

00;00;00;29 - 00;00;34;07

HOST

Welcome to the People Property Place podcast. Today we are joined by Van Stults, founding partner of Orion Capital Managers. Privately owned, Orion is a leading European real estate private equity firm founded in 1999 by its three partners, RF Van and Bruce. With offices in London, Madrid, Milan and Paris. Orion operates across major European markets, leveraging its local presence and extensive network to identify and capitalize on outstanding investment opportunities.

00;00;34;10 - 00;00;58;29

HOST

Van has had a phenomenal career spanning more than 40 years and prior to setting up Orion, he was a member of the Board of Directors of LaSalle, a managing director, a member of the Operating committee and head of European Investment Activities. Van also established the South European offices in London and Paris in 1997. Welcome to the podcast.

00;00;58;29 - 00;01;03;01

GUEST

Thanks, Matt. I mean, good to be here. Look forward to this. Hopefully it's hopefully it's entertaining.

00;01;03;05 - 00;01;18;22

HOST

I'm sure it will be. I've got a I've got a good feeling about this. All right. So look at a place we always start this podcast. And we'll get onto Orion and your career and how you see the marketing capital raising further in our conversation. But a place I always like to start is how and why did you get into real estate?

00;01;18;28 - 00;01;38;11

GUEST

Well, actually, most of the things in my life have been not necessarily by design, which I'm not sure sounds all that clever, but, you know, but when doors opened or things happened, I followed and went through them. So, I started out really as a financial guy. My father was a banker. And so, you know, I grew up in Chicago, went to Claremont McKenna, but then came back to Chicago to go to Chicago.

00;01;38;11 - 00;01;56;03

GUEST

Booth for my MBA for business school. And I did that while, working at First National Bank of Chicago. So I was just, like a banker finance guy getting my MBA at night. And then my career. I've always sort of. I never really like big organization. Some people are really good at big organizations, and I'm just better at smaller things.

00;01;56;03 - 00;02;13;22

GUEST

So I went and worked for a family office, in the fortunate unfortunate that my own family were wealthy family in Chicago that one day the head guy said, let's get into hotels. And so I just started. He said, van, why don't you start working on these? So we bought some Holiday Inns. You know, in like in Sheridan's in Chicago, in Florida and stuff.

00;02;13;22 - 00;02;18;23

GUEST

And I said, man, I really enjoy I really enjoy the this hotel business versus the pure finance.

00;02;18;26 - 00;02;20;12

HOST

Because it was a physical asset.

00;02;20;12 - 00;02;41;14

GUEST

Oh yeah. The physical asset, the sort of, you know, you're like a commercial tourist. You know, you're like, okay, what's happening in this city? What's going on? Why is good? So you really, you know, real estate is tangible, but you do become I like what I call a commercial tourist. And I, I always like traveling around when I was, when I was like in my high school and college things, I used to lead wilderness Canoe expedition, like up in Cannes and all that.

00;02;41;14 - 00;02;57;28

GUEST

So always a guy that was sort of, I don't know, on the move and sort of exploring new things. And so I just gravitated to real estate and really like that. So when I was working with the family office, it was great, but it was their family and their office. And so I decided I really need to get into a pure real estate business.

00;02;57;28 - 00;03;17;26

GUEST

So I went to LaSalle in 1984 because it was small and entrepreneurial real estate, and you could become potentially a partner. It was a partnership. So go from being an employee to potentially someday into ownership. So I always gravitated not just to real estate, but also places were kind of it was, you know, more small and you could maybe get into ownership.

00;03;17;29 - 00;03;20;05

GUEST

But I so purely by accident, pure and.

00;03;20;05 - 00;03;24;28

HOST

No, no, you said your dad was a banker, but you had no other family in property or real estate.

00;03;24;28 - 00;03;36;26

GUEST

I, grandfather who's a huge guy, my father's father was in sort of farm real estate in the Midwest, in the US and went bankrupt in the Great Depression. So that wasn't really.

00;03;36;29 - 00;03;37;24

HOST

That didn't have a.

