

00;00;03;27 - 00;00;32;05

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 and shakers, innovators and leaders in the real estate industry.

00;00;32;07 - 00;01;05;06

HOST

Welcome to the People Property Place podcast. Today we're joined by Johan Eriksson, co-founder of our real estate partners. Johan set the business up with partner Fawaz Raji in 2019 to provide international investors, typically from the GCC region, direct access to UK and European real estate investment opportunities, asset management and advisory services processing the business up. Johan was head of IT International Real Estate at Al Rahim United, managing a multi-sector real estate portfolio across the US, UK, continental Europe and the UAE.

00;01;05;07 - 00;01;17;19

HOST

Johan has held senior positions with several real estate private equity fund managers such as Benson Elliott and Queensgate Investments. Having started his career in the real estate investment banking team at Merrill Lynch in London. Johan, welcome to the podcast.

00;01;17;19 - 00;01;18;11

GUEST

Thank you very much.

00;01;18;12 - 00;01;30;04

HOST

Not at all. Well, look, we'll come on to Orix and setting that business up and your plan and vision, for that. But a place I always like to start this podcast is how did you get into real estate?

00;01;30;06 - 00;01;52;08

GUEST

Sure. Thanks for having me. I got into real estate. Really? Because of the people I worked with at Merrill Lynch. Really? It was more a matter of choosing a team I liked and people I like to work with that actually, the the called bricks and mortar argument that you I'm sure you've heard a lot. So, I did my internship in 2004 and, yeah, like the team, like where they were going and accepted the offer to join full time.

00;01;52;08 - 00;01;53;11

GUEST

So that's really how I got into it.

00;01;53;11 - 00;01;57;22

HOST

So there's no family or prior kind of understanding of real estate as a no.

00;01;57;22 - 00;02;03;25

GUEST

I can't say there is. It was a matter of finding people that I, that I backed and, that I could learn from, that I enjoyed working with.

00;02;04;02 - 00;02;11;17

HOST

And then tell me you interned, got some exposure to real estate and what type of real estate and in which capacity was that exposure?

00;02;11;19 - 00;02;30;05

GUEST

That's a good question because it was very different from what I do today, as I'm sure you, you, you were alluding to. It's big corporate. You know, it was pre REIT. It was a during the course of the kind of REIT discussion being introduced, in the UK and we were looking at IPOs, larger and larger M&A type transactions.

00;02;30;05 - 00;02;47;26

GUEST

And of course as an analyst it was very much running the numbers and doing the late hours of presentations and so forth. But it was very interesting. And as a as a school, so to speak, as a first step into real estate and into the professional world. It was a great school of learning. And in terms of modeling, in terms of finance, and I really enjoyed it.

00;02;48;01 - 00;03;02;20

HOST

And it must have been an interesting time in that run up to the global financial crisis. What are your recollections of that time? And I know shortly it was it just before the global financial crash. You switch jobs, so you changed jobs. Can you just talk to me about no short period as well?

00;03;02;21 - 00;03;22;28

GUEST

Absolutely. So quite quickly at Merrill's, even though I enjoyed the time there, I realized that I wanted more access, more close access to the real estate itself, because by nature of what we did, it was quite high level in terms of a very large portfolio, was very large Quantum's but you didn't really get into the leasing the, the actual bricks and mortars of, of, what we do.

00;03;23;02 - 00;03;43;28

GUEST

So I was already planning to, to make a move into the investment side of things, into the real estate, private equity side of things. And, so it was driven more by career aspirations than seeing some kind of dark clouds in the sky around the banking world. So by the end of 2007, I think I had secured an offer with, Ben Elliot and joined Q1 oh eight.

00;03;43;28 - 00;03;54;02

GUEST

So I kind of it was pre all the big failures of banks and so forth. And, I spent that time observing what was going on in the market at Ben's and Elliot.

00;03;54;05 - 00;03;58;12

HOST

And with their client of yours. So that you admired or. Yeah, no.

00;03;58;19 - 00;04;29;13

GUEST

More more the latter. We Benson Elliot had set up fairly recently, Mark mogul and Trish had set up, I think 2005 or 6. So it was a very exciting, business to potentially join, and which is why I sought out to to try and join them and be part of that journey as a, as a junior at the time, but then spent a very, very, fruitful and, interesting five years with them starting pretty much where the the hole world was, was said it was being set alight, but it was a good experience.

00;04;29;13 - 00;04;29;26

GUEST

That too.

00;04;30;00 - 00;04;42;24

HOST

How easy was it for you to kind of switch from banking to real estate, private equity? Was there kind of quite a big step up in terms of your learning, or was the transition easier to to kind of make that move over to the principal side?

00;04;42;24 - 00;05;05;02

GUEST

I would say it was quite challenging. And I remember Mark in one of the interviews stating this very, very clearly that he was skeptical about investment bankers moving into the investment space. So I had to prove myself, I suppose. But no, it's very hard because as I said, it's, banking is fairly high level compared to the the actual details of running a portfolio or executing a business plan within real estate.

00;05;05;02 - 00;05;20;07

GUEST

So, the first couple of years, I'd say was were intense in terms of getting to know how that works, identifying a specific property, a specific portfolio, what's good, what's bad, what are the risks? But it was good. It was exactly what I wanted and what I was looking for.

00;05;20;07 - 00;05;28;21

HOST

And then through the market kind of turmoil into the mix as well. Probably a brilliant time to to learn how to be a value investor and maybe how to manage risk as well.

