00:00:01:05 - 00:00:35:15
HOST
Welcome to the People Property Place podcast. I'm delighted to say that Tim Lumsdon, founder and CEO of Marchmont Investment Management, a leading operating partner to institutional capital specializing in UK real estate strategies, joins me on the show today. Tim set the business up in 2011 and is responsible for the overall business and investment strategy. He started his career with BNP Paribas Real Estate before joining SG Commercial.

00:00:35:17 - 00:00:45:18
HOST
He went on to become a fund manager at Trite Acts before setting up Marchment. And it gives me great pleasure that he joins me here today. So, Tim, welcome. Thanks so much for joining.

00:00:45:21 - 00:00:46:20
GUEST
Thank you. Thanks for having me.

00:00:47:01 - 00:01:01:09
HOST
Not at all. Well, look, as you know, we'll get on to marchment further on in the conversation, but a question that I love to find out and ask first is, is how and why did you get into to real estate and decided to pursue a career in this space?

00:01:01:11 - 00:01:21:07
GUEST
Yeah. Well, I, I guess I had a general interest in business economics when I was at school. Albeit the predominant focus was on, sport at the time. But, when, when there was academic focus, that's where it was. But I didn't really have any direction as to where I felt that I could take that or where indeed.

00:01:21:08 - 00:01:43:11
GUEST
I, I thought that would sit. And I think it was actually my dad who's an engineer, suggested that I go and do some work experience with the, company called Sanderson Town and Gilbert, who are a, chance of being practice based in Newcastle, which I did. My dad's experience with them would be more on the quantity surveying side, and I think their rating team.

00:01:43:11 - 00:02:05:16
GUEST
But, I was a general, support to the office for, for a week or two, and, and I guess, you know, with that got some insight into the, the sector, the industry, and I guess, like many before me, you know, the attraction of it being not entirely desk based, but ultimately, you know, vested in finance and business, you know, was the, was the appeal.

00:02:05:16 - 00:02:34:14
GUEST
So I took the, I guess, quite binary decision at that point to, to apply to do an estate management degree, which I, which I did at Heriot-Watt University. So, up in Edinburgh, which was, yeah, fantastic experience, tremendous city. You know, interesting degree course, but probably a bit more, academic, or, yeah, theoretical theory based than, than perhaps I'd expected.

00:02:34:14 - 00:02:55:17
GUEST
And I guess that was what drove me to, to seek out some, some experience in the sector to establish if that really was, you know, where I wanted to, to end up, and I, I was very fortunate to get a, data inputting role with, a company called Weatherall, Green and Smith. As will probably come on to that now, BNP

Paribas Real Estate.

00:02:55:19 - 00:03:15:21
GUEST
But, yeah, you know, they had a lovely office in Charlotte Square. And I, yeah, as the role suggests, it was really a support, data entry helping with the comps for the rent review guys, the valuers. And, you know, great, great team up there. A guy called Andy Cartmell was my, my boss.

00:03:15:21 - 00:03:32:15
GUEST
And, Yeah, really, they really, you know, treated me as, as a proper employee, even though I was just sort of, dropping in on a Friday, doing a few hours and then picking up a few, Scottish notes in a and a brand envelope at the end of the day. But, it was. Yeah, it was great, great experience.

00:03:32:17 - 00:03:55:02
GUEST
The role evolved a little bit into sort of summer internships, if you like, and, and allowed me to, perhaps get a bit more involved beyond just the data entry. And I think that was what really cemented my interest in the sector. And I guess also the acknowledgment that the, you know, the sector had a wide breadth of of roles that, that you could pursue, which in itself was was interesting.

00:03:55:02 - 00:04:15:24
GUEST
So, that was that was really university and I guess the, you know, Steven Herd, who ran the office there at the time, was very kindly said, look, you know, there’s a a role here for you when you graduate. But, he said having himself just come back from a stint in London. He said, you know, there’s there’s a lot of experience to be had, down in London.

00:04:15:24 - 00:04:47:16
GUEST
And, that’s what I did for, for a couple of years. That was 23 years ago, I think. Now. So, a couple of years ago, you know, a, a great grounding with, with those guys up there and, and obviously it facilitated, my joining the graduate program with, well, what was still weather recruiting Smith and went through a few different iterations of weather and at Israel and, a few t shirts along the way, but, finally became PMP, PowerBar Real Estate, which is where I trained and, and qualified.

00:04:47:20 - 00:04:55:21
HOST
So before we get on to that, you touched on kind of growing up just a love sport. Did you want to be a professional sportsperson or was that the kind of the main?

00:04:56:00 - 00:05:17:11
GUEST
I think I knew early on that that was probably unlikely, but, I think that was really my, my social outlets and, yeah, I loved it. We played a lot of golf, a lot of football, a lot of tennis. And, you know, it was, yeah, it was something that I really enjoyed. I got through, got by academically, and it did what was did what was required.

00:05:17:11 - 00:05:23:16
GUEST
But, yeah, I think from a passion perspective, it was, it was all about the sport and to an extent, still is.

00:05:23:18 - 00:05:30:00
HOST
And you touched on your dad in engineering. Did you have anyone else in the family that did property or

real estate?

00:05:30:02 - 00:05:56:05
GUEST
No, I didn’t. There was no, there was no background to real estate, really. So, it was, I guess in hindsight, a slightly odd, odd, trajectory to pursue or, opportunity to pursue. But, I think in hindsight and I think particularly looking at this sort of jobs market now, I would have probably done a more general, perhaps economics or, business degree just to keep those options open.

00:05:56:07 - 00:06:12:21
GUEST
You know, I think what we do, a lot of it you learn when you, when you’re in it, as, as distinct from, in a, in a classroom, if you like. So, but, you know, fortunately, it was it was something that I enjoyed. And, you know, I guess from a vocational perspective led me to, to hopefully the right road.

00:06:12:21 - 00:06:32:16
GUEST
But, certainly at the time, there were very few non-cognitive applicants to the, you know, to the graduate program. We were almost all from from a real estate degree. You know, better than anybody else that’s, that’s changed somewhat now for to, to the benefit, I think, of, of our industry. I think people bringing different skill sets is, is a positive thing.

00:06:32:16 - 00:06:35:13
GUEST
But, back then it was, yeah, a pretty.

00:06:35:13 - 00:06:42:16
HOST
Well trodden, partly well-trodden path. So you got on the train, came down to London, did you or did he start BNP up in Newcastle or.

00:06:42:18 - 00:07:04:10
GUEST
Well, up in Edinburgh, but, yeah. Then moved down with, you know, with some friends, and that then girlfriend now, now wife and, Yeah. Had a great time, you know, and unbeknownst to me, the, Clapham was the, surveyor’s world, but, only through a recommendation of a friend. Ended up, ended up living there and pretty much have ever since.

00:07:04:10 - 00:07:26:06
GUEST
But, so, Yeah, but I had a great time, and I think, you know, very fortunate to be on a, a graduate program, which I was very well structured, but also within a business that was, you know, very encouraging of, of, you know, young, young people in the business. So, you know, I’ve got a lot of good friends and, and people have done business with who, you know, I worked with.

00:07:26:06 - 00:07:28:24
GUEST
But back then in sort of 2001 onwards.

00:07:29:01 - 00:07:33:21
HOST
So what was those rotations that that kind of initial grounding that you had? Yeah, I.

00:07:33:21 - 00:07:57:16
GUEST

Was I ended up very much in it in a sort of an investment side of things. I started off in the development funding team, we, I say the wrong way. I was, you know, putting the dots on the maps, but, the team was advising the likes of development securities, as was then, helical bar on on quite strategic, large scale, developments, predominantly offices.