00;03;37;25 - 00;03;45;14

GUEST

Very auspicious. No. And so my father was always kind of anti real estate in a way. So no, we didn't really but he was. Yeah. Farm real estate I guess.

00;03;45;19 - 00;03;50;24

HOST

And so you started in hotels, the family office. Yeah. You expand into other sectors.

00;03;50;24 - 00;03;53;01

GUEST

Oh well I went to, I went to La Sal.

00;03;53;07 - 00;03;54;05

HOST

Yeah. But not at the.

00;03;54;07 - 00;04;12;05

GUEST

No, at the family offices called company family called Lane. No, we just, just had the hotels and we were just had these middle market Holiday Inns, Sharon's that sort of stuff. When interest rates at that time, you know, went up to like 17, 18%, which is hard for people to imagine. Now. And we would buy preferred interests in these hotels.

00;04;12;05 - 00;04;20;02

GUEST

We had this great lawyer who said we'd buy like half the hotel. So it's like buying half the orange, but getting all the juice. And that was a good, that was a good gig.

00;04;20;02 - 00;04;21;07

HOST

And you didn't operate them.

00;04;21;07 - 00;04;30;25

GUEST

You know what? Well, yeah, we did. We had single lane hotels and we were operating them, and we were like a franchisee for. It was very basic, holiday and all that. So anyway, I love that. I thought it was great.

00;04;30;27 - 00;04;32;17

HOST

And so you you moved to LaSalle?

00;04;32;18 - 00;04;39;01

GUEST

I moved to the south for just to get purely in the real estate business and the chance to be in something over time where you could get into the ownership.

00;04;39;04 - 00;04;43;04

HOST

And did you expand your kind of investment horizon away from hotels at that stage? Oh yeah.

00;04;43;04 - 00;05;01;13

GUEST

Yeah, I was a deal guy. And so I was just to work in primarily Western US, just working on whatever. I mean, I bought a office, Union Bank building in Long Beach, California, and which was a great deal. And, you know, a whole variety of stuff. And so, when I was LaSalle, the the big story, good story was the.

00;05;01;13 - 00;05;18;03

GUEST

And Roger fit El Pollo. Remember this? Well, it was the best deal I never did. Which back in late 80s tried to buy the Sears Tower in Chicago, the Sears Tower, 3.6 million feet. I was as Sal we're trying to do with Pru. And it was Sears was moving out and selling it themselves. So they were moving at a 2,000,000ft.

00;05;18;03 - 00;05;40;29

GUEST

So you had 50 floors of 40,000ft² each going empty. And so we came, and this is great. I won't take too long a story on another self, but, and I worked with Guy Dan Cummings at the time, who went on to be at Bain, and so we actually negotiated with Kevin Maxwell. You're too young to know who is Robert Maxwell, son to lease 2,000,000ft to Maxwell Communications.

00;05;40;29 - 00;05;52;03

GUEST

On the back of that, we bid \$1 billion to buy the Sears Tower in 1980. That got lost it to awarded a convertible mortgage, and within months, real Robert Maxwell did the.

00;05;52;06 - 00;05;54;06

HOST

Glenn Maxwell yeah. It's Glenn disappears.

00;05;54;06 - 00;06;10;09

GUEST

Thing. So we would have been wiped out. We would have been wiped out within within six months of buying that thing, we would have been blown out. So, yeah, that was one of the great stories from the 80s. And LaSalle at the time was run by a guy named Bill Sanders, who was sort of Pied Piper real estate and went on to form Security Capital.

00;06;10;09 - 00;06;12;11

GUEST

And it was a great education, was a great place.

00;06;12;13 - 00;06;15;10

HOST

And so you got to learn from some phenomenal people.

00;06;15;13 - 00;06;36;08

GUEST

I learned a huge amount working at the family office first, because the family office, Lane family before LaSalle, because the money was real. And, you know, they they said this round, Nichols you know, \$0.05 like manhole covers, you know, I mean, they really and negotiated negotiated everything. And we had, you know, of course were taxable everything. So I really learned a huge amount working with that family office money was real.