00;05;28;21 - 00;05;45;26

GUEST

Definitely. And, Benson Elliott at the time was very entrepreneurial and we looked at all kinds of interesting deals. We also looked at debt. I remember at the time, which, we touched on earlier, and noticed was great and great team. And so I learned a lot there.

00;05;46;02 - 00;05;56;13

HOST

Well, what was the driver? Because you were with the business just shy of five years. What was the driver for kind of maybe changing roles and and progressing to a to a different business?

00;05;56;15 - 00;06;19;05

GUEST

A few things. I think there's definitely the kind of having been in a place for five years, you start kind of thinking what's what's next. So something a bit less concrete, just the feeling of wanting to move on and try something different. It was also a matter of making sure that I got as much exposure as possible. I started doing more Nordic real estate events in Elliot, which is great, but a very difficult market to to really crack into.

00;06;19;06 - 00;06;38;08

GUEST

Based in London, it's a very well capitalized market up there, and I found it quite difficult to see how much we would actually do within that and in that role. So I was looking at something more truly pan-European and, and the role at Queensgate came along. It was just it's early days for Queensgate as well at the time.

00;06;38;10 - 00;06;43;11

GUEST

And again, I thought it was an interesting time to to join a new firm and then be part of that journey.

00;06;43;11 - 00;06;48;12

HOST

So your role at bench in that, it was that it wasn't pan-European. Was it siloed in terms of different countries?

00;06;48;12 - 00;06;57;16

GUEST

I did look at, you know, continental European deals for sure. But I think the focus definitely were was more in the UK and the Nordics got it.

00;06;57;16 - 00;07;06;07

HOST

And obviously you speak Swedish. Right? So the obvious kind of geography for you to go and go and tap into and leverage your linguistic ability?

00;07;06;10 - 00;07;20;02

GUEST

Yeah, you'd think so. But, as much as I would think to say that Swedish is a big asset when it comes to Sweden, it's, you know, people speak English quite well up there. So I'm not sure how much real benefit it is, but, you know, that definitely is a natural fit.

00;07;20;07 - 00;07;30;12

HOST

And so you joined Queensgate and you said you had a bit of a broader, more pan-European remit. Can you just expand on maybe what your role and responsibilities and the types of deals you looking at that?

00;07;30;15 - 00;07;52;22

GUEST

Sure. So Queensgate, excited me because of how incredibly opportunistic and entrepreneurial they were or are and, we looked at pan-European deals but had a focus primarily in London and the UK still. But it was it was very open mandate, the first fund and very opportunistic also when it comes to the risk profile. So we looked at, hotel developments.

00;07;52;22 - 00;08;14;12

GUEST

We looked at, buying large portfolios of operational assets as well, which I know that, Jason and the team have continue doing as well in terms of generator and so forth. The deal we did before I, left was executive Offices Group, which is now Argyll, I believe. So operational real estate, different types of situation, distressed situations.

00;08;14;12 - 00;08;18;05

GUEST

It was a very interesting and, entrepreneurial mandate.

00;08;18;11 - 00;08;28;00

HOST

So someone who doesn't know what operational real estate is, can you just explain that concept and and why is it different to maybe just straight real estate transactions?

00;08;28;07 - 00;08;58;15

GUEST

You know, in my world, I think straight real estate starting from that end is basically where you look at the exposure you have to your tenants and occupiers are through leases that are fairly long in duration, so you don't get direct access to their underlying business. If it's a car manufacturer, that's not something that you necessarily worry about more than just knowing that the balance sheet and the credit worthiness of that tenant is strong on the on the operational side, hotels, hostels, service offices, of course, you have

an actual operational angle where you're effectively running a business more than you're running a property.

00;08;58;15 - 00;09;09;06

GUEST

So I think that's the key difference. And I suppose there's a perception of high risk in the sense that you don't have that secure tenancy over a period of time as you, as you do in the kind of traditional real estate world.

00;09;09;08 - 00;09;24;07

HOST

And you're trying to balance the, the occupier, the opko with the, the prop co, and you're trying to make returns on, on both sides. Correct. Exactly. And so it takes a certain level of sophistication or an ability or understanding for an investor to get that right.

00;09;24;07 - 00;09;42;17

GUEST

I wouldn't go as far as saying more sophistication. I suppose it's about adding to the property side of the business with an operational angle, and it was very popular actually back at the time at Merrill Lynch Opko Prop Co was a big deal. You split out the business at the time to some degree. Still, a lot of businesses obviously were all encompassing.

00;09;42;17 - 00;10;00;24

GUEST

They were doing their own main business, whether it's selling something or generating a service, but owning the real estate as well. So when that's this out, the whole co prop co, thing became quite interesting because you could lever more on the prop go side. For instance, you can scale on the options side and you have different exits, exit routes for both.

00;10;00;24 - 00;10;05;22

GUEST

So it's just adding I suppose a layer of, of complexity.

00;10;05;28 - 00;10;08;19

HOST

I'd say add another string to your bow as well.

00;10;08;21 - 00;10;21;16

GUEST

Personally, I would say so, yeah, I think I learned a great deal, both in in all three roles we've covered really on the real estate side, but also on the financial, opko side as well.

00;10;21;19 - 00;10;29;14

HOST

So can you talk to me about some of the deals that you did at Queensgate and. Yeah, just maybe give me a bit of a flavor of some of the things that you did do.

00;10;29;21 - 00;10;59;03

GUEST

Sure. I can elaborate on the EOG deal. We acquired EOG Executive Offices Group, from, I believe, Morgan Stanley, one of the funds that they managed and, and had a very ambitious plan to grow that estate. It was a combined estate with both leasehold and freehold assets and included in the business, as we talked about. And, it was really about making sure that the business was run as efficient as possible and that we set it up for scale by adding more properties to, to the estate, either by leasehold or by freehold.

00;10;59;03 - 00;11;10;17

GUEST

And, I left before we exited, before Queensgate exited the deal. But I understand that was a very successful journey. And, it was those kind of deals that we were looking to do really more of.

00;11;10;20 - 00;11;14;06

HOST

And they're kind of typical three, five year correct holds.

00;11;14;06 - 00;11;17;04

GUEST

Yeah. It was it was very much a private equity mentality. Yeah.

00;11;17;07 - 00;11;27;09

HOST

So after Queensgate, you you moved to Dubai, right. Was that a personal choice or was it driven by by work?

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GUEST

So it was a bit of both. I, we we had, I've been in discussions earlier with the firm I ended up going to about a role which was again sensing a theme, I suppose, but again, very entrepreneurial. It was a large firm that, did private equity in the in the kind of traditional sense buying companies and building companies, but in emerging markets.

00;11;47;22 - 00;12;08;05

GUEST

And they were looking to create a real estate arm or build on the little real estate they had done before. So I was in discussions with them, but felt at the time the first discussion was a bit premature. I wanted to have more exposure, in the UK and Europe and again got got approached a few years down the line earlier than maybe I had thought.

00;12;08;05 - 00;12;24;04

GUEST

When it comes to my tenure at Queensgate. But, it was a very exciting offer. And, in terms of what they were looking to achieve and, decided time for an adventure took of my, my wife and my my young son at the time, who was a few months old and moved to Dubai.

00;12;24;06 - 00;12;31;01

HOST

Well, and that was back in 2014, a big change in terms of doing business in the Middle East compared to London.

00;12;31;03 - 00;12;58;12

GUEST

Yeah. So I didn't do much business in the Middle East. I was on a plane to places like Nigeria, Ghana, Ivory Coast, Turkey, Southeast Asia to, find real estate opportunities in the commercial space specifically, and to marry that with the investor base that the firm already had access to. So the role was very much to help build and and manage a real estate vertical for an existing private equity business.

00;12;58;14 - 00;13;17;00

GUEST

So it was kind of an entrepreneurial experience, an experience within an existing established business. But the Middle East, it was based in Dubai by virtue of, logistics and and another factors. But we didn't do

anything really of note. In the Middle East, it was primarily outbound into these markets.

00;13;17;04 - 00;13;21;00

HOST

But the capital was typically Middle Eastern capital into these outbound emerging.

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GUEST

The capital was was global. I would say, okay.

00;13;23;27 - 00;13;46;01

HOST

But it was a it was a middle East based institutions, correct. That it was managing how, from a risk perspective, how do you maybe put your fund management hat on? How how do you have conversations around deploying this capital in these different emerging markets and not being too exposed to the Nigerian market compared to the Thai market, or whichever kind of emerging markets you're looking at, how do you manage risk?

00;13;46;07 - 00;14;08;08

GUEST

You know, with difficulty? It was very hard. I spent three years, almost more than three years in this firm. And it was it was actually tremendous. It was a tremendous experience in terms of learning about all these markets and the intricacies of each. But at the end, coming to why I left, I suppose at the end it is sadly very challenging to really deploy.

00;14;08;10 - 00;14;49;23

GUEST

With scale and confidence into many of these markets without singling anyone out. And, the expectation fairly justifiably, from at least the Western institutional investor base when it comes to returns, just couldn't quite be matched. If I'm being frank, it was you look at I remember vividly one conversation with an American investor that we were trying to raise capital from, and the expectation was just, very high when it comes to the IRAs, the total returns that they were expecting from, let's say, a hotel development, even though we had secured the operator and so forth, and other forms of capital, primarily local, regional would step in earlier before we could actually deliver that type

00;14;49;23 - 00;15;03;22

GUEST

of return that an external international investor would see. So it was a difficult one. And, which is why actually one of the main reasons why I decided to go back into the more traditional market of Europe and, and elsewhere.

00;15;03;28 - 00;15;20;00

HOST

I guess confidence is a key, key word there, I guess, especially when you're investing. And if your investors don't have confidence in in the market or the assets despite your ability, it's very, very hard, as you said, to to build scale, build trust and build the returns that you need on that. Probably typical 35 year. Yeah, but it.

00;15;20;01 - 00;15;38;06

GUEST

Taught me something. You we take a lot of things for granted, I think here in the UK and Europe when it comes to doing deals, things like doing proper diligence and knowing who you're talking to, and really basic things become extremely crucial when you're looking at the markets that I was mentioning. And, you shouldn't take anything for granted in that regard.

00;15;38;06 - 00;15;51;13

GUEST

And it's a good lesson that I carry with me when I look at deals here and in Europe because, it's easy to overlook, but especially in those markets. I felt that, yeah, it was it was difficult to really marry the risk with the reward.

00;15;51;20 - 00;16;00;12

HOST

Interesting. And how how is it managing the the family element within you? You saw that the reason why I say is I've got a four week year old son.

00;16;00;12 - 00;16;01;02

GUEST

Congratulations.

00;16;01;02 - 00;16;08;22

HOST

Thank you. Yeah. We think on trains and planes and boats all the time. How is it trying to manage the family personal life with kind of the work life as well?

00;16;08;24 - 00;16;31;21

GUEST

I would say it was a pleasant surprise. I think Dubai is an incredible place for a young family. Dubai has a lot of merits, has a lot of, you know, less positive aspects as well, let's say. But for us, it wasn't necessarily something we expected, but we felt that the infrastructure for young family is exceptional when it comes to Dubai to help and and, you know, the safety and climate and everything.

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GUEST

So we actually had a great time being a young family in Dubai. And added to to the to the kind of mix as well during the course of our time in Dubai. So we have three kids now and all of whom were, well, two of them born in Dubai. And the first years of their lives have been in Dubai.

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GUEST

And we have fond memories from, from Dubai in that regard.

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HOST

So after just shy of four years, you moved to the Al Rajah Alpha Group as, initially MD and head of International Real estate. Can you just talk to me about that role? Because I know that's probably the journey of a starting point for where you are today with oryx as well.

00;17;04;18 - 00;17;41;09

GUEST

Sure. So I decided, as I mentioned, that emerging markets wasn't for me. And, decided to kind of look for an opportunity to put me back into the the markets. I knew already. But ideally being based in Dubai, because as I mentioned, young family things were going well on that front and we really enjoyed ourselves staying there. So it wasn't necessarily an easy ask from a career perspective, but meant for us quite early on in that discussion and we hit it off really well, got along very well and had the same kind of thoughts on the world over and over a decent time met many, many times over, to discuss and ended up deciding

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GUEST

that it was a good fit for me to join his his team, us in that.

00;17;44;06 - 00;17;50;24

HOST

Role and so what was what was the role? It was based in Dubai, but deploying capital into more western markets or.

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GUEST

Correct. So RG United, which is the kind of that was the main firm. They were based in Riyadh, but had decided prior to my involvement to set up the international and international office in Dubai. And, there was a team there who, dealt with with the international aspects. And I was, replacing my predecessor, who was the head of international real estate prior to me.

00;18;12;03 - 00;18;21;04

GUEST

And, the the mandate was exactly that, investing on behalf of the family and the family being for us and siblings into, Western Europe and Europe.

00;18;21;04 - 00;18;30;03

HOST

And in terms of the deals, can you just talk to me about the types of deals you were looking at and, and maybe their appetite and what they looked for at that time in terms of what made a good deal?

00;18;30;06 - 00;18;52;04

GUEST

Sure. I actually, I should say Western Europe and the US, Europe twice there, but no. So it was a US and European mandates, and we looked at value at core, primarily in terms of risk, risk appetite across sectors. We ended up doing both prior to my arrival and post the the focus was offices, logistics and hospitality, I'd say with a bit of residential as well.

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GUEST

But so as you can hear again, a fairly agnostic and open mandate really just to find, find thematic themes, sorry, themes that made sense and that we can invest into on behalf of the family.

00;19;02;00 - 00;19;08;22

HOST

And the family. Can you give me just a bit of a sense of the family and their wealth and scale and kind of business interests?

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GUEST

Sure. I mean, the RG family is a banking family. So, sort of on a Rodger and his siblings, which is for us, father and uncles set up the bank or Roddy Bank about I should know this, but about 60 years ago or so and it's really the course of that, the growth of that business into one, if not the biggest Islamic bank in the world, one of the biggest, where obviously there was wealth created and, family offices were set up as generations evolved.

00;19;35;19 - 00;19;51;06

GUEST

So that's really the background of, of the family is a very large family. So there's not just one arm that invests in real estate, but, obviously the one I'm affiliated with and, work with and my business partner, being, being for several decades, it's his immediate sphere.

00;19;51;09 - 00;20;13;27

HOST

So it's, it's a mix between kind of core and then value at core, just being just a stable regular income, a stability to, to give the family the returns or the income or whatever it is that they want. And then the value add aspect is to top kicker, the capital and take advantage on on maybe slightly more risky place, but to get more income into the bit, into the, into the fact.

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GUEST

It's providing diversification to, to the existing domestic significant domestic exposure that they had, whether it's banking or, real estate or otherwise technology and by, by doing, by having an open minded approach on the risk profile of the assets in the US or in Europe, you're providing, you know, maximum diversification, and downside protection.

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HOST

And so after a number of years, you, you left, Rosie and set up or co-founded or ex real estate with thoughts. Can you just talk to me about why and how that came about and what you're sure? Yeah. Shared vision was for the business.

00;20;53;05 - 00;21;12;23

GUEST

So there wasn't. I, as I mentioned, got along really well immediately. And, we we started talking quite early on about other ideas and I can't quite remember who specifically came up with the idea, but in the end we thought, you know what? We've got a track record here of of doing, investing on behalf of the family.

00;21;12;23 - 00;21;34;07

GUEST

And, there seems to be a need of, of this type of service for, for other investors in the region, a service which is truly aligned in the sense that equity from the core family or the manager, is always part of the deal. Yeah. So true alignment and transparency. And again, cutting a long story short, because this was a period this wasn't our day job, so to speak.

00;21;34;07 - 00;22;10;16

GUEST

We were kind of doing, what we were where I was doing what I was, was meant to be doing, which was to invest to manage the real estate that was, there on behalf of them. But during the course of a significant period of time, the idea evolved about setting something up external, truly different with myself as a partner, alongside the US, and to set ourselves up in a way that enabled anybody, whether it's a Saudi family or financial institution or anybody really, to actually be our client, so regulated accordingly and properly set up with, with, with all that, it comes with, and did so towards the middle of 2019, moved

00;22;10;16 - 00;22;25;29

GUEST

back to so resigned to move back to the UK and started implementing which by then, you know, we had a business plan in mind and, and started implementing that in earnest towards the tail end of 2019. And, yeah, that's that's how it's that's how it started, really.

00;22;26;04 - 00;22;49;29

HOST

So it must be some partner to, to set up a business with someone who's got some very deep pockets, very well thought of in terms of the region, but also with your expertise over here and in the UK, Europe and, and the US, a formidable partnership, to, to set the business up. Can you talk to me a little bit about I guess you've got three different buckets, don't you, in terms of the business, you've got investment, the

asset management part, and then the third third party advisory piece as well.

00;22;49;29 - 00;22;52;12

HOST

Can you just dive into and tell me a little bit more about those?

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GUEST

Sure. We are primarily an asset management firm. So we raise and deploy capital on behalf of investors. That's our main business. And however we have in fact, frankly, initially especially, we had some mandates where we were advising primarily and, looking at investors from the region who wanted, in this instance, the first deal we did, to dispose of a specific asset.

00;23;15;08 - 00;23;31;23

GUEST

So we helped out with the network. We had to find the optimum buyer and the best price for that. So that was definitely something we did. But I would say looking ahead, and since the primary, driver and our focus is really the the asset management side of the business, the investment and asset management.

00;23;31;23 - 00;23;44;15

HOST

Side, so you'll find a deal, your current value or you put it to an investor, you know, raise capital, put some equity in as well. So the business plan and then go and deliver on that with with an exit three, five, eight years depending on the timing in the market as well.

00;23;44;20 - 00;24;04;22

GUEST

Correct. Or I guess more or less correct. I think what sets us apart is that and co-investment bit, which is significant. So as, as a as a co-owner of the business for us, family office is always going to be part of the deal materially. So you have that true alignment, as I mentioned earlier, between the manager and the core, the core investor or cornerstone investor, I should say.

00;24;04;22 - 00;24;30;02

GUEST

So that's that's really one of the things that set us apart. And, what you mentioned in terms of how we approach it, that is really in a nutshell, our deal by the Dubai deal strategy. So you identify a deal with most often within a theme that we like, and we structure the deal in a way that is optimal for both the investors and from other perspectives, and acquired the deal using the cornerstone investors capital for what is family office and then finance syndicate.

00;24;30;05 - 00;24;31;19

GUEST

You know, as, as as may be.

00;24;31;19 - 00;24;44;21

HOST

And so you can get probably quite sharp terms in terms of buying it in cash with just capital. And then, like you said, recycling it out further rather than trying to put it all together like, oh, that may be operating partners on on a deal by deal basis. Yeah, it's.

00;24;44;27 - 00;25;02;22

GUEST

A very challenging model. I think it's one that has been done successfully to kind of find the equity asset. You're kind of executing the deal and the very hot market of the past ten years up until last year, you would be very it's very challenging to get your seller to accept the timelines and and the kind of the hassle

that that requires, frankly.

00;25;02;22 - 00;25;10;20

GUEST

So we wanted to make sure that from an execution perspective, we were seen immediately as credible. I think that was that was crucial. And, yeah, it's worked out really well.

00;25;10;26 - 00;25;15;24

HOST

Talk to me about the themes that you've kind of identified. And where do you see the opportunities in the market at the moment?

00;25;15;26 - 00;25;36;03

GUEST

Yeah, sure. I mean, this is evolved. I think it, you have to, because the market has changed over these three years quite significantly. So the current theme that we quite there's a few themes quite like we, we like the and we're not alone in this. We like the, the office quality, high quality office type theme. You're creating quality within that space.

00;25;36;05 - 00;25;51;04

GUEST

It's something we we buy into this. There's there's a lack of lack of proper quality offices, and there is no lack of occupiers requiring it and talking about ESG and so forth. So that's something we believe in, as many others do, for sure.

00;25;51;04 - 00;25;56;20

HOST

And is that in London or is that, you know, in kind of key UK and European cities, key cities?

00;25;56;20 - 00;26;16;11

GUEST

We've been looking at some big six cities as well and outside of London. So we believe that it needs to be underwritten specifically on each submarket, of course. But there's as a as a major trend just globally. And I mean that in terms of the markets we look at, it's an obvious one for us to tap into. And we yeah, we're keen to do that going forward.

00;26;16;17 - 00;26;21;20

HOST

So offices is a kind of a main thing. What are the other kind of areas that that you see or so.

00;26;21;24 - 00;26;43;16

GUEST

We've been, we've been looking at the just given our, our track record as, as individuals, myself and for laws and the fact that it's, it's a, it's a story that I buy into. I mean, I think most of us buy into the story of logistics in the long run, and we've seen that play out. Of course, what's been challenging there is, is clearly the pricing and, getting in at sensible levels.

00;26;43;16 - 00;27;00;23

GUEST

So we are, increasingly interested, interested in and ramping up in that specific sector given what's happening in the field last year. But it's it's still a challenging one to, to really get into and create the returns that we think we, is what we want to see, really.

00;27;00;23 - 00;27;17;18

HOST

We spoke, I guess off mic just earlier about the current market and the cycle. Are you able to kind of maybe expand on how you see the market and also, yeah, when to go in the sense of like when to invest and that and how important that is to get it right. No.

00;27;17;18 - 00;27;34;14

GUEST

Sure. I think as I mentioned off mic, I'm very excited about where we're at at the moment, more so I think from a market perspective than I've been since we set up the business. Frankly, I think what's what's happened over the past 12 months in terms of correction is it was needed in a way, even though it's been painful for a lot of people.

00;27;34;14 - 00;27;56;08

GUEST

I get that. But I think we need a bit of a reset where where value in real estate is driven by by correct underwriting, proper capital structures and, you know, rolling up our sleeves and actually working the asset as opposed to yield compression and low cost of debt. So we're back to where I think a normalized market should be pre QE and low interest rates.

00;27;56;08 - 00;28;14;06

GUEST

And in terms of timing the market as you're alluding to I'm I don't believe in real estate. You really can sit and wait and time the market. I think it's very very challenging. You could be lucky and get it right. But what's important is to be in the market very actively, especially if you're in a liquid, transparent market.

00;28;14;06 - 00;28;36;10

GUEST

As the UK, you really need to be seen as being active and credible when it comes to your, you know, your interest because when the market turns, it does so quickly. If the if the history is anything to look at, oh nine and ten, that window of opportunity really the real big, the real significant window was quite short and a lot of money was was coming back quite quickly and yields shifted accordingly.

00;28;36;10 - 00;29;00;23

GUEST

So I think we are not resting our laurels at all. We're looking at we've been very busy underwriting deals throughout the the correction and which is hopefully I'd like to think that that's enabled our counterparties, whether it be other managers, banks, brokers, to see us as a credible exit option eventually, when the market does, when we do marry our expectations on price with theirs.

00;29;00;23 - 00;29;07;00

HOST

Because it's still a bit of a go right between expectations at the moment, I would say, you see, that's coming a little bit closer, I.

00;29;07;00 - 00;29;28;15

GUEST

Would say. So I'm seeing encouraging signs that expectations are at least, you know, the the gap is being bridged somewhat, but it's not there quite yet. Some of the, some deals are being done and, I expect more to happen in this year towards the tail end of the year, if I had to guess. But we're not in the industry of we're not like a real estate ETF, right?

00;29;28;15 - 00;29;56;24

GUEST

Where we kind of go along the market. Yeah, we're still operating on fairly granular levels, and I already see attractive opportunities in a variety of fields that are situation specific, whether it's refinancing pressures for a specific owner that that then enables a price that otherwise might not have been, there

possible. So you can already see these specific pockets of opportunities that that arise because of certain specific circumstances.

00;29;56;24 - 00;30;09;28

GUEST

And that's enough for us. I mean, we're not looking to, to deploy, billions and billions per month, right? It's it's about finding good opportunities. 4 or 5 good, good opportunities per year. And that's already, in my opinion, that's already doable.

00;30;10;03 - 00;30;25;29

HOST

And you've got quite a flexible remit, don't you. You know, you can invest across the debt or equity structure. You're pretty your asset class agnostic. I know you've got some preferences in terms of the types of deals you like looking after, but you think there's enough deals that are coming through the woodwork now that you can take advantage of in this current market.

00;30;26;05 - 00;30;26;13

HOST

Yeah, I.

00;30;26;13 - 00;30;45;27

GUEST

Just touching on debt. This is a new field for us that we've developed over the course of the past year. I'd say we when when interest rates started to to normalize, to increase, we we felt it was a good time to to look into it and see whether it's something that could generate attractive returns, just like it did back in the last crisis.

00;30;45;27 - 00;31;01;29

GUEST

And we came to the conclusion that definitely is something we want to be able to do, to take that step down into the cap, to stack into mezzanine or junior debt. So we are doing that. It's not necessarily our main, the core business, but we've developed platform that we have not yet deployed from, but we hope to do so this year.

00;31;01;29 - 00;31;29;26

GUEST

That really is, as again, many other managers have identified it. There's a need for that middle piece when refinancings are being done at much higher interest rates, when senior banks are much more conservative, there's a natural fit for a junior debt, tranche, I suppose, and the owners of that type of real estate can either. So put more equity in, which is of course challenging hope for the banks to solve their problems, for them, or look to a third party provider, which we hope to be.

00;31;29;26 - 00;31;50;25

GUEST

So that's, that's on the debt side on the, on the equity side, which remains our core business. Yes, we're agnostic in terms of sector focus, but we are thematic in the sense that we want to make sure that what we do has a story within which we can actually continue to deploy and not just do one off deals and create orphans, let's say, in our portfolio.

00;31;50;25 - 00;32;17;15

GUEST

So whether it's, for instance, the office play, which, we talked about looking at offices that might not be at the top level in terms of quality, but that there is a credible and economical path to actually achieve, good quality, quality, sorry, real estate. And because demand is there, we can see the occupiers need this. And and looking at the governmental or the, the regulations that are coming in, it's, it's obviously a field where

I think a lot of managers can play.

00;32;17;18 - 00;32;22;12

GUEST

And still it's doubtful whether there's going to be enough being, being converted to meet the demand.

00;32;22;13 - 00;32;42;05

HOST

Interesting. From from father's perspective there, clearly he's got a long track record of his family. I've got a long track record. You, you know, being involved in terms of deploying capital into real estate for the family office, for someone that's clearly, unbelievably kind of wealthy, what's the benefit to him, to writing and co investing checks with other equity partners?

00;32;42;05 - 00;32;56;19

HOST

Is that to reduce his risk, is that to increase the exposure that he has for income diversification? What's the drive? I'm trying to get into the mindset of someone at that kind of level and the reason why they would want to get involved with taking on or managing third party capital.

00;32;56;19 - 00;33;17;02

GUEST

So I won't speak for for us, of course, but I do think diversification is a key element. It's a it's a very good way to be able to actually get that access to different types of themes, assets and risk profiles without having to take each single risk fully. So I think that's that's a clear benefit. But for us, and his team, they're, they're business builders.

00;33;17;02 - 00;33;25;10

GUEST

They like the that's how they operate. There's we are one of a few of these types of businesses that they like building. So it's about that entrepreneurial aspect as well.

00;33;25;10 - 00;33;35;06

HOST

Interesting. So as as we sit here today, towards the end of April, can you just tell me a little bit about your existing portfolio and just give me an overview of of the different assets there?

00;33;35;06 - 00;33;58;15

GUEST

Sure. So we've, we've got, six assets or so, 175 odd million pounds of, of, of value. We have a, an office strategy that we launched about just, just when we launched as a firm which was focusing on multiple southeast or Greater London, really, office assets that we felt, we could add value to. So we have three assets in that, sorry, four assets in that strategy.

00;33;58;15 - 00;34;18;21

GUEST

And that's proven quite resilient, actually. We've we've seen a lot of rental growth. And it's it's doing quite well as, as a portfolio, I think, looking at what's happening in the market, especially that market, there could be some interesting opportunities to add to that. So we've been observing that closely. We've also had, a as I mentioned, a Dubai deal strategy within which we have two assets.

00;34;18;23 - 00;34;40;07

GUEST

One is the Persian headquarters up in Coventry, and the other one is a office property in row that we acquired. And those are done on a on a Dubai deal basis. In other words, we've sourced the opportunity and put together a consortium of investors and, close to deal on that basis. So we have a small but very

healthy portfolio that we're, we're happy with.

00;34;40;10 - 00;35;05;03

GUEST

Having taken, taken the decision to be less active on the investment side, is is proving quite, quite useful. I think now sitting here after having done very little over the past year or so, I think now I'm quite excited, looking ahead, that we have a well-capitalized, well financed and well-performing portfolio that we can so we can focus on actually adding, you know, focus on acquisitions as opposed to asset management.

00;35;05;03 - 00;35;13;13

HOST

So much talk to me about building and curating a team and the kind of the qualities you look for in high performing individuals when you bring it into the business.

00;35;13;15 - 00;35;38;11

GUEST

Sure. I think that's also something that's evolved for me personally in the in this new role of of as a co-founder and building a business. What I look for really is some it's individuals who are conscientious, who really want to work. Not only that, they're able to work because I think being able to work in in a market like London, being clever and intelligent, I think that's that's, maybe, oddly enough, not the hardest thing to find.

00;35;38;11 - 00;35;57;28

GUEST

It's about that willingness and the passion around working in a new business. That's, that's that's been key. And I've learned that in this new role and it's it's a cultural fit as well. We're a small team, right? People. And the softer side of hiring becomes very important when you're building a team. I've realized, you know, you need to.

00;35;58;01 - 00;36;12;26

GUEST

We're there every day as a team. Yes. We work hard and we create results, but we need to enjoy our time there. So I think those two are the most pressing and obvious one in a good fit. And the willingness to work hard and to to be part of a journey.

00;36;12;28 - 00;36;30;14

HOST

There's been, you know, a lot, a lot of talk about new sectors, whether that's data centers, life sciences, built, build to rent, maybe not new sectors, but like wider themes as well. Are they themes that you'd want to kind of capture or take advantage of or. Yeah, they asset classes that you would you pivot to go and look at.

00;36;30;14 - 00;36;31;11

HOST

Yeah.

00;36;31;13 - 00;36;55;19

GUEST

The short answer is yes. But the flip side of the coin of being agnostic and agile is of course to spread yourself too thinly. And so we are very quite careful when we look at, these new types of sectors. And we have enough to do, so to speak, in, in offices, logistics and so forth. However, having said that, as the business grows, we are looking at ways of entering into these other markets as well.

00;36;55;27 - 00;37;33;09

GUEST

We've we've looked at, for instance, becoming more like a capital partner, a fund manager versus a DM type of role, where we provide capital to, to somebody with experience and a pipeline within a certain field, whether it's whilst pacifically, we've looked at BTR and logistics to become kind of a development partner, if you will. So we are looking at all those, but we're also quite realistic and humble about the very specific mindset and skill set that is required to to really successfully get into to these, these other sectors, whether it's data centers or care homes or whatever it might be.

00:37:33;09 - 00:37:48;19

GUEST

I think we're cautious because what we want to do, as I touched on earlier, we really want to anything we do, we want to be thematic and we can build a strategy and a in the for the long term, as opposed to ending up with, with kind of an orphan portfolio. So yes, is the short answer, but with caution.

00:37:48;19 - 00:37:59;24

HOST

What for someone who maybe hasn't worked with Middle Eastern investors before, what what are the cultural differences or things you've got to be aware of in terms of dealing with investors from the Middle East?

00:37:59;28 - 00:38:21;19

GUEST

It's a good question. I think the difference between, let's say, European investors, American investors, versus Middle Eastern is reducing, as I my first observation in terms of reply to the question, it's it's very different to my understanding, having been involved only for three years, 3 or 4 years in that investor base. It's very different today than it was ten, 20 years ago.

00:38:21;19 - 00:38:42;29

GUEST

And new generations. And, the way of doing business is, in my opinion, very similar to what we do. So I don't think there's any significant differences per se. But I do think it's more it's even more relationship driven, driven, trust driven as well. And that would be the main, main differentiator or that it's less transactional and more relationship driven.

00:38:42;29 - 00:38:51;22

HOST

Really interesting. What what advice would you give to to someone who wants to get into the real estate investment management or private equity space?

00:38:51;25 - 00:39:15;22

GUEST

Another good question. I think it's my view is that you should try to learn as much as possible within this field of real estate, which is so broad, whether it's capital stack wise sector or risk as well, and try to have your first experience as broad as possible and really learn about the industry and learn about yourself as well.

00:39:15;22 - 00:39:32;25

GUEST

What are you good at? What do you actually interested in, as opposed to trying to maybe find your niche too soon? I quite enjoy the fact that I've had a generalist career within real estate, both when it comes to, again, the type of capital that I've been involved with, but also the type of of deals and sectors as well.

00:39:32;28 - 00:39:57;02

GUEST

And finally, the risk profile. So yeah, I'm not an expert in a specific niche field, but being a generalist has

set me up in my opinion, to, to to understand the wider real estate world and kind of operate within that and build a business as well. If that's something that this individual would like, you know, you have to know a lot of things have a lot of the strings to your bow.

00;39;57;02 - 00;40;14;07

GUEST

So I think that's how I would do it. But of course, it really depends on personal preference. And if you have if you're 19 and you already know that you want to be a data science data center specialist, then, then great. But for me it was all about trying to be learning as much as possible, getting as much exposure as possible.

00;40;14;09 - 00;40;39;01

GUEST

And the second related thing I would say is just, it's easy to underestimate relationships that you build early on. And I think it's so clear to me, as you know, I'm entering into 20 years of doing this soon, that every single interaction should have value. Not to sound transactional, but could could it could be useful for you, in the future and building that early on, even if you're a graduate or an analyst and so forth.

00;40;39;01 - 00;40;42;21

GUEST

This is very important because it's going to come back and be helpful.

00;40;42;23 - 00;40;57;25

HOST

Well, you must have a vast network and relationship with a broad range of people. Given your banking background, real estate, private equity background, operating background, but also at a time in the Middle East as we look forward to 2023, what are you most excited about?

00;40;57;28 - 00;41;19;14

GUEST

I'm excited. As I kind of alluded to, I think I'm excited about where the market is and where I think it's heading. The the occupier world still performing quite strongly. We'll see what happens, of course, with that, with any recessions and so forth. But marrying that with a repriced stabilized normalized market is exciting to me. And I see an increasing amount of opportunity.

00;41;19;14 - 00;41;37;13

GUEST

And it's, it's something we've kind of been waiting for, in a way, in that, looking at how we how we were sitting kind of end early 2022 and seeing inflation coming in and, and wondering what was going to happen with rates and so forth. I think we've come far enough into this part of the cycle to to understand that opportunity is there.

00;41;37;15 - 00;41;40;06

GUEST

And, and hopefully we can we can capitalize.

00;41;40;06 - 00;41;55;01

HOST

Sounds like you're very well placed to, to be able to do that. A question that I ask everyone who comes on the podcast is, if you were given 500 million pounds of equity, who are the people? What property and which place would you look to deploy that capital? I'll take you know, you'll take the team because I know you.

00;41;55;01 - 00;42;08;22

HOST

You're very sound and you've got a very high performing team, but you can have your team. Who else? Maybe from your career or sphere or network. Would you want to be on that journey or support you with that? And then what's the property? In which place would you look to deploy that cash.

00:42:08;24 - 00:42:28;13

GUEST

In terms of property and the in place? You know, I'm a big fan of the of the UK in terms of its of of as an investment destination, liquidity, transparency, legal framework, all of that good stuff. So I think if I had to choose from our, our kind of geographical mandate, I think the UK is where I would want to focus on.

00:42:28;13 - 00:42:33;01

GUEST

And, in terms of people, are you referring to actual individuals or. Yeah.

00:42:33;03 - 00:42:46;14

HOST

Yeah. Is there anyone that you look at across the market go that. Yeah, they're phenomenal. Operator. You know, I'd love to kind of work with them or get their support or, get them on the journey in terms of like deploying a new a new new fund, as it were.

00:42:46;16 - 00:43:08;16

GUEST

Good question. I mean, of course, there are there are people that we're actually looking to potentially, team up with, hire, come up with ideas with and individuals that or firms that I've worked with in my career in a variety of capacities that would be lovely to to team up with, whether it's in the capacity I refer to earlier as a development partner or in other capacities, employee partners and so forth.

00:43:08;16 - 00:43:11;14

GUEST

But naming them, I think I'm going to refrain from naming.

00:43:11;15 - 00:43:26;00

HOST

I won't push you any further on that. Well, Johan, thank you so much for joining me on the podcast today, sharing a little bit about your background and plans for forex. It's clearly a very, very exciting time in your. You and the team are well positioned to take advantage of the opportunities that come up in the future.

00:43:26;04 - 00:43:32;22

GUEST

Thank you very much for having.

00:43:32;25 - 00:43:52;27

HOST

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00:43:53;02 - 00:44:25;21

HOST

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00;44;25;24 - 00;44;28;18

HOST

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