00:07:57:18 - 00:08:27:23
GUEST
Which was great grounding and a real, you know, exposure to, to to that, that asset class, if you like. And, and also the financial modeling that went around it. And then I actually did my valuation rotation in the Secure Lending Team. So we were doing valuations on behalf of banks, which again, I think was a was a really interesting slot because it had an element of transactional aspect to it, because we were valuing in support of transactions that were, that were going on.

00:08:28:00 - 00:08:57:18
GUEST
So yeah, that was you know, that was really interesting and then ended up in the investment agency team, which was a national Investment Agency team across all sectors. Which was fantastic. Yeah. Some, some great people. And, you know, a great, great time in the market. You know, it was we sort of come through and beyond the dotcom bubble and, you know, the market was strong, you know, interesting to think of who made up the client base at that stage.

00:08:57:19 - 00:09:16:14
GUEST
I don’t think anybody had really heard of private equity real estate at that point. It was very institutional. And it’s, in its makeup. Certainly. And, business, you know, the likes of Aviva, Clay League in general. You know, that was the, the bedrock of the client to who we were advising.

00:09:16:16 - 00:09:18:09
HOST
CB pension scheme.

00:09:18:11 - 00:09:30:23
GUEST
Yeah. And a couple of which were actually managed in-house as well, which was which was interesting and done by a couple of, you know, really, impressive characters who, you know, I think quite a lot from, in hindsight.

00:09:31:00 - 00:09:40:18
HOST
So did you always once you went into is you always have a disposition towards investment is in terms of that’s where your interest and skill set kind of aligned.

00:09:40:20 - 00:10:02:01
GUEST
I think so. I’m not going to say it was some, you know, grand plan to, to end up there. I think it was clear that my skill set was probably well suited to that side of things. You know, I enjoyed the, the analysis and, and, you know, it also is a very people based business, you know, it necessitated that socializing.

00:10:02:01 - 00:10:23:11
GUEST
And, I’ll be honest, I wasn’t the, I wasn’t the best investment agent the world, but I, but I enjoyed it, and I enjoyed the, getting in behind. What the. You know, what the objectives of the clients were? You know, and it was, I guess that’s what triggered the ultimate desire to to be on that, the other side of the fence, along with being a, yes, relatively average investment agent.

00:10:23:13 - 00:10:35:16
HOST
So who are you? You're a BMP for just shy of seven years or so and left in January oh six. If my dates are correct, and you went to go and join a business called SG Commercial, why? Why was that and how did that come about?

00:10:35:18 - 00:10:55:08
GUEST
I did, yeah, I think, I think one of your previous, guests, Rob West, probably articulated the, the background to SG commercial, but, it was a business set up by, James Dunlop and Colin Godfrey and Rob. James and Colin were ex, whether all's employees as well as, who I didn't agree with, they weren't there when I was there.

00:10:55:08 - 00:11:22:20
GUEST
But, I knew of them through through contacts. But they still had with weather roles and, Yeah, just a I think from a personality perspective felt felt really aligned with, with what Colin James were trying to do. And yeah, I think it was a natural opportunity to, to perhaps get a little bit more responsibility. Colin, was was actually a fund manager in one of the aforementioned, in-house funds that, weather roles.

00:11:22:20 - 00:11:40:02
GUEST
And, so he was very much and obviously then became, on the tri tech side of the business. And I think there was a real attraction there to, to having that sort of dual role of advisory and also potentially sitting on, you know, the other side of the fence as, as we put it. So, yeah, it was a it was a great opportunity.

00:11:40:02 - 00:11:43:21
GUEST
And, you know, a fantastic, you know, period. Really.

00:11:43:23 - 00:11:47:02
HOST
And so what role were you doing exactly when you joined ESG?

00:11:47:07 - 00:12:14:01
GUEST
Yes. The predominant role on the sell side, was to manage the disposal of a lot of the tri tax enterprise zone investments. So pretty big box, tri tax had built the business around syndicate at high net worth money, which they were investing initially into tech space products, then enterprise zone. So, you know, they were everywhere from Greenock to, you know, you're a central maximum on the M8 between Glasgow and Edinburgh.

00:12:14:01 - 00:12:48:15
GUEST
But also Newcastle turns back to my, back to my roots and and yeah, you know, you had a lot of I guess you would describe them as sort of cost conscious occupiers like T-Mobile, orange, big call centers, in these offices and, yeah, you know, the liquidity for those assets became more challenging. But, you know, I was fortunate at that point where I was, charged with trying to dispose of them, that, yeah, we did some, we did we did quite a lot of deals on the other side on the, I guess the, the buy side or advisory side.

00:12:48:17 - 00:13:20:04
GUEST
We were doing a lot of work with a combination of family offices, institutional capital, Chancery gate, helical bar, and, I guess the genesis of the management business was the relationship that I had with a, a family office, which, came came about in, I would say sort of 0809 the beneficiary of this, what was

actually quite an institutional trust managed by Royal Bank of Canada in Jersey.

00:13:20:06 - 00:13:46:06
GUEST
The beneficiary was a high net worth individual who, I guess best described as as somebody who was seeking an exposure to real estate, didn't want to come in via a pooled vehicle. What the autonomy and the control, but didn't have the time or the expertise to to execute the strategy, I guess. So, so I advised him on, three office buildings, one in Victoria, one in Wimbledon and one in Croydon.

00:13:46:08 - 00:13:57:19
GUEST
And really that became the the sort of, the trigger to, effectively formalize a, an investment management business to, to grow on that capital base.

00:13:57:21 - 00:14:13:21
HOST
Because you touched on if you just rerun the conversation, high net worth, syndicated capital. Can you for someone who doesn't know what that means, that mouthful, can you can you just explain how the mechanics of that work and, yeah, how it comes together in reality?

00:14:13:21 - 00:14:41:12
GUEST
I mean, the regulations have changed. I guess the business that Tri Tech's had was similar to that of Merchant Place, or matrix, for example. And really it was the Ifa's, the financial advisor network who would be advising their clients on diversified portfolios. And these businesses try to being at the forefront of that was was an opportunity to gain exposure to, to commercial property.

00:14:41:14 - 00:15:11:05
GUEST
Initially they were doing that through through sort of tax efficient wrappers. If I can put it that way. But latterly when I was in, when I moved over onto the tech side of the business, you know, we were putting together non non based products, just, syndicated investments. We bought, for example, the IHG headquarters in Denham, you know, so you might have had 200 investors putting in, you know, anything from maybe 10 to 15,000 each to up to maybe 100, 250,000.

00:15:11:05 - 00:15:36:08
GUEST
So it was true. Truly syndicated. Capital. The legislation around that has changed slightly now. But and obviously child tax evolved out of that into, into what they're doing now. But for example, when they were in 0607, there was a desire on behalf of those supporters of tri tax who who had done very well in their partnership with them to, to, to expand.

00:15:36:08 - 00:16:02:10
GUEST
And one of those opportunities that tri tax identified was the Polish market, which was which was fascinating. I I think probably by virtue of the fact that I was the only one willing to go back and forward to Poland every other week became, very involved in that, right from the sort of embryonic stage of of assessing the opportunity from, from, from a demographic macro perspective through to the capital raising.

00:16:02:10 - 00:16:36:12
GUEST
So I was quite involved in that capital raising. Again, that was done through the RSA network. And and then I was responsible for the implementation of the strategy that Colin and, and market identified, alongside an operating or an asset manager in Walsall. Which was fantastic. I mean, you know, very

grateful that they entrusted me with that, that role, which, which I really enjoyed, great partners in, in Poland led to, you know, a huge amount, about that country, you know, I can't speak highly enough of the of the people there.

00:16:36:12 - 00:16:56:19
GUEST
And and the opportunity was interesting, I think, I guess as I reflect on it now, it's easy and in hindsight, but, you know, the market there was clearly evolving as, as, as the country was, was, was evolving itself. And, you know, there was a big expectation that they would continue to see significant GDP growth. The likelihood was that they would join the euro.

00:16:56:21 - 00:17:14:01
GUEST
That's that still hasn't happened. And this was, you know, quite a while ago now. But but, you know, there was a lot of capital and I guess until we were in the market or I was in the market, certainly, you know, the realization of the origin of that capital was quite interesting. You know, there was a lot of Spanish investment that was a lot of Irish investment.

00:17:14:02 - 00:17:33:02
GUEST
There was a lot of U.S. investment. And then really, the only sort of core investment that they had was the German funds, who were very prevalent in the market. But the Polish domestic market was quite limited. There wasn't a huge amount of institutional capital as we would have here in pension funds, etc., invested in, in commercial property.

00:17:33:02 - 00:17:57:15
GUEST
So, you know, with the team, we, you know, we we invested in some really, really good interesting value add assets, you know, really taking advantage of the of the growing, growing economy out there, different occupied types, a lot of new entrants wanting to get into this sort of burgeoning market. And, it was fascinating. Clearly, you know, we through the, through that fund came into the GFC.

00:17:57:17 - 00:18:24:03
GUEST
And I think, you know, I can say that on, on the ground, the team did a fantastic job maintaining and improving the income streams. The challenge that we had was that there was essentially a liquidity vacuum which prevailed on account of the fact that all the capital was almost all international capital, which then, you know, retrenched from from that market into their own, you know, leaving, you know, very little liquidity other than pretty much the very prime assets owned by the German institutions.

00:18:24:03 - 00:18:43:15
GUEST
So, yeah, that was challenging it, but it was, you know, we we stuck with it and worked hard with the team in Poland to, to, extract as much value as we could. But, yeah, great, great learning curve for me. And I was very grateful to, to the team there for, affording me the opportunity to, to do that.

00:18:43:17 - 00:19:00:13
HOST
You touched on, the genesis of, of Marchment being, high net worth and, individual who was an investor, probably in one of these syndicated funds who, rather than getting pulled with a load of different investors, wanted to have more direct control and access. Can you just talk to me about how and why you set up Marchment?

00:19:00:13 - 00:19:03:03
HOST

And had you always had that entrepreneurial itch?

00:19:03:05 - 00:19:30:22
GUEST
Yeah, disappointingly for the podcast. No. Yeah. Almost. On the contrary, I really enjoyed the the big corporate. I really enjoyed when when I was at BNP Paribas, I did a, when they were, when the business I worked for, which was latterly at Israel, was bought by BNP. The there was a huge amount of work and time and money invested in trying to look at cross-selling between the the European businesses that they bought, which was a very big business in Germany called Milhares.

00:19:30:24 - 00:19:53:13
GUEST
One in Paris called Augus to out. And whether it was in in the UK and, yeah, I was lucky enough to be involved in some of the, the endeavors to, to, to do that. You know, that was quite revealing in itself. I know we did it. We did a piece of work in, in Paris, which was actually for a, for a German client in who had a portfolio of Paris offices.

00:19:53:13 - 00:20:11:16
GUEST
And I went over there to try and support the sort of, financial analysis of what they were doing, which was one of the more challenging roles I've had, I think, my wife for last that she, she was on the other end of the phone as an actuary, trying to help me see the spreadsheets at night.

00:20:11:16 - 00:20:30:06
GUEST
I think we probably clocked up more on the mobile phone bills than, then we should have, but, but, you know, really interesting. I think, you know, at the time, the big challenge was that the broker markets around Europe and I guess the USA, etc., are very different. So in, you know, in the Paris market, for example, it's very much eat what you kill.

00:20:30:06 - 00:20:48:22
GUEST
And, you know, the guys there weren't even really talking to each other. Never mind, never mind us when we came over. So it is you know, I can see how challenging that integration can be for for businesses looking for pan-European, exposure. But I think, you know, it was a really interesting time to be involved in what was then a, you know, big corporate, big bank.

00:20:48:24 - 00:21:05:05
GUEST
So, you know, I mean, you know, if anything, you could have asked me then that's the trajectory I would have tried to stay on and, and grow within a bigger organization. And I guess sort of iteratively, I ended up getting smaller and smaller when I worked back down through USD. And, you know, obviously briefly tried tax was bigger.

00:21:05:05 - 00:21:40:07
GUEST
But at the time when I was working with them, child tax was still a very small business. You know, there was only 5 or 6 US working in London. Contrast that to to now obviously. But so no, there was no sort of budding, desire to be an entrepreneur. But I think what we did, you know, along with the, the investor, who supported me initially and I think, you know, working with somebody who wasn't in the sector was a really interesting, outlook because, you know, they were viewing real estate from a much more top down macro opportunity wasn't, you know, inevitably, having worked in the sector from from day

00:21:40:07 - 00:22:10:03
GUEST

one, you know, you're inclined to view it from a sort of ground up occupier investor market, etc.. But I think what was really interesting was how the, you know, the investors coming from other sectors view the opportunity. And I think, you know, the it became clear that there was a desire to try and grow the exposure for this investor and hopefully then add other like minded investors to it, principally through this relationship that that had prevailed with RBC.

00:22:10:05 - 00:22:49:23
GUEST
You know, and, you know, what we had was a very institutional counterparty in, in a, you know, and offshore, managed trust, but, you know, behind it was one and ultimately, you know, multiple beneficiaries who were, very opportunistic. And I guess the the strategy of management initially was, was largely directed by that desire of theirs really to be reactive to the, to the market opportunity rather than look at it as some sort of allocation play, you know, they were they were they were of the view which I supported that this was a you know, it was a very interesting, compelling buying opportunity through 2010, 2011, 2012 where, you know, the

00:22:49:23 - 00:23:23:13
GUEST
market was, you know, not not awash with buys. And I guess a little bit like we've seen in the last 12 months, you know, there were institutions who were, if not for sellers, certainly, motivated sellers. And, so really, you know, that drove what at that time was a largely sort of sector agnostic view to the market because it was really identifying the, the either imperfections in a sales process or a management process that that we were looking to, you know, to take advantage of.

00:23:23:13 - 00:23:49:01
GUEST
And, and I guess I say that very carefully, given the, many of the listeners and indeed my colleagues have come from institutional backgrounds. But I guess what we were doing then was buying the smaller assets from the bigger institutions, which, you know, practically, you know, these guys, when there's small assets in billion pound funds, you know, the smaller, smaller deals, you know, can't be the focus or perhaps they've aggregated these through different portfolio acquisitions.

00:23:49:01 - 00:24:11:14
GUEST
And so yeah, you know, I guess, put very simply, we were trying to identify imperfections in the management of what was predominately institutional, owned real estate and, and employ, you know, being a much more, you know, a smaller organization, you know, employing a sort of proactive approach to the, to the management of those, of those assets.

00:24:11:14 - 00:24:20:16
HOST
Right. And so you, as you touched on your sector agnostic. So, yeah. And in terms of the investable universe, there was that retail, office industrial mainly that you would look at. Yeah.

00:24:20:16 - 00:24:48:14
GUEST
I mean, I think, bias and I should say that at that point about, six months to a year in, I was fortunate to be able to lean on the infrastructure that the family office had in place for the strategies that they had outside of commercial real estate. So I wasn't sitting entirely by myself in a, in an office I had I had a team around me who were doing different strategies, but also, you know, gave me this sort of framework of, of an infrastructure of the, of their business, which was which was great.

00:24:48:14 - 00:24:50:13
HOST
In terms of what, like lawyers accounts and.

00:24:50:14 - 00:24:53:10
GUEST
Yeah, accounts lawyers. Yeah. Exactly. That, you know, an.

00:24:53:10 - 00:24:55:16
HOST
Office environment, they would dress.

00:24:55:18 - 00:25:14:23
GUEST
CFO who was able to, you know, to help guide me through, you know, that set up that establishment, you know, which was, which was great. So it wasn't a, you know, I think, you know, you think you set your own business up. I wasn't, you know, a I had the three assets that we'd acquired and sort of converted it into sort of de one.

00:25:15:00 - 00:25:36:09
GUEST
If you like. And B, you know, we had the, the background of the, the infrastructure that the family office had. So, you know, it was a, it was really interesting opportunity, but I think, you know, my experience to date at, well, both child tax and, and BNP was largely on the investment side, financing structuring side.

00:25:36:09 - 00:26:03:08
GUEST
So I didn't have the experience of the value extraction from, you know, asset management. And I think, you know, that really is where through to today is also the USP. And, Julian Perry, who's one of my partners in the business, joined at that point from Castle as capital, just across the road here, where he spent more than ten years, you know, in a very, very value add, strategy, which,

00:26:03:10 - 00:26:26:18
GUEST
Yeah, had given him huge amount of exposure to everything from, you know, planning strategies, you know, leasing campaigns, rent views, you know, the whole spectrum. And again, they were, you know, largely sector agnostic as well. So he, you know, he had experience across the piece. So, so I guess what we were able to do, I think our first deal, which is always the key one that.

00:26:26:18 - 00:26:43:23
GUEST
Yeah, we were clinging on to and. Yeah, and name no names, but the people who helped me keep, keep Ahold of that deal, one of whom is a previous colleague at the fund who we were buying from, probably gave us more time than perhaps, others would have afforded us. But we were we were going to get there.

00:26:43:23 - 00:27:06:22
GUEST
It was just, you know, at that time, you'd expect we were putting structures together. We were, bringing debt side by side. So, yeah, we were fortunate to be given the time to buy a portfolio of ten, assets. From fund, everything from retail, warehouse, high street retail, offices, leisure, you know, gym and, so, yeah.

00:27:06:23 - 00:27:28:00
GUEST
And I think, you know, what that gave us was the ability to really get our teeth into, you know, we were we had high conviction that this was a good point in the cycle to be buying. But I guess, you know, our underwrite was really underpinned by being able to extract value from the, you know, the value add strategies that we were to employ from an asset management perspective.

00:27:28:00 - 00:27:56:16
GUEST
So, and yeah, I have to take my hat off to Julian for that, rather me, I was, yeah, I could, I could see them up, but I think yeah, at that point what was really important was that there was no separation between the, the investment and the asset management. And it’s something that we still today find, you know, critical to, to what we’re doing and ensuring that, you know, when we’re underwriting new deals, you know, the asset management team are intrinsically involved in that because the reality is, you know, that they’re going to be responsible for the execution of that.

00:27:56:16 - 00:28:09:22
GUEST
So, you know, we spend a lot of time as a team, you know, across the disciplines, including development, management, asset management and investment, making sure that, you know, we’re all aligned so that when that, contract gets signed with everyone’s behind the business plan.

00:28:09:22 - 00:28:15:18
HOST
So, yeah, rather than the investment guide is dropping the file to the asset manager going, look what I’ve just bought. Try and make good of that.

00:28:15:18 - 00:28:33:09
GUEST
Yeah, indeed. Yes. So, so that was great. And really, you know, along with an analyst who joined it was really the three of us for the first, 3 or 4 years. And we, you know, we grew the capital base, quite organically. I would say, you know, as people say, you’ve got your own businesses.

00:28:33:09 - 00:28:55:00
GUEST
So we’ve added a person a year and, in 12 years or 13 years, but, you know, we were we weren’t seeking scale for scale sake at that time. You know, it was really about crystallize and performance to just improve the credibility of a business to, to grow through, yeah, through the next stage. And, so, yeah, it was fairly embryonic.

00:28:55:02 - 00:29:19:13
GUEST
But we were fortunate that, you know, the market went with us as well, which, you know, clearly was, yeah, it was an added advantage rather than, something. We were, banking on, but, you know, and with that, we were able to crystallize track record. We were, you know, we became a regulated entity, which meant that the rigor of the FCA had had gone through the business and we had the right practices in place.

00:29:19:13 - 00:29:45:18
GUEST
And, and I think, but it was clear if we wanted, you know, the private capital at that stage was, you know, the market had become more normalized. So there wasn’t the there wasn’t the obvious buying opportunity for somebody looking at it at the sector from a very opportunistic, basis. So, you know, we wanted to, to grow the capital base, perhaps more into institutional with a smaller, if you like.

00:29:45:20 - 00:30:06:11
GUEST
And we realized that really we had to, you know, we had to be more thematic in our approach, in order to do that. And I guess this is sort of six, 2016, I guess we were we were we were at that point where we as a business had great crystallized track record, good platform, you know, well known in the market or relatively well known in the market.

00:30:06:11 - 00:30:35:13
GUEST
But, it was opportunistic that my, contemporary mine in the, in the industry, I guess Cam Fraser, is a well known Kiwi in the, in the industry, having held senior roles at CBRE, Jai and and latterly head of the balanced funds at Nuveen, he was seeking a platform to really pursue what, you know, at that stage was was an early mover, but into the whole urban logistics last mile logistics theme.

00:30:35:13 - 00:30:57:24
GUEST
And, you know, it was it was a very opportunistic, connection because, you know, we had the we had the platform, we had the track record. Cam had the thematic, strategic idea to, to take to the, to the next stage of, of of the business. And, it was perfect to cam became a partner of the business.

00:30:58:01 - 00:31:22:20
GUEST
And despite his institutional background, is actually probably the most entrepreneurial of all of us. And, you know, pushes themes, pushes strategies. And, you know, it’s a really good push pull in the, in the office with, you know, ideas. And so Julian, Julian, cam and I, you know, we had then that opportunity to take and try and grow a business around what then became, you know.

00:31:22:22 - 00:31:24:02
HOST
Marchment as it is today.

00:31:24:04 - 00:31:25:07
GUEST
As it is today, I guess. Yeah.

00:31:25:08 - 00:31:44:04
HOST
So when you when you set the business up, did you have a business plan and a structure? You know, was it really formulaic or was it just a case of you had a partner who was clearly family office opportunistic, looked across lots of different sectors and the investable universe wanted to allocate some capital to commercial real estate.

00:31:44:09 - 00:31:49:23
HOST
Was it a case of, yeah, Tim’s go make me some money. Okay. I’ll just go buy some mismanage.

00:31:49:23 - 00:32:26:14
GUEST
Just get to come across this. I, I neither have had a budding desire to be an entrepreneur or a plan, but I did have something of both. But I think, No, look, I think the the original business plan really was to try and grow a platform to facilitate, you know, that aggregated capital. But from a, you know, rather than the sort of granular nature of the, I’d say, money, a bit like, you know, city and Threadneedle had done so well with the select funds, you know, you, you’re utilizing the banks capital relationships, and then you get really good operating partners in, in James Drake and, Tim Baring at

00:32:26:14 - 00:32:48:09
GUEST
Citi was an ex-colleague. Mine. You know, that that that model of, of working with at that time was RBC. We had a really good track record with the RBC guys. And we got sort of derailed slightly by the fact that RBC, went very risk off on, on, on a lot of things really and effectively sort of retrenched the business back, to Canada.

00:32:48:11 - 00:33:12:11
GUEST
So we were somewhat stopped in our tracks, I guess, in, in what would have been the original business plan, however, you know, as you know, as I think you've got to be, you've got to be quite flexible to the opportunity and, you know, as, as it happened, we then I guess, got went from pursuing, having our own fund and control, which obviously has has a lot of benefits to sitting in more of an operating partner model.

00:33:12:13 - 00:33:34:19
GUEST
And really I think with that, trying to, you know, really exploit what we consider to be our, you know, real USP, which was the ability to originate through our collective networks, to execute. You know, we've been doing this a long time now. And and then managed, you know, and I think that, so, yeah, we, we pivoted.

00:33:34:21 - 00:33:37:20
GUEST
So yeah, I'd say where we are now is not where the better.

00:33:37:22 - 00:33:38:12
HOST
Business.

00:33:38:14 - 00:33:56:20
GUEST
Plan would have looked like when we first started. But, you know, one of the benefits of the, the sort of infrastructure that the partner had, on day 1 or 2, like, was, you know, they had an FTE and a, a business that they could help shape that, you know, and, you know, whether you stick to the business plan, it's always good to have one.

00:33:56:22 - 00:34:15:21
HOST
Yeah. You know, I just love the fact that that was the plan initially, but then as, as it's evolved, it's kind of pivoted. And as you say now, you're a UK focused operating partner to institutional capital, and you take advantage of the opportunities. You find the deal, structure the deals, manage the deals. But you go and get institutional capital to invest or have majority equity in the deals.

00:34:15:23 - 00:34:30:09
HOST
Cam, who's obviously working at Nuveen Big Institution, he he's the kind of guy that you would have bought deals off of. In terms of the small, mismanaged sizes. Right. And so he's kind of moving from an allocator to, to an operating.

00:34:30:09 - 00:34:51:10
GUEST
Yeah. And I think that probably speaks to his his personality is as, as an entrepreneur, you know, he, you know, he has a great relationship with the guys at Jai and Nuveen where he was. And, you know, I think he, he just saw the market opportunity. And I think, you know, it's not often easy for these bigger institutions to pivot to the opportunity quickly.

00:34:51:10 - 00:34:57:15
GUEST
And, you know, that's what he wanted. And, you know, fortunately, we were able to sort of offer the platform to, to do that.

00:34:57:17 - 00:35:02:24
HOST
So he came into the business. And what was the idea and what was the theme? And I think going.

00:35:02:24 - 00:35:26:02
GUEST
Back to the basics, you know, we, over the 20 odd years that we’ve all been doing it, you know, we loved industrial for it’s old school, you know, benefits of of granular income streams and, you know, low obsolescence, you know, so we’d all done a lot of that industrial and, you know, we often found, you know, very low vacancy rates, you know, with, with active tenant management.

00:35:26:04 - 00:35:44:14
GUEST
Obviously what you then had was a huge structural shift in, you know, retailing habits and, you know, and that online penetration, you know, really cemented it as a, you know, obviously the sector that it’s that it’s become. But I think, you know, we saw an opportunity from the ground up to, to try and take advantage of that.

00:35:44:15 - 00:36:05:01
GUEST
And we would, you know, we didn’t get too restrictive in our parameters around, you know, how open it had to be or, you know, clearly, you know, we were looking for locations where the supply demand imbalance, you know, we felt would would leave us in a strong position to execute management initiatives that would, would advance income, you know, which is ultimately what we were trying to do.

00:36:05:01 - 00:36:25:10
GUEST
Clearly, what we then benefited from is a huge capital compression, you know, compression over, over the same period. But I think, you know, the thing that we probably are most proud of is the, you know, the advancement of the income, because that’s ultimately the thing that we’re in control of. Other than the timing of the, of the buying, which really speaks to the, you know, the teams on the, on the ground.

00:36:25:12 - 00:36:27:16
HOST
Rather than just buying. And it’s right in the market.

00:36:27:18 - 00:36:47:12
GUEST
It’s, you know, the reality is, you know, we for us as a business, we have to be shown to our value rather than just, you know, so buying whilst we have some singular assets within our portfolio. And we’d like to think that we can offer, you know, differentiated origination and execution positions there, a 25 year lease is a 25 year lease.

00:36:47:12 - 00:37:05:14
GUEST
So you’re at the whims of whatever the market does in the in the intervening period. But, you know, with the more granular, assets in the just six and latterly we got more into development. You know, it’s creating that, creating that product, which, yeah, is has been great.

00:37:05:16 - 00:37:13:18
HOST
So can you just talk to me at the portfolio today? And what makes. Yeah, makes up the business. And what does that look like? Yeah.

00:37:13:18 - 00:37:44:12

GUEST
So we manage about 750 million. So, and really the, I guess if you asked, somebody in the market what traditional management kit was, it would be, you know, granular value add, existing assets, which is where I guess we, we cut our teeth, and really, you know, that geographically we tend in portfolio composition to, to look at a core of southeast greater London.

00:37:44:14 - 00:38:07:02
GUEST
But then, you know, we really like the regions, you know, we the first, fund that we did with, and W1 partners. Yeah, we did eight assets in and around London, and then we bought Trafford Park and, and then asset in the Birmingham Ring Road. So, you know, when we’ve gone regional we’ve gone into the core markets where we’ve got conviction around liquidity and and supply demand balance.

00:38:07:02 - 00:38:39:22
GUEST
But so yeah we manage assets from Glasgow down to yeah. You know, a lot in southeast. Which yeah, are a combination of. Yes. More, institutional boxes, mid boxes, just broader portfolio with ICG partner of, of assets from AXA, which are very institutional boxes. However, you know, they do have a lot of lease events coming up and value to, to add.

00:38:39:24 - 00:39:01:02
GUEST
And then we have a large platform with Piketty, the Swiss private bank, which is which is a lot of value add predominantly multi layer assets, where we’re, you know, really working through quite intensive business plans, part redevelopments. And yeah, you know, that and then within, you know, we’ve done a couple of that now developments.

00:39:01:02 - 00:39:26:12
GUEST
We, we bought the Virgin Atlantic training headquarters in Crawley with picked a just post, Covid, where we did a short term leaseback to, to Virgin whilst they relocated their facility. And then they, and then we demolished that and constructed a just under a quarter million square feet, which we, which we sold to NFU, and, yeah.

00:39:26:12 - 00:39:36:09
GUEST
So, you know, quite a broad breadth of, you know, great, a slightly bigger boxes down to, you know, quite granular, thousand square foot, value add strategies.

00:39:36:11 - 00:39:48:04
HOST
How how do you go about sourcing or working out, you know, from a conviction perspective, you touched on that a couple of times, like where and how do you follow your nose or find these deals or know where to kind of look? Yeah, I mean.

00:39:48:06 - 00:40:07:10
GUEST
I think on the origination side, you know, cam and I and and James is, one of the investment directors. I spend a lot of time, you know, with the agents, you know, we we were agents, and, you know, through that, I’ve got a good network of, you know what have become, you know, a lot of friends within the industry.

00:40:07:10 - 00:40:45:08
GUEST
And, so I think from an, from an origination perspective, you know, the agency network performs a really

important function in our UK market. You know, we've also done deals directly with vendors where we've had relationships that that's been, the right thing to do. So, yeah. Origination side is, is one thing, I think on the conviction side, obviously we, we had had and continue to have very strong conviction around the, the industrial market just because of that supply demand imbalance, which we think is still permeating, you know, and should be supported by the, you know, the lack of new newbuild product, which will come through owing to the viability challenges of the

00:40:45:08 - 00:41:12:00
GUEST
of the last 12 months. But but yeah, it's you know, it's all about the underwriting. Yeah. So it's all about getting local occupation advice, understanding how these markets have performed through different cycles, not just not just looking at snapshots of vacancies at any one point in time. And, yeah, you know, looking at, you know, almost always there will be multiple scenarios that that can or, or will prevail.

00:41:12:00 - 00:41:31:06
GUEST
And, you know, doing as best we can, trying to understand the implications of those, on returns. So, yeah, it's, you know, there's a lot of facets that come in and again, you know, that's where the, the analysts that we have do a great job in, in being able to, to adapt to all the different assumptions that the asset management guys are feeding in on.

00:41:31:08 - 00:41:51:04
GUEST
You know, it's not tenant goes that's CapEx there. You know, and we've gone and we've so there's you know it's it's quite multifaceted the the underwriting process and yeah, we tend to do a lot of that work early on in the process. To ensure that, you know, we don't you know, we don't have wasted deal time or deal costs in, in due course.

00:41:51:06 - 00:42:02:12
HOST
You touched on the, you know, ICG and picture, have you say the kind of the wider capital universe pivot over the last ten years or so in terms of the types of capital that wants to access the market?

00:42:02:14 - 00:42:30:14
GUEST
Yeah, I think so. I think as I mentioned earlier on, you know, private equity, is it that's not it's not a new phrase. Now I think I'm, I'm getting old established the other day that both my university halls of residence and the first office I worked at in London have now both been knocked down, seized up to, start to feel you're getting a bit older in the industry, but certainly back then, you know, there was no Blackstone, there was no, you know, Kennedy, Wilson, KKR that you know, they are they are you know new entrants to to the market in the last ten years.

00:42:30:16 - 00:42:55:08
GUEST
And I think you know those those types of operators are attracted by, you know, all of the things that we've, we've discussed in terms of, you know, the UK market is a very mature, transparent market, and one which, you know, other than, as something of a blip of, of late politically and, you know, legally sits, sits head and shoulders above a lot of the other European and global markets.

00:42:55:08 - 00:43:24:16
GUEST
So I think for that reason, it was an attractive place for that capital. And I think, you know, the returns in real estate, particularly in the low interest rate environment that we've been through, have been have been very attractive. So, yeah, you know, it seems to be a fairly well trodden path now that private equity capital of that nature, you know, will will allocate money to operating partners like ourselves and others

who, you know, who can access and, you know, more importantly, manage, manage the strategies on their behalf.

00:43:24:18 - 00:43:35:16
HOST
Talk to me about surface storage and and industrial open storage is it's probably more broadly known as. Yeah. Yeah.

00:43:35:16 - 00:44:02:21
GUEST
Well, it's an interesting, theme that, that, that we were pursuing. It was, it was probably two and a half years ago now when we, through an ownership that we had, which was actually bought as a development site, but, but was ultimately open storage. And with that and with another asset that we did a lot of due diligence on, which had a predominant open storage use on the site, we spent a lot of time diving into that market.

00:44:02:23 - 00:44:45:05
GUEST
You know, it's a market that still has very few data points and, and it became very clear to us that actually there was a really compelling mismatch between supply and demand in, in that sector. And I think, you know, what what was often the case and still is, is that occupies in that space which increasingly are quite big corporate occupiers, you know, whether it's the EV charging guys or building merchant guys, the it, the, the nature of the assets was that they were often either sites which were waiting to be developed into either industrial or residential, and therefore these occupiers were only being given short term licenses to, you know, to occupy, whilst the

00:44:45:05 - 00:45:05:01
GUEST
bigger picture strategy was, was being put in place. And I think, you know, with that we started to see some, some similarities to what we'd seen in the urban logistics market, where fundamentally, you know, the rents, that supply demand imbalance meant that we felt that the rents were going to grow. Clearly they they did in the, in the, in the industrial market.

00:45:05:01 - 00:45:40:23
GUEST
And here we just felt they were coming off a very low base. And there was a very, you know, the, the asset class itself, if you can even call it that in the UK, just wasn't being characterized. It was it was sort of dirt land and, you know, really, somewhat overlooked from a capital perspective. So, you know, it was quite opportune in having identified it as a, a bit of a mismatch in, in the sector, partner in that fund and w one partners, who, who's investors into their funds are all institutional capital, a lot of which comes from the US.

00:45:41:00 - 00:46:06:21
GUEST
Yeah. They when we were sitting around talking about what we could do after we'd executed our first strategy with them, you know, we brought this to the table as an an interestingly, they did exactly the same because they were seeing it in the US, with some of their strategies over there where the market is 2 to 3 years, probably ahead of the UK in terms of its maturity and its acceptance as a as a subsector of the industrial market from a capital perspective.

00:46:06:21 - 00:46:38:00
GUEST
So, it was a great fit. You know, we loved working with those guys, in our first fund and, yeah, that, that, that, that conviction that they had around the, the asset class becoming an institutionally acceptable one, which, you know, you'd probably argue has just happened in the last 12 months with the likes of

Blackstone coming in, you know, and I think, you know, we felt really strongly that this was this, this was a scalable strategy, you know, and one which we could, you know, we could react quite quickly.

00:46:38:00 - 00:47:04:17
GUEST
So I think, you know, we were one of the first dedicated EOS funds. And, yeah, we've just about to close on our 12th asset. Which is, which is great, you know, so we it's, you know, it's a very high conviction strategy for us. And again, you know, back to basics. Obviously it does. You know, we are talking about, the asset management team don't like me to underplay the requirements of drainage and, and, surfacing, etc..

00:47:04:17 - 00:47:33:24
GUEST
But it is a simple asset class with very low obsolescence. And I think the, the surface brand that you referred to was something that we wanted to use to, to really try and, institutionalize the, you know, the, the fairly ugly system of an urban asset class, really. It was, you know, it, so I think, you know, the the brand is intended to provide some consistency of product.

00:47:33:24 - 00:47:54:13
GUEST
So palisade fencing, you know, consistency of the, of the hardstanding that we're putting down, both from an occupier perspective because we're seeing that we've now got multiple deals in discussions with the same occupy, because we've got a lot of new entrants, for example, into the EV charging side. So, you know, they get to see the recognition of the brand and what that brings.

00:47:54:15 - 00:48:20:14
GUEST
But also in, in the sense of just, you know, creating a, a platform if you like, of, of, you know, consistent, at least profiles consistent specifications, etc.. So, yeah, we're really excited. It's, Yeah. Well, it's not an easy sector to transact in, which I think in a way, I'd say we quite like James, who's, heading up that strategy.

00:48:20:16 - 00:48:40:11
GUEST
Had a lot more hair when he started, but it's, that the reality is, we see that as quite a big barrier to entry because, you know, quite often you, you're transacting with sellers who are private sellers who perhaps owner occupied the site for 40 years, or you're dealing with families who are selling in estate or, you know, with developers who've had a planning consent or an option which is expired.

00:48:40:11 - 00:48:56:14
GUEST
And so it that it's not as straightforward as the sort of traditional industrial sector is, and nor are there the data points to, to to, to really get behind on the rents because to an extent, you know, where you're having to, to sort of create the market.

00:48:56:16 - 00:49:03:12
HOST
Thought if you can acquire enough of the sites, package up as a portfolio brand as you are, there's an exit of sorts further down the line. Yeah.

00:49:03:12 - 00:49:28:23
GUEST
And I think, you know, as you aggregates and you know, what we often find as well as the occupiers here are actually seeking longer term leases than obviously we've spent our careers, you know, trying to encourage tenants into longer leases, but actually in this sector, because of the fact that they are have

moved on, have been moved on so readily in the past, so into the nature of these sites and, and, and how they're, how they used to sort of transitional space rather than, you know, defined spaces.

00:49:28:23 - 00:49:54:21
GUEST
EOS you know, we're doing a deal at the moment where the occupiers are looking for a 30 year lease, you know, so I think, you know, and what we feel quite strongly is that, you know, when, you know, when we hopefully get to that stabilized position of aggregated, longer dated income streams, it should become a more institutional asset class anyway because, you know, ultimately, if you're buying long dated income streams underpinned by industrial land values, you put put simply.

00:49:54:22 - 00:50:01:05
GUEST
So, yeah, we we're excited about what we can create really. And we think there's a lot of scale in the sector as well, create.

00:50:01:05 - 00:50:03:13
HOST
An institutional grade product. So back to the institution.

00:50:03:13 - 00:50:04:14
GUEST
As well and say.

00:50:04:14 - 00:50:21:07
HOST
Go full circle. So talk to me about the, you know, the wider market and your views in the market as we sit here middle of January. It's obviously 2024. It's been a challenging 12 months. How, how and what is your take on your landscape right now?

00:50:21:09 - 00:50:42:01
GUEST
Yeah, it's I mean, it's been a it's interesting when, when I was having a have a look at prepping for this, for this chat, you sort of look at where you were when in the cycle. You know, different decisions that we've made. And you, you know, what that does is to show you that this is, you know, the cycles, you know, they come and and they go and, you know, there are consistent themes through those cycles.

00:50:42:01 - 00:51:04:01
GUEST
But I think, yeah, it has been a challenging environment. I think, you know, we all became very used to a very low interest rate environment. And, and therefore the, you know, the the yields that were offered in, in property is as low as they became in some sectors, was still was still attractive. And, you know, I think the most important thing to remember is still offer growth through through rents.

00:51:04:02 - 00:51:25:21
GUEST
I think, you know, the, the sort of direct comparison to the risk free rates and gilts etcetera, is, is an important one, but also one that can overlook, you know, the, the rental growth, performance and income growth in real estate. But I think, you know, we've been very selective over the last 12 months. Certainly our deal volume has been down significantly on what we'd hoped.

00:51:25:21 - 00:51:50:06
GUEST
But I think, you know, that there are situations which prevail in these markets where unfortunately, you know, there are sellers who are, you know, somewhat forced is perhaps a to too harsh a word. But, you

know, there are motivated sellers. And I think, you know, we we've become very selective and, you know, in the occupation of markets that were willing to, to go to.

00:51:50:06 - 00:52:18:02
GUEST
But I think, you know, we still we still believe in the fundamentals. So, you know, opportunistically, we're still very, very active and positive. I think, you know, we're keeping a very close eye, both on the occupational market, both anecdotally within our portfolio, but also within the, you know, the wider statistics, if you like. You know, we we're seeing very strong tenant retention, and generally pretty low vacancy rates across the portfolio.

00:52:18:04 - 00:52:42:24
GUEST
I think tenant retention might in some part be that the cost of moving can be prohibitive. And in a, in a downturn, economic downturn, going to the FDA and asking for, you know, asking for cash to relocate is is a difficult conversation. So, you know, we've, we've the team worked very closely with the tenants to try and understand the requirements and, and what we could do.

00:52:42:24 - 00:52:56:16
GUEST
And we'll probably come on to sort of ESG and EPC initiatives with occupy dialog. But, you know, so we're seeing we're seeing quite robust, results on, you know, on our existing portfolio.

00:52:56:22 - 00:53:01:14
HOST
That's great. And are you seeing other opportunities in other asset classes present themselves, or so.

00:53:01:14 - 00:53:21:11
GUEST
I think the other, aspect of the business which which I haven't touched on yet is, marchment development management business, not not overly, exciting names, but, but yeah, it's, and really, we set that up, with a former colleague of mine from, BNP Paribas, Nick Hornby. Just over three years ago now.

00:53:21:11 - 00:53:44:21
GUEST
And really, that was to to do two things, but one was to try and diversify, what was quite a binary exposure to the logistics market, which, you know, had fortunately been a been a good, a good thing. But, but we were conscious that that was, you know, almost the entire portfolio that we had, and the living space was clearly, you know, an area where we felt that the capital appetite was, was there.

00:53:44:21 - 00:54:06:14
GUEST
And the and the demand supply side was it was also compelling across the different aspects of living and also really to try and bring in a bit more development capabilities so that we could do bigger and more, development projects, both in the logistics side and now in the, in the living side. So, so yeah, that's been really interesting and a big learning curve for me.

00:54:06:14 - 00:54:42:11
GUEST
I yes, I don't know a huge amount about BTR, but I'm, you're learning on a steep curve. So I'm enjoying sitting in on the, on the design team meetings and things. But we've got, you know, we've got a couple of really good partners here. We do a lot with Pepperell Securities and, and, you know, looking at opportunities to take, you know, measured planning risk, but then with, you know, a good line of sight to, you know, to the execution of, of whether it's BTR or student, you know, positioning assets into markets which have very liquid capital positions, such as the BTR market, you know, albeit it's, you know,

everybody's

00:54:42:11 - 00:55:11:13
GUEST
been affected by the, by the last year's interest rate changes. But so yeah, you know, that's been it's been really interesting. And, you know, some of the, some of the roles that we've been doing on that side of the business, if you like, is is supporting capital, who perhaps had investments in longer dated income strategies which, owing to tenant failure or, or the like, have have become change of use plays and, you know, working with them to help reposition and underpin, you know, value.

00:55:11:13 - 00:55:28:00
GUEST
There has been has been really interesting. So, so yeah, you know, that's, you know, we see the living sector and logistics as being, you know, to to areas which I, you know, we feel, you know, we have, you know, real expertise and, and and conviction behind the fundamentals.

00:55:28:05 - 00:55:45:07
HOST
You got a team in place from transactional origination structuring perspective as well as the development capabilities as well partnering with institutional capital. Do you think you'll ever go back to setting up a fund or. I'm sure you kind of co-invest in the deals yourself. Were there some sort of shenanigans or alignment? But gee, is that a is that a goal for the future?

00:55:45:12 - 00:56:07:20
GUEST
Yeah, I mean, we sort of, you know, it's a it's always been about sort of partnership investing, if you like, whether that's literally investing alongside or making sure that the alignment of interests is, is such that, you know, that that's in place. I think, we made a relatively conscious decision within the logistics market to go down the operating partner model, which I think, has been good and plays to our place, to our strengths.

00:56:07:20 - 00:56:40:00
GUEST
You know, we've got we've got desire to to scale and we think we've got strategies which could be scalable. So I think, you know, the great thing about the business being in the control of the three of us means that we can make those decisions, you know, really on a case by case basis. So you know, where it would be appropriate for us to, you know, actually go put our own fund together, then, you know, we've got the ability to do that equally, you know, we've got the flexibility for somebody to come to us and say, look, I'd love to use your platform to get into another sector that we don't have expertise in, you

00:56:40:00 - 00:56:47:13
GUEST
know? So I think, you know, we're quite excited that, you know, the different options for the, for the business.

00:56:47:13 - 00:57:10:01
HOST
I guess it's the beauty of being independent. Right? And having, as you said, three, three entrepreneurs, two owners, you can you can pivot and take advantage of the opportunities that are presented. Well, what are some of the learnings of kind of being an accidental entrepreneur or, you know, because you must have a, tremendous amount of a patience, but also like resilience and determination as well, because setting up a business if you're really, really keen is is a hard ask.

00:57:10:01 - 00:57:16:02
HOST

But, yeah. What what are some of those kind of learnings over the last. Yeah, 13 years I.

00:57:16:02 - 00:57:49:17
GUEST
Think probably we probably touched a little bit on it earlier on, you know, having the plan, but being willing to deviate from it. And I think, you know, there are there's some challenging times, you know, we we went through some, you know, some pretty lean, some pretty lean moments. And I think, you know, through those moments, that's when you've really got to stick to you, stick to your convictions, and, you know, it's, you know, you do you go through periods where you wonder whether it's the right thing to do and, yeah, you sort of remind yourself, I guess I could hopefully go and try and get a

00:57:49:17 - 00:58:13:09
GUEST
real job if I had to, but, fortunately, today date haven't had to had to do that, but it's, but yeah, I think, you know, being being willing to be adaptive and I think, you know, putting teams around you and being accepting of the different skill sets that others can bring. I think when you when it's your business, you know, you want to control everything because, you know, and I was I loved working for the big organizations.

00:58:13:09 - 00:58:46:10
GUEST
You know what I do like about having your own businesses that, you know, you set a strategy and you do it with absolute belief and conviction. And, you know, if if it goes wrong, it goes wrong. But you've done it for the right reasons. And I think, you know, sticking, sticking to that, but also accepting that others can bring value, whether it's value like can do it through a, through a completely, you know, a sector, theme and, and strategy and, and background or, you know, or bringing in, you know, the asset management capability which effectively underpins everything that we do, you know.

00:58:46:10 - 00:59:11:16
GUEST
So, yeah, I think it can be difficult to bring bring people in. And I think once you accept, well, you know, what the team can bring, you know, and we've got, you know, we've got a great we've got a great team of 12 of us who, you know, everybody's bringing different, you know, different experience, different backgrounds, different skill sets and, you know, trying to provide the culture to, to allow that to, to grow is, it's exciting.

00:59:11:21 - 00:59:14:16
GUEST
You know, we enjoy it. It's good. It's good for what?

00:59:14:16 - 00:59:19:10
HOST
What are you most excited about in terms of 2024 and beyond? I think.

00:59:19:12 - 00:59:39:10
GUEST
You know, probably no answer there. The last question of the day as well with this. But, you know, we do feel that the iOS space, has got it's got real, you know, it's got real scale. And I think we're, you know, we're we're excited at the experience that we've had and the understanding that we're gaining around the planning around the occupational demand.

00:59:39:10 - 01:00:06:01
GUEST
You know, what's what's driving that, you know, relationships with occupiers that can grow. So I think, yeah, that's really exciting. I think the other thing that we're spending a huge amount of time as, as

everybody is, is, is really looking at how we can repurpose and reposition existing assets to meet the new EPC, ESG criteria. And it’s, you know, it’s something that we’ve always been, you know, passionate about.

01:00:06:01 - 01:00:26:13
GUEST
And I think that probably not, you know, that probably hasn’t led to, to to action early enough. But, you know, we’ve now got a an ESG lead in place in Kate. And, you know, as a business, you know, we’ve just signed up to planet Mark. You know, we’re really making sure that we’re sort of starts from the from the ground up, I guess.

01:00:26:13 - 01:01:02:23
GUEST
But also, you know, just, we feel quite strongly that the there’s a potential for existing assets and perhaps more functional real estate to be overlooked because the EPCs in languishing in areas that that are, they’re, they’re going to cause challenges for liquidity and the ability to lease. So a lot of what the asset management team have been doing really well is, you know, looking at how and what we can do with existing occupiers and with vacant units to try and, you know, bring those assets up to a standard that, standard and beyond where we can, which will, you know, not just satisfy the criteria set out by the government, but, you

01:01:02:23 - 01:01:20:20
GUEST
know, sort of sit within, you know, what we’re trying to do as a business. And, it’s hard, you know, you got to you’ve got to think outside the box. For example, we’ve got, we’ve got a relationship with, Action Funder, actually, which, is was set up by an old contemporary man in the industry and friend Mark Shearer.

01:01:20:22 - 01:01:41:05
GUEST
And really, what he was trying to do, which is probably the hardest of the, of the ESG to to satisfy is the s. And it’s something that we, you know, we feel quite strongly about, and he provides a platform and a great business and might be an interesting guest for you, but, he, you know, provides the ability to effectively execute the s at a local level.

01:01:41:05 - 01:02:03:11
GUEST
So when we’re doing a development, for example, in a particular location, you know, we can say to him, okay, you know, this is what we want to do. And he’ll effectively go out and, and source local already has a database of of local charities seeking support for different initiatives, whether it’s supporting children’s charities or, you know, is it a big breadth of things you can choose?

01:02:03:11 - 01:02:29:00
GUEST
And it allows us to be quite specific with our support, you know, where we’re investing or where we’re developing. And, so that’s, you know, one of the initiatives that we’re trying to do and, you know, it’s, you know, we feel quite strongly that it’s easy to overlook these older assets, but you know, there are there are things that can be done which, which will, you know, improve liquidity and underwrite returns, but also, you know, support what we’re trying to do at a, at a, at a corporate level.

01:02:29:02 - 01:02:43:08
HOST
Amazing. Well, look, as you as you touched on, as we draw to an end of this conversation, a question I ask everyone on the podcast is, if you had 500 million pounds worth of capital, who are the people? What property and which place would you look to deploy to deploy that?

01:02:43:10 - 01:03:04:24
GUEST
Yeah. Well, I think, you know, the the last one, the place I think the UK has always been the market where we've got the most experienced really. So in terms of our, our ability to add value and stand behind our credentials, you know, that's really where we're, where we are. I think people have done some fantastic jobs in some of these European markets, and maybe we've missed that.

01:03:05:01 - 01:03:25:22
GUEST
We you know, we're not ruling those out. I think if we were to go into some of these European markets, we would need a partner who, like us, was embedded in that local market, such that we were we were had real conviction around their ability to, to execute. But, so I think, you know, the UK is where we would be and, and I think the reality is, you know, in terms of scale, we think that EOS sector has real scale.

01:03:25:22 - 01:03:42:03
GUEST
And I think we've got a we've got a relative early mover advantage in it. So we're excited about about growing that platform. So I think for now, we'll, we'll stick to that. But opportunist, you know, we're, we're still seeing some great opportunity in the, in the, in the logistics market.

01:03:42:05 - 01:03:47:15
HOST
And in terms of people, is there anyone, along the journey that you would, you'd get involved with?

01:03:47:17 - 01:04:05:07
GUEST
Yeah. I mean, to be honest, the thing I like most about the the industry really is, is the people that, you know, you're fortunate enough to meet. So, it's, you know, I learned a huge amount from, from James and Colin try to remain good friends, you know, we last that. I just got out of that sinking ship in time before.

01:04:05:12 - 01:04:24:01
GUEST
Yeah, but, But, no, you know, I mean it that the mentors like like them, you know, are great to have. You know, it's been great to see to see them grow and, and. Yeah, you know, I think, you know, is there anybody that we'd like to work with? I think, yeah. I mean, you know, we love people coming to us with ideas.

01:04:24:01 - 01:04:35:04
GUEST
You know, we're we're very open to that, you know, and hopefully that'll be one of the ways we, we grow over the next five years with, you know, with new partners, new platforms, which, yeah, which is the exciting bit.

01:04:35:06 - 01:04:48:24
HOST
Well, Tim, you've you've had a fascinating background career, and I'd love to find out a little bit more about how you set the business up. Why is it the business up and how you've kind of evolved and pivoted and take advantage of the opportunities that are presented themselves. So thank you so much for joining me.

01:04:49:02 - 01:04:50:07
GUEST
Pleasure. Thanks for your time.