00;06;36;08 - 00;06;55;05

GUEST

How to negotiate taxes, structuring everything. And then what are we going to LaSalle? I really were in the real estate other a lot as well. But I learned learned the real estate and organizational skills and sort of the real estate business in terms of institutional investment management, fund management with LaSalle. And, you know, as I said, I was just a deal guy from 84 to sort of 90 working on variety deals.

00;06;55;05 - 00;07;04;09

GUEST

And I don't think I was exceptionally good, but I was a, you know, I was a good player. And, if you ever seen the movie Sliding Doors, I have it's not I've heard.

00;07;04;09 - 00;07;04;21

HOST

I've heard.

00;07;04;22 - 00;07;28;08

GUEST

It's not a great movie, but it's a good concept. I like the concept with Gwyneth Paltrow, who does pretty well like an English woman. And, it's about where she goes to catch the two and one life. She makes it one life. She doesn't catch the two and has two completely different lives because of missing one thing. Well, anyway, I had the sliding doors kind of moment when the, head of LaSalle saw Stewart's Scott on time on Friday afternoon came.

00;07;28;08 - 00;07;44;08

GUEST

ODesk said, we're going to open an international office. Do you want to go and and be the first man to, you know, plant the LaSalle flag in Europe? At the time, I was looking to move to be Lasalle's guy in the West Coast. I was house searching San Francisco. So it was like, so this is, you know, a huge and.

00;07;44;08 - 00;07;55;12

GUEST

Well, I said, sure, why not? Let's go to London for a couple of years. It'll be a jolly and, you know, kind of what the heck. And that was 89, 90. And you know, 33 years later, I'm still I'm still here.

00;07;55;12 - 00;07;56;26

HOST

So what what, did he pick you?

00;07;56;26 - 00;08;01;03

GUEST

So yeah, that wasn't by design. Like, oh, I didn't want to go into real estate. Oh, I want to go international.

00;08;01;10 - 00;08;03;14

HOST

But you just follow your nose and took the opportunity.

00;08;03;15 - 00;08;17;05

GUEST

Yeah. You said, well, something seems exciting and energetic and opens up doors. Life is interesting. Like I said, I used to do these canoe trips in the Canadian wilderness or whatever. So things like it was a it was an adventure, right? It wasn't some great career design.

00;08;17;07 - 00;08;22;19

HOST

Why were you chosen? You said you're like a good deal guy. You know, you're probably being modest, but,

00;08;22;22 - 00;08;23;24

GUEST

No, that was accurate.

00;08;23;27 - 00;08;29;02

HOST

Why do you think you had the tap on the shoulder and given the opportunity to go and set up, an office?

00;08;29;03 - 00;08;47;19

GUEST

Well, 2 or 3 things. I mean, I've got maybe more perseverance than brains. And so I'm incredibly you know, I never sort of give up. I hate to lose. I'm a really bad loser. Which is something you got to get over a little bit. And, you know, I, I'm, I'm an Irish, but also an incredibly reliable.

00;08;47;19 - 00;09;06;19

GUEST

And I had the LaSalle sort of ethos and culture and everything. We'll talk more about that later. Drove the culture. So I think they felt I was the right guy to carry the flag in terms of, you know, the LaSalle sort of image and culture and things in terms of you coming to Europe. So and again, I proved to be more perseverant, I think, than clever in the early days.

00;09;06;22 - 00;09;10;13

HOST

So talk to me about the early days in the 90s in, in London, Europe. Well, you know.

00;09;10;13 - 00;09;28;15

GUEST

First of all, I mean, Matt, you know, international real estate was a new concept. I mean, in terms of, I mean, clearly equities and other all the other financial instruments were globally investing. I mean, if you're doing an equity portfolio, you know, global real estate at that time was pretty well real estate capital was local and not really crossing borders.

00;09;28;17 - 00;09;45;22

GUEST

And so this was 1990. JM a company called JMB had come over, done a deal called Rands Worth Trust, which cratered right away. And so that was they were out of Chicago, Neil Bloom and so and there were a group of us that sort of came over at the same time. So Roger, if at Goldman and yet Keith Breslau.

00;09;45;24 - 00;10;05;25

GUEST

Yep. Right there, you had a group of us that sort of came over all at the same time, and a lot of us still stayed here. Yeah. So and so, it was good adventure. But at the time, you were really trying to sell something that was very new. So one international sort of cross-border real estate was a new concept.

00;10;05;28 - 00;10;27;20

GUEST

And secondly, sort of the, the sort of the Sal name was known when I came, you know, who was LaSalle? Nobody ever sort of heard of it. So it was it was really trying to sort of grow, grow plants in a desert in a way. And then resource trust cratered, which made it doubly hard. But very fortunately, 2 or 3 things, I realized which has been a key.

00;10;27;27 - 00;10;51;01

GUEST

Also, the careers, you know, it's very important to know is it's not like Donald Rumsfeld, but to know what you don't know. And so I arrived very sort of naive and relatively ignorant in terms of the market here. And so fortunately, Arif, showed up on my doorstep shortly thereafter and joined me, as did Bruce. So, you know, got people that knew the market.

00;10;51;03 - 00;10;52;13

HOST

And they were local.

00;10;52;16 - 00;11;10;19

GUEST

Look, Herefords had been working in the French market. You've been working a French shopping center, as I say, and Bruce had been working with me for a number years, and before that was Jones Lang Wootton. Never be the third name. Surname always disappears. So, so two people that, you know, knew the world, knew the market very well and great people.

00;11;10;19 - 00;11;30;27

GUEST

And obviously we're still looking in that. But I was really fortunate. I would talk about that. And then early on, was really Arif and I drove a few different ideas, but we formed a joint venture, very fortunate with the Grosvenor Estate. And so LaSalle Grosvenor sponsored a fund to bring. And Grosvenor wanted to get into the fund management business, and we wanted to get into the UK market.

00;11;30;27 - 00;11;55;02

GUEST

So it was a sort of a mutual usage relationship. And at that time Jeremy Newsom was running Grosvenor and Mark Preston was kind of a, you know, up and coming star. And and that was a great relationship. And we had that fund and that worked very well. We've been great, great friends ever since. And so early on it was were about creating the relationships and working with the people in the network, to get things going versus like, oh, I'm just going to do a deal.

00;11;55;09 - 00;11;59;17

HOST

And so it was US capital, US, UK initially.

00;11;59;20 - 00;12;00;22

GUEST

Initially as us to you.

00;12;00;22 - 00;12;03;13

HOST

So you weren't involved with the capital raising piece. It was just heads down.

00;12;03;14 - 00;12;04;12

GUEST

Five. So I was.

00;12;04;12 - 00;12;05;11

HOST

Me.

00;12;05;13 - 00;12;23;01

GUEST

Being a guy. There was a guy named Bob Underhill and then Arif. So yeah, I was doing everything right. So I mean, LaSalle had I mean, it wasn't known here and in the US. Okay, they had a relationship, but I had to go to those relationships and try and persuade them to come to the UK. And of course, with the Grosvenor relationship that made a huge difference.

00;12;23;01 - 00;12;33;21

GUEST

And then it's like, okay, it's not just LaSalle, but have to sell Grosvenor and going into the UK and you're well shepherded, right? Totally marketed to everybody. I mean, amazing marketing trips.

00;12;33;21 - 00;12;36;21

HOST

Talk to me about the first few deals that you did.

00;12;36;23 - 00;12;54;24

GUEST

Well, you know, we did some deals. Okay. We did a thing called what's interesting we did called Friary Court in London, which was oh. Okay. Deal. But, you know, you look back then the rent I remember was like 40 pounds a foot and like 30 years later, the rent was still 40 pounds a foot. So now they've moved on finally in the city because of cost and all that sort of stuff.

00;12;54;24 - 00;13;11;23

GUEST

But, I mean, you learned that the city rents dropping out for a while. We did a not very good for digital called Fleet Warehouse. We did a deal. So the deals were okay and we did all right. But from then, you know, we really branched out. And you know, Arif, my partner, I've been super lucky that he's a

phenomenal deal guy as well.

00;13;11;23 - 00;13;30;26

GUEST

And so on the back of working with Arif, we he wanted to move to Paris, which we said, yeah, let's do it. And so he moved to Paris and we created a thing called Franklin and Franklin was Paris office buildings which were flying back then at around 7 to 8% yield, you could borrow it, you know, for five, 6%.

00;13;30;26 - 00;13;50;23

GUEST

So you're getting like 14, 30, 40% cash and cash. And that fund, Franklin, did like a 50 to 60% IRR. And that was quite phenomenal. Like for five investors. I also hired a guy to travel offers, in the Amsterdam, and we created a, securities business because LaSalle had that, you know, a REIT business in the US.

00;13;50;23 - 00;14;12;07

GUEST

So that did well, reasonably well. So we had a variety of things that started to really make good money. We did, we did the first NPL portfolio again headed by RF in, in Paris, or we bought Barclays Bank real estate loan book NPL. This was sort of early 90s. And so the 90s went very well. So for LaSalle we built you know, we opened in.

00;14;12;14 - 00;14;34;23

GUEST

So we were London. Then we opened a Paris open in Amsterdam. We had zero. Then we grew to about €5.5 billion under management. And it was good. We're making, you know, good and I do a lot of life lessons at the time. You know, I was really looking at people like, Apollo, Blackstone Colony that were coming out of the SNL crisis in the US.

00;14;34;24 - 00;15;01;17

GUEST

Really, or at the naissance of the opportunistic sort of private equity business based on promote carried interest. And, you know, I thought that was the holy grail, that for me, that was the sort of top of the food chain. And so that's remodeled our business in Europe. LaSalle as sort of the private equity, sort of model. And so I remember going to Stuart Scott, the chairman, said, well, we've got to get people, you know, they got to get a percentage of the promoter of their doing the deals.

00;15;01;17 - 00;15;17;24

GUEST

You got to create a promote structure. I remember Stuart, the big guys like I'm not having any of that, none of that. You could only make money through the shares. You know Sal was public at the time and so that was a real battle. But we actually did then achieve creating the sort of private equity structure, which is where we always sort of aspired to.

00;15;18;01 - 00;15;21;16

HOST

And that was right from the genesis of LaSalle. And no.

00;15;21;16 - 00;15;28;16

GUEST

That was I mean, that was sort of we came in 1990 and that was sort of 94, 95. Yeah, something like that.

00;15;28;16 - 00;15;34;25

HOST

So talk to me about did you have kind of particular funds? Is how you structured or was it separate

account, how how was the.

00;15;34;27 - 00;15;52;19

GUEST

No, the first thing I mean, I always aspire to the fund business. You know, when I first joined LaSalle only named my first of all. The South part was because they've got an account with CalPERS, and I used to go out there and present as a non-discretionary separate account and go to persuade, deal. And like that was painful.

00;15;52;21 - 00;16;17;02

GUEST

And, so I always aspired to have discretionary fund capital. So when we did the French Celine fund of Paris, that was sort of discretion a box. In other words, you could do Paris office building worship and stuff. And so but we did do also accounts with Cargill and Lehman and others. But the idea always was to and UK Realty Partners, the one we did with Grosvenor that was it's also discretionary fund across the UK.

00;16;17;02 - 00;16;19;07

GUEST

So discretionary funds pool of capital.

00;16;19;12 - 00;16;41;01

HOST

Pool of capital with a particular mandate return profile and horizon you would be investing across. Yeah. Talk to me about Orion and why did you want to set set the business up because, you're clearly on to a good thing with LaSalle. You've, you know, expanded it just shy of 6 billion in terms of deployment.

00;16;41;03 - 00;17;00;26

GUEST

Yeah. No, I love sales. Great. I love the people. I love the organization quality of it all. But as I mentioned, when we talked earlier on, I, I don't thrive in huge organizations. I, you know, politically. Okay. But not some people are very good at that, you know, enough of your different skills. And so when I joined LaSalle, it was 150 people, a relatively small partnership.

00;17;00;26 - 00;17;27;01

GUEST

And then, went public. And so that sort of changed things, neither good or bad, but changes things quite a bit. And then came the 1999, the strategic merger with Jones Lