is this right? No. For us, can we make this right? This is going to be the next best.

00:27:08:00 - 00:27:10:02

HOST

So together it's like a winning combination.

00:27:10:02 - 00:27:28:05

GUEST

I felt it was. Yeah. I mean you know, it it definitely was. We had a good performance. We did a really good job for the investors. And you know we're focused on Marcus and myself. But none of this could happen without the rest of the team that were working on this. And they're all incredibly talented fund managers now in their own rights.

00:27:28:06 - 00:27:49:27

GUEST

And and you know, we're growing through learning, doing a job like this, which is arguably one of the best jobs you could possibly be involved in because it's never stopped. You were always buying or selling. So for the team, you were always at that sharp end of the market. You were never it wasn't a closed ended mandate where you maybe bought something twice a year and worked up an asset for sale.

00:27:50:03 - 00:28:08:22

GUEST

I mean, we were we were selling and buying asset and at the Crystallize Asset Management plans, you know, we would move all in if we needed to move on. So we weren't we didn't hang back. And that meant everybody was on their best game all the time and trying to make it a really successful, a combination.

00:28:08:25 - 00:28:11:23

HOST

And so is that what kept you up to.

00:28:11:26 - 00:28:12:17

GUEST

Probably.

00:28:12:19 - 00:28:14:15

HOST

Just given the variety in the game as well?

00:28:14:16 - 00:28:36:09

GUEST

It probably was between that period, you know, from 2009 right up to really now because it was, you know, we were just learning all the time. So it just it's really been that kind of 13 year period has just been in. So has allowed me to evolve so much and learn so much. And, you know, it's it's kind of something that I hardly anyone would get to do in a career.

00:28:36:09 - 00:28:38:25

GUEST

And, and we all absolutely thrives on it.

00:28:38:27 - 00:28:54:01

HOST

What are the traits, what are the traits that you think are really important that people possess? When building a high performing team? You touch a team. You touch on your team. I love my team fit into the building. Them and the personalities. What? What is it you know about the collective or the individual that you look for?

00:28:54:08 - 00:29:12:18

GUEST

For lots of different. You look for them all to be really different. So I think that's great. And I think we all enjoy the differences that, you know, we all we all have different skill sets and that's very that's marked. And that's really good because if you go into if we sit down for had to have a conversation, we'll get lots of different views and opinions.

00:29:12:18 - 00:29:45:24

GUEST

You know, culturally just all really great can do team playing people. Do you want to make a positive difference? So you're not coming up against anyone with an ego that's dominating or thinking that somebody is purely cool, but they're more equal doesn't just it just doesn't. I don't think that would work for my personality, but I don't think it would work for any of the people that I sit with to feel that pushing the boundaries, trying to make it different, trying to make us all a bit more, you know, not being scared to speak up if you think something should be different, if you question something, you know, there's just such a variety of things,

00:29:45:24 - 00:29:58:29

GUEST

but, you know, it's quite guttural. For me, it's probably, you know, not something that I don't know how everybody else works. But, you know, I think for me, you can feel if you do the right thing that you need in the team. And I think you've got a really good spread of people on their DVD are their top notch.

00:29:59:02 - 00:29:59:12

HOST

And so.

00:29:59:12 - 00:30:01:20

GUEST

They make my day. You've put it that way. You know, I enjoy.

00:30:01:21 - 00:30:03:06

HOST

People you like working with.

00:30:03:06 - 00:30:04:14

GUEST

I've really loved working with them.

00:30:04:14 - 00:30:08:06

HOST

You respect and must work for them more so than they work for you.

00:30:08:06 - 00:30:14:24

GUEST

You just feel like I just feel that you're all people that want to do really well and in the business, because they're really they're really strong.

00:30:14:26 - 00:30:21:06

HOST

Now, as head of UK balance funds can you just give me an overview of what your role is now?

00:30:21:06 - 00:30:46:14

GUEST

And yeah, so I mean what we're, what we're doing, we've got a number of mandates. We just want a new mandate. At the end of last year, which is just been onboarded, and I guess diversified funds are a variety of segregated mandates. We still do some mandates for Middle Easterners. We've got a large pension, UK pension fund, particularly large UK pension fund that we're in 19 as well.

00:30:46:17 - 00:31:16:07

GUEST

It's a it's kind of a variety pack of different mandates. And we're continuing to look at other mandates that we might kind of work towards. But over that kind of I mean, really from the beginning of Covid, I had a born of the experience on pay, which I don't think I mentioned, but in 2000, after all the work we were doing on Souter 2019, Dennis Henderson kindly allowed us to create a second objective on that fund, which was to be aiming to be operationally net zero carbon by 2030.

00:31:16:13 - 00:31:33:08

GUEST

And we had been working on that really since 2012. And, you know, it was a big challenge because it's such a diverse set of assets. And, you know, you are maybe going to have to sell some of them as well. You know, it was no guarantee you could hold them all. But we we push forward with that.

00:31:33:08 - 00:31:52:12

GUEST

We push our own boundaries on that because we just felt that it also when you make that commitment, it's incredible home you move towards it. And we weren't doing that lightly. We knew we were. You could see the pathway. We'd worked out the CapEx. We knew that it made sense. We knew it probably would bring us and continue to hold the right tenants and longevity of lease.

00:31:52:12 - 00:31:59:02

GUEST

And, you know, things would flow from that. And we could see regulation coming. But if you weren't ahead of the game, you were kind of filling your investors and my view.

00:31:59:03 - 00:32:07:18

HOST

So you'd spotted that we'd take you to the investors. We took this idea occupying the role that the occupiers demanded, or rather, the investors guarantee it.

00:32:07:18 - 00:32:19:10

GUEST

We took it to them. We took it to them. Yeah. I mean, have a great sustainability team and in-house as well, who helped who were massively part of the team on that to make that made up. So and borne of.

00:32:19:10 - 00:32:20:17

HOST

That,

00:32:20:20 - 00:32:43:13

GUEST

Was the fact that you could get a mandate to do things, my mind had been turning to because, you know, what is impact like in the UK? Because impact I think is different in different jurisdictions, dependent on what's available. You're setting out your stall to give a financial return, a carbon return effect to the in terms of goals and societal return.

00:32:43:13 - 00:33:00:29

GUEST

So you can actually see that it's benefiting the community or that it's making a positive difference to your location. You know, if you're allowed that mandate and people invest on that basis, knowing that is what you're there to do, you're not just there to give a financial return. That's a that's part of it. That's not all of it.

00:33:01:01 - 00:33:20:07

GUEST

Then, you know, that could be a bit of a game changer for the kind of your ability to act rather than, you

know, think it's nice to have but never be able to do it because not just going to focus on the best possible financial return for the investor. And so we started to work over, over kind of a lockdown project over.

00:33:20:07 - 00:33:44:09

GUEST

What does that mean? What should that mean in the UK and the UK footprint and how should we measure what would even be an appropriate investment that could be taken through that journey? And we started to do a lot of work on that. And you know, just felt like the next evolution of we should all be doing what we should be doing on carbon if we put our no, it just, you know, it takes my breath away when people are not up and up early in the morning.

00:33:44:09 - 00:33:45:28

GUEST

But that got to go on with that.

00:33:46:01 - 00:33:46:27

HOST

The carbon piece.

00:33:46:27 - 00:34:16:13

GUEST

Yeah. But the societal piece is sort of elusive because people bucket impact. They often just think housing like it just kind of sits there. Having been we come out of this diversified funds background, I just see really clearly that it's not just housing, it's everything you touch in the built environment, you know, has a has a role to play in terms of how you help create safe spaces that are relevant for people who can do business.

00:34:16:17 - 00:34:35:24

GUEST

Little bit can be communities in them. You can live in safe spaces. You can get the right health care and education. I mean the built environment for itself. So, you know, you can't compartmentalize it. I don't think I think it's hard to it's hard to see that through. But there's not that many mandates that are, you know, have been set up for a long time.

00:34:35:24 - 00:34:59:11

GUEST

You have to do these projects. But it's not. And I've said this before, it's not rocket science. A lot of it is very practical. It's how you measure what you do. And I think there weren't obvious baselines yet in these areas of, okay, this is how you measure societal rules. You know, even in carbon. We're having this debate last week where where some investors might be grasping it's the most important thing for others might be Imbrium status.

00:34:59:11 - 00:35:19:03

GUEST

Some different investors have signed up to. I think the one thing is right, but if you're managing, especially with a group of investors, they may all have different things that are important to them and conflicting. And so what's the best thing to do with that asset? To actually decarbonize, to make it efficient and effective for you are having to use CapEx to do that?

00:35:19:05 - 00:35:31:14

GUEST

Which one is actually going to happen with meaningful difference? Does that tie up for a different you know, different investors might fancy is the score they want to give them their, you know, in their end of year update where the thing is, do.

00:35:31:14 - 00:35:37:03

HOST

You do you feel you've had to shuffle the pack in terms of investors who are on board with that or. Well, we're just discussing opinions.

00:35:37:03 - 00:36:01:03

GUEST

Yeah. So with I mean, with few impact now we're kind of we've come up with a structure miRNA kind of like looking for a cornerstone to be the right kind of investor to to kind of move forward with that. And that's something that will, you know, happen as it's ready to happen. I think we're still quite early at the blocks in terms of delivering something that's not, a pure housing strategy.

00:36:01:05 - 00:36:27:09

GUEST

So I think that there's an education piece that we need to do really well on that, and we need to make sure that people actually understand the diversified benefits of mixing uses. And, and I and I think losing that, that landlord, arrogance which is is less there now but was definitely there when I first saw it in my career where the landlord was some kind of king or queen and, you know, ten years ago for years.

00:36:27:09 - 00:37:04:12

GUEST

Yeah. Deciding thing. Yeah, yeah. You know, and having a business plan that decided what that would be. And never having heard the voice of the community, and never having understood that geography well enough to know there was actually a better way of doing it, it was kind of because it was all financial terms, like, what is the quickest way to create the web, or to create a long lease or to create having understood a community, having understood the uses, things could be, you know, making sure that you've incorporated that into what becomes your ultimate business plan.

00:37:04:14 - 00:37:24:03

GUEST

You know, the landlord role has to be more dynamic, I think, than the inverted commas all days for, you know, it was kind of like you said, it's a lording over what what would happen. And that's, you know, that's something I think is hugely exciting because I think probably it's a better outcome. But I would say, you know, just being very realistic and honest is quite sticky as well.

00:37:24:03 - 00:37:46:12

GUEST

It's quite hard work because for city communities all have different within that community. There's a million different opinions. Yeah, but often deal with very loud voices as well. That may have a good opinion, but they may also there may be someone with a quadrant that actually has a better way of doing something. So you're trying to get, you know, that can you could get bogged into something where it's hard to make a move, which I think is not what we're about.

00:37:46:14 - 00:38:10:13

GUEST

And also, I still think that particularly in some communities that possibly need the investment most, there's a mistrust of a landlord and, and, that's on us. That's a black mark to landlords. You know, we have to do the work better on not being seen as a baddie or someone who take rent. You know, it's it's it needs to be, you know, a bit more a collective group.

00:38:10:15 - 00:38:30:07

GUEST

Yeah, it's a bit more. A bit more of a team to get the right result. And I'm very interested in making improvements to the way we all invest. And I really like the idea of investing in existing footprint as well, rather than trying to build your way out of it, which we've done sometimes successfully. And looking at us,

the house as a country.

00:38:30:08 - 00:39:01:26

GUEST

Yeah, we don't always get that right. And even if you think about enterprise zones, you know, new new towns that were built, which is a lot of building and some of that works and some of that didn't work, it's all done quite quickly. There wasn't always proper community link up with some of that as well. I think repurposing what's already there is probably the right thing to do, where you can make it viable to even try and start there, proper reverbs or a proper repurposing or change of use, but with something that's already standing.

00:39:01:29 - 00:39:09:17

GUEST

And if you can't do that, you need to go through the different layers of what you can do. But I think that's probably the right place to start, as opposed to imagining that everything should be.

00:39:09:17 - 00:39:13:19

HOST

Development is a social value portal, a place to start in terms of measuring?

00:39:13:22 - 00:39:14:24

GUEST

Yeah, it's great.

00:39:14:26 - 00:39:17:29

HOST

And is that the kind of one of the, the premier or one of the leading.

00:39:18:03 - 00:39:41:27

GUEST

Yeah. I mean I, I try really hard to be just very open to all of it because I feel like the more information we all gather know, I'm sure food forums and groups will keep developing and having an articulate voice in how it should be in terms of measurement. And I think the measurement piece of social is just the piece that's so it isn't tricky in some respects because it's very transparent.

00:39:41:27 - 00:40:01:26

GUEST

I mean, if you set out to create jobs or, you know, create safe homes, to health care to somewhere that didn't have a that need to kind of obvious statements when you do them, you know, you've done them. But there's a lot of, there's also a lot was quite nuanced around all of that as well.

00:40:01:26 - 00:40:20:02

GUEST

Spin offs, how people get to work, you know, all the different elements of that. I think having common ways that everyone is happy to kind of information gather and which is not dissimilar to carbon, really, but it's, I think, to a society firmly behind the carbon, you know, that still needs to be worked there.

00:40:20:05 - 00:40:28:07

HOST

Can you, can you offset social value? So if you're doing a, you know, something in London, can you offset it again, skip in Manchester or does it not work like that.

00:40:28:10 - 00:40:43:20

GUEST

That's all I, I think being honest to your business. Depends. I don't think that you think it's about

transparency of asset by asset. This is part of a business. But you may find that you can do the carbon part of the impact project earlier than you can do this. Try to pieces that this might be a longer play on one building.

00:40:43:22 - 00:41:02:13

GUEST

Just call it in Manchester and you may be able to capture it quicker in Liverpool or books or on the societal piece, but not the carbon piece, because you can release back until a certain time in The Tenant, you know, whatever the thing is, and they'll will be different. I think it's about just being honest, because what you're doing is still better than not doing anything.

00:41:02:17 - 00:41:15:00

GUEST

So it's important, I think, for the investor to be able to say, yeah, no, I, I subscribe to that or no, I still see not yes, I think it's just about us all learning as we go. And it will keep changing. Best practices will keep changing how it looks.

00:41:15:03 - 00:41:30:12

HOST

Because it's a big business moving optically, maybe it seems like probably quite a difficult, you know, changing big businesses and getting them around to the ideas or having impact at the heart of what they're doing. Probably more challenging there. Maybe some smaller businesses. How do you navigate.

00:41:30:15 - 00:41:33:02

GUEST

Being in a big business?

00:41:33:05 - 00:41:33:24

HOST

What does it come down to?

00:41:33:24 - 00:42:03:13

GUEST

The culture probably does a bit, but all right, teams, you know, long standing and energy and impact in the US is huge. So I think we're learning from the fact that they are so sort of developed as they are. That's in real estate being about housing. So I'm probably the, you know, healthy challenge there where like can we be something other than housing as well.

00:42:03:16 - 00:42:28:05

GUEST

We do have housing in it. It could be have something that was, you know, moving struggling from to commercial to, but you know, I don't mind I don't mind challenging that. But, you know, I think it's important to say it and I think we are the right house to be early to do it, because I think we have and we I mean, the maybe there's just an incredible support network to help you deliver what you're setting it to deliver.

00:42:28:07 - 00:42:33:05

GUEST

So we should be kind of people who can make it. So we'll do a good job for investors.

00:42:33:08 - 00:42:39:05

HOST

Are there there are no as you look out across the market, who's kind of who's doing this and helping pioneer it and drive it forward.

00:42:39:05 - 00:43:17:26

GUEST

It's just 2 or 3 places that are. So I think I mean, lots of us are kind of trying to get these things going. And we have used outside bodies as well to help kind of give us an inverted commas that a friendly challenge, friendly feedback, critical friends to kind of make sure we're not being insular and how we're sitting in our office trying to work out how it should look, because I think the best thing we could all do is a few of us create, and give the investor choice and diversification within impact the way they had diversification and choice between the retail investors who wanted to be open ended.

00:43:17:26 - 00:43:41:26

GUEST

So, you know, I think that's a really good place to be. But, you know, that that would just happen in its own good time when the market and the investable universe is ready to move just from housing. You know, for a lot of these people as well, those buckets, the bucket, you know, so the impact that, you know, housing's already been through, that kind of stringent process is it can is it impact.

00:43:41:28 - 00:43:58:11

GUEST

Yeah. And it is. Yes. It, it, it is in that in that particular way. So it's kind of done that work. So it's kind of easy to to stay there. So we kind of trying to push for the next, the next bit. On what you were saying about offsetting and a lot not massive amount of offset. On the carbon side either.

00:43:58:12 - 00:44:19:11

GUEST

That's method of last resort. But what I'm interested in doing, we're not doing it yet, but I definitely is on my radar. You're talking about it probably everybody with that, is that, you know, on the carbon piece where you say have a portfolio that has a huge element of the industrial or retail warehousing or any kind of roof with the right expands in space in the right way.

00:44:19:13 - 00:44:43:29

GUEST

Is that you? If you've got solar panels on everything, they possibly can, but you've got a portfolio where you might also have a parade of retail shops that you will never be able to effect. You never be able to put a solar panel anywhere near them. You should be able to upper level link what happens on carbon. I think that is actually, you know, good fund management, but we just kind of need to kind of move towards these things.

00:44:43:29 - 00:45:04:04

GUEST

But I think things like that are places we should be pretty. You can see that there is obvious wins as well for these tenants in these buildings. For us, a portfolio level where you want to have a diverse portfolio, but not every sector of the market lends itself to that kind of sort of. I know, you know, you can still be dynamic for the investor and getting the right spread of asset.

00:45:04:09 - 00:45:07:16

GUEST

But overall, you know, the carbon sort of spread around the portfolio.

00:45:07:16 - 00:45:24:17

HOST

Do you think as as people, you know, rise up or take more of an interest in impact investing? And I guess the the qualitative and quantitative aspects of how you measure it become a little bit more transparent without without minimize any sort of kind of greenwashing or, or kind of lip service that that may be.

00:45:24:18 - 00:45:49:26

GUEST

Helping or having streamlining of how we measure. Yeah, yeah, I'm sure, I'm sure. Because I'm sure there's a lot of people who I mean, I have a personally come upon anyone who I think doing a greenwashing job. I think everyone's really trying, but it's always the always be somebody who's not happy with something. I think having transparent measurement, I wouldn't be happy doing anything in this area without just being pretty blatant with the investor of what works.

00:45:49:26 - 00:46:18:29

GUEST

What does it mean? You know, certain things don't work. The timelines, the objectives. It might be a very broad objective on carbon and, you know, might be on the on a particular set up or that your team on the social side, but on another asset, it might be really ramped up on about communication and getting kind of going back to where we started, by building your investor with what you can and can't do, how you're trying to push the boundaries to make it the best we can while still giving that sort of sense of financial return.

00:46:19:01 - 00:46:44:25

GUEST

The other thing I suppose to say is that returns of different, you know, different jurisdictions as well as in the UK is, you know, you can probably get 6 to 8% return, but it's a long term return, I think is a really sensible return from a mixed portfolio of assets in the UK whilst delivering impact. But if you're doing, for example, housing in the US and with the variety of subsidies and the weights, just the whole weight set up there, you'll get a bigger return than that.

00:46:44:25 - 00:47:02:22

GUEST

So you're kind of you're giving, you know, it's a variety pack impact. You can't just kind of global stamp on it and say, this is what the world is. Yeah. To create huge impact. It will be different and and be measured in a different way in different places. So it's just it's being alive to that, to you.

00:47:02:23 - 00:47:05:28

GUEST

I think, I think the UK is probably pretty purist.

00:47:06:04 - 00:47:17:12

HOST

Yeah. So 2023, we're kind of towards the end of January now. What what does the rest of 2023 look like for you. Yeah. As head of UK balance funds and the wider business as well.

00:47:17:12 - 00:47:39:28

GUEST

So I'd like to I'd like to read another diversified mandate. I'd like to get a cornerstone investor or impact mandate. And just to keep pushing on what is the best in class like and keep striving to get it, in your words, very well for us in 2022. So that it can happen again in 23. But I think we're probably the right kind of team for that kind of work.

00:47:39:28 - 00:48:02:02

GUEST

And, all the mandates impact today. But on all the mandates, really, you know, the carbon focus is very real for us. Whether we've got a direct mandate, which we do on some of the stuff related to deal with carbon. Yeah. Or whether it's a lighter touch on the investor. We're driving it anyway because, you know, I do believe the regulation we talked about regulation kind of coming out.

00:48:02:04 - 00:48:22:15

GUEST

People talk about all regulations going only one way or this kind of statement. But, you know, when it happens, it will give people a fright. That copper, you know, strange and stuff. So I just I think the more upskilling that everyone can do and the more proactive everyone can be, the better place they will be. You do not want to be reactive on that.

00:48:22:17 - 00:48:27:04

GUEST

It is. It's just not the right thing. But it's also about really bad business.

00:48:27:07 - 00:48:42:05

HOST

How difficult is it to win a new mandate, you know, from another, from another, yeah. Investment management or fund management business. Because, you know, I've certainly heard in the market, you know, there's been a little bit of a, the card shuffle going on at the moment.

00:48:42:05 - 00:49:06:09

GUEST

But I mean, oh, you're I guess you've got to get it, you know, get the, the RFP, right, for a start. But the, you know, getting in the room and pitching is, is probably one of the most joyful parts of it because I think we can demonstrate what we can do. And I think we're we in these bags of integrity and determination to deliver for our investors that certainly sit around me and I'm just is getting the chance to do it.

00:49:06:09 - 00:49:28:13

GUEST

This is just in desperate for for me get you get something you really want to get your teeth into. But yeah, I mean, I think there's just so many good outputs out there. So we've got to be, you know, on our game and making sure that we're we're the ones can give an edge. I think the USBs for being I mean, obviously I would argue a great team.

00:49:28:14 - 00:49:53:08

GUEST

So I argued I would actually argue it's a USB. Is that good a team? You know, I said become incredibly, you know, overenthusiastic about them. But I'm really not putting that to strongly really are. But also I think that our ESG credentials and ability and, and backbone like really understanding, really able to quantify CapEx, what it takes to do it.

00:49:53:10 - 00:50:17:12

GUEST

It's not just be nice to have it's really you know, we granular as well is brilliant. The governance is upset. You people in the asset management teams are, you know, really great to work with and come up with things all the time that are things that none of us have thought of. So they're just, you know, they're always helping push out the industry, which is two way for us in terms of what we do, what we can spend on assets.

00:50:17:15 - 00:50:32:11

GUEST

They're coming at us with great ideas and they really help drive that and deliver it. And you know, that all makes a big positive difference and is kind of a big reason why can enjoy great work is, you know, I feel we are also learning and hopefully continues to be the case.

00:50:32:17 - 00:50:39:11

HOST

There's been a bit of volatility in the market. Yeah. How do you go about putting together a balanced portfolio?

00:50:39:14 - 00:51:01:29

GUEST

Well, I like to I mean, I've kind of been moving away from the word balance because I think balanced you was old fashioned because people we just assume it was kind of the three main sectors used to be, but I think diversified. I think, you know, it's it's more of a mandate by mandate. What is the best way to achieve what that investor needs.

00:51:02:02 - 00:51:21:06

GUEST

And you can get so much like great long leases on, let's say, care homes, which before, you know, right in the day we were investing in them to pay if I remember is you want to be reputational risk if something happened to somebody in the care home and you know, it was it was it was right at the beginning of, can we really do that?

00:51:21:06 - 00:51:25:07

GUEST

It's that kind of feeling. And then it's such a run of the little thing.

00:51:25:09 - 00:51:27:09

HOST

You know, as I say, it's become institutionalized.

00:51:27:10 - 00:51:44:16

GUEST

It's just it was just yeah, it just hadn't been done before. But now, you know, a, a mandate that is a variety pack of different kinds of assets for different reasons. I love an asset. It's got a good plan B, so I'd like to know the plan as we go into an asset. And it's an obvious business plan that we want to do.

00:51:44:16 - 00:52:16:01

GUEST

But I mainly like to know that if that is not going to work, it's got great residual value on it's, you know, it's, you know, the patient that the business, the the planners which allows a change of use or, you know, whatever. The thing is, I think assets like that have a bit of an extra in for me because you can still see you're not going to it to be so binary that you were in or you were I mean, you were really out when you were out because tenants surprised you by exercising or breaking your mood or whatever.

00:52:16:01 - 00:52:40:27

GUEST

The thing is. And so I kind of I like thinking about portfolios like that. We have top ten debuts and we'll have our own opinions as well. But ultimately, I mean, ultimately, you know, I think you build a portfolio as you see the right assets come onto the market. And there's and you can always see that that will the next thing will be, you know, a logistics unit just got to, to into darling sector or alternative.

00:52:40:29 - 00:53:00:12

GUEST

It might be that it's actually better warehousing, but it could become industrial because it's, you know, you know that there would be potential opportunities and you know that they need more jobs in that area. Before the bit on the 16 jobs in the retail warehouse to a new distribution, whatever that is, I think it could be that, that, but you do because that's the right thing to do at that time.

00:53:00:12 - 00:53:06:02

GUEST

So I don't need to get too hung up on it being, you know, specific percentages to specific areas of the market.

00:53:06:02 - 00:53:10:10

HOST

But you look much more broadly than you did a few years ago, just in terms of the time.

00:53:10:10 - 00:53:12:03

GUEST

I think we've been the UK for a long time.

00:53:12:03 - 00:53:14:27

HOST

And also the lot sizes that you take off as well.

00:53:15:00 - 00:53:33:11

GUEST

Yes, but also but I think this could be up to your broadly comment. I think we've been doing that for a long time. But no, it's not a new thing like that is what you'd expect to do. So it's just that that's a normalized behavior, though, that all these sectors are potentially the next right investment. So that's kind of nice.

00:53:33:14 - 00:53:58:13

GUEST

You know, it's so broad and it kind of should be. And actually it would be great to link it in with, you know, with your infrastructure. We've got great, you know, renewables teams in-house as well. And natural capital and you know, link what you're thinking about particularly and this is we kind of like blue sky thinking in terms of being really idealistic, but having a site where you could create using you could have small smoldering.

00:53:58:13 - 00:54:17:14

GUEST

You could have, you know, the distribution that takes that to where it needs to. You know, you could really create and use the different expertise that we have, not just in real estate, but in real asset. Yeah. To bring up a bigger project together that could be done. We refer an area and REIT investment for investment, you know, for an investor.

00:54:17:15 - 00:54:31:21

HOST

Yeah, I guess definitely get the sense that that's maybe where the market's moving from. A from an internal from an internal perspective. How do you manage the competition between the different funds and various different other fund managers when you know your maybe your investment remit is slightly broader?

00:54:31:23 - 00:54:54:04

GUEST

Yeah. I mean, I mean, I would say the competition is healthy. The teams all have different networks of people who will put assets to them. Sometimes early overlap before is either coming to the market. If it's off market, maybe it's not quite so obvious. And we have a schedule that is, you know, to the moment the introduction was made, it's it's sort of very stringent.

00:54:54:04 - 00:55:15:27

GUEST

And then every Monday morning everyone goes through that list. People will show up for things that maybe someone else is looking at and they want to have a look at to. And, you know, if it got to a point where two difficult managers wanted to go for the same as it is a whole priority list of. But what had they said, you know, what are they stated as they were looking for a course on a quarterly basis, which everyone has to set out?

00:55:16:00 - 00:55:36:02

GUEST

And so start with that, you know, move down of the ranks and then, you know, ultimately the investment would go to the investment committee. That had to be debated. It would be a decision to go for it. But I think that's a nice place to get into. I think there are less at the moment. There's probably less of that because we're everyone's got different size bands that they're looking at, different styles of things.

00:55:36:02 - 00:55:44:02

GUEST

So we haven't really come upon a time where in the past probably 12 months, where there would be something that, you know, there was a proper shoot over,

00:55:44:05 - 00:55:49:09

HOST

So as we, as we draw to a close. What are you most excited about over the next 12 months?

00:55:49:11 - 00:56:17:05

GUEST

I think obviously, the correction in the market, I think that's bringing and there's already brought interesting opportunities forward that, you know, the time is now on, probably especially with maybe some day out of the market. And people who are vying for an equity can get better year round. Some stuff. So we'll see how that plays out. I think it's a good opportunity on impact because potentially where you would be seeing 6 to 8%, you could maybe do a bit better.

00:56:17:05 - 00:56:43:02

GUEST

If you could buy earlier in this new cycle, then later. And that might be a boost for investors who want those different types of returns and on your carbon and title. But ideally we'd like to know that you're getting in in your profits, in the buying always, isn't it, to kind of making sure you're entering into these markets that the the prices that allow you to really get the job done and still give a nice return and build up that chart record, but to get the turn as well.

00:56:43:02 - 00:56:59:06

GUEST

So that would that would be great. And ultimately, you know, from my perspective trying to get another mandate that would be, you know, complimentary in terms of a different profile to what we've already got, but really allow us to show what we can do, which I think there's a few times that we're in the backyard because it's just such a long time.

00:56:59:06 - 00:57:06:27

HOST

I heard Chris and I ask everybody who comes on the podcast is, if you're given 500 million pounds of equity, who are the people? What property? In which place would you like to deploy that cash?

00:57:06:27 - 00:57:23:14

GUEST

So it would be one property for me, and probably unsurprising it would be a portfolio. It would be something we could really have shown what we could do, you know, showcase what we could do, particularly on inputs. I mean, if someone gave you 500 million, I'd start the impact Fund. I'd be absolutely ecstatic, especially right now in the market.

00:57:23:14 - 00:57:41:20

GUEST

You know, that would be such a gift. And there's a, you know, cost of living crisis. What better time to be starting to invest in areas, particularly postcode deprivation, where you can meet, you know, got the

experience and you know how to make a positive difference? But it would be about diversification for me. So it wouldn't be one asset.

00:57:41:22 - 00:58:02:21

GUEST

And it would be, you know, as broad to spread those types of assets as we could get so that we can deliver different asset management plans at different times. So you can kind of get a couple of early wins. And where you do create solid income for your investors that allow you then to get much more involved in heavier project work that can help a community, but can really get that buy and a decent business.

00:58:02:21 - 00:58:22:21

GUEST

And so, you know, from my perspective, you know, I do believe that broad thinking is better than being just in one sector. I think that served us really well. It served investors really well in terms of what we've managed to do. And, you know, we do it with the highest level of thought going into making every asset the best we can possibly make it.

00:58:22:21 - 00:58:37:17

GUEST

So at a time like this where use of moves, I mean, it is going to be such an incredible quarter, I reduce it, you know, it's got to be that. You've got to get that feeling. The time is now to spend 500 million of equity and not have to worry about taking debt, you know, till later.

00:58:37:23 - 00:58:44:21

HOST

And the place which you have a broad range of geographies as well as asset types as well.

00:58:44:21 - 00:59:13:28

GUEST

Yes I would yeah, I would I think, you know, people get worried, you know, you'd like to have at least 50% in deprived areas. I mean, we've had many of our biggest successes in areas that would, by postcode, be defined as deprived areas. But it's about what you put there. It's about, you know, if you want to own an office, clearly you're not rushing to buy something in a very secular or regional location that doesn't have a and just to let boards everywhere, that it doesn't necessarily make sense.

00:59:13:28 - 00:59:38:14

GUEST

But if you're looking to have a care home where there's a lack of care homes and health care, where there's a huge lack of appropriate health care, you know, if you look by postcode at the sort of spider chart of, you know, education, crime, commerce, transport, you know, becomes really obvious really quickly what's lacking in that area. So, you know, it's more about what's appropriate in a geography that all that will give you the opportunity to create a business.

00:59:38:14 - 01:00:12:17

GUEST

You know, I think that could tell tells you a lot for observant. There's a lot of it there. I mean, property is about being observant and really understanding that, you know, you're seeing it everywhere. You're seeing what's working and what's not working. You've got to apply a amazing thing about property. Probably one of the biggest highlights if everyone has a view, everyone goes into a building where you're coming into an office, if you shopping, if you go into the cafe, if you have your home studio where everybody has a view on property and you can really journey, take people, you can take them through the story of what you do, and you'll get it.

01:00:12:19 - 01:00:32:08

GUEST

It's different from, you know, an equity or a bond in that respect. And I think that, you know, that is incredibly good for the investor because they can they have an moment. They always do when you're explaining a case study or something you've done. And that's probably one of the, you know, the nicest things about property.

01:00:32:14 - 01:00:36:05

HOST

The final part of the question is who are the people you'd have on board to help you with.

01:00:36:05 - 01:00:37:13

GUEST

That said my team.

01:00:37:14 - 01:00:40:03

HOST

Absolutely. That's probably of the I mean, it's like.

01:00:40:10 - 01:00:59:24

GUEST

I said, know that moment. I wouldn't take any of my stuff. You, Yeah. I mean, there's probably a variety pack of people I could name, but they've, you know, necessarily you've no idea of them. But from different teams, there are hugely impressive people that I really, you know, I wouldn't be able to do the job we do.

01:00:59:24 - 01:01:25:19

GUEST

Well without being able to liaise with them. It does take it took a team. The mandate we won last year was an incredibly life affirming moment because it was a team that threw themselves. And I mean, if you so much as look to me last year, we probably asked for help. And I'm not exaggerating, people who were kind of walking past or like, not a minute, do you not work can come over here.

01:01:25:21 - 01:01:47:11

GUEST

And, you know, we saw every asset, the team, all the asset managers, investment people were all out and about looking often. Well, before we pitched, it was a very energizing experience and it just kind of doubles down the kind of amazing attributes that the team have. Or in the UK in terms of how we approach, real estate.

01:01:47:14 - 01:02:04:10

GUEST

And that was when we won it. That was a team win. Absolutely. That was not down to one person that was down to probably 40 people. That kind of can just make you culture there then, you know, like, oh, we can really do something. We put our minds to it.

01:02:04:13 - 01:02:22:06

HOST

I get a sense that I could probably, I might be able to answer the question myself, but what? Just before we closed one final question. What is it that, like really motivates you? Because we've touched on lots of different points here where you get really excited, but what is it that that really drives and motivates you and has kind of kept you the business?

01:02:22:08 - 01:02:40:20

GUEST

Jungle? I've really I mean, I get a really big buzz of the team doing. Well, I don't really I don't think I've got anything to prove. Maybe I'm maybe I get more outspoken as I have less. I feel like a need to prove that I can get my daughters tomorrow. But, you know, you know, you. I feel like there's.

01:02:40:28 - 01:02:56:27

GUEST

And that's only by with impact. I'm very happy to do the hard messaging on that. I don't think all of that. It's not for all investors because they aren't ready. But I think it's important for people to hear it. It's a bit like An Inconvenient Truth. We all need to be a bit better than we are, and we can give you a financial return home.

01:02:56:28 - 01:03:13:20

GUEST

Do it. So what drives me? You know, hopefully I a mixture of the factors. I like the variety of what we do as well. So it's not one thing all the time. And I don't just mean in terms of the different assets, but I mean in terms of our data, in terms of the kinds of things that are involved in our day to make that happen.

01:03:13:22 - 01:03:36:28

GUEST

I love going into you as a on inspections. A couple of weeks ago and you were in a building, it was just doing you get to see, especially in industrial, you get to see the most incredible way is the way that the UK actually functions. And you see behind the scenes how things are made and how things get to people, and the kind of things that are being innovated and pushed forward there.

01:03:36:29 - 01:03:55:00

GUEST

We are helping us all just live our lives daily, kind of see the nuts and bolts of that. I think that's really good. I find myself being home. I mean, the kids must be like, oh, so, you know, you're like, you know, I saw somebody making duck today, you know, like, right. You know, we never think about that.

01:03:55:06 - 01:04:15:18

GUEST

We never think about how things we were so expected. If you go if you go into on the way down, you go into Ryman's or something, you just picks them off. You never think about where that's come from, where they've come together, where what who's doing better ways of doing it are more sustainable. The aren't using plastics are you know that that's the the real world behind the scenes.

01:04:15:18 - 01:04:33:26

GUEST

And we get this lovely position of being able to invest in buildings that are, are they doing the best thing they could be doing in their area or their community or the ways of improving it? Are there ways of improving the efficiency of it? You know, that's it's such a multi-layered dole. You know, there's probably the variety is probably the chief thing that I love.

01:04:33:29 - 01:04:40:11

HOST

Well, thank you so much for joining me and sharing a little bit about your background experience in real estate and what you and the business are doing.

01:04:40:11 - 01:04:48:20

GUEST

Easy. Thank you. Thanks for having me.

01:04:48:22 - 01:05:08:26

HOST

Thanks for listening to this episode of the People Property Place podcast. If you found it insightful, feel free to share it with a friend or colleague. Subscribe. Give us a rating like or comment. It helps tremendously. It'd be great to hear from you on LinkedIn. I'm super open minded to recommendations of

which guests you think we should get on the podcast, or areas of the market that we should explore further.

01:05:09:01 - 01:05:41:17

HOST

So do drop me a message. The People Property Plays podcast is powered by Rob on the team recruit experience, talent for real estate, private equity firms, investment managers, rates, property companies and advisory firms across the investment asset management, development, fund management, ESG cap market, investor relations and general practice space. So if you're considering your career options at the moment or looking to attract top talent to work for you, head over to the website [Twitter cockburn.com](https://twitter.com/cockburn.com), where you can find a wealth of resource to aid your search.

01:05:41:19 - 01:05:44:14

HOST

Have a great day wherever you are and I look forward to catch you next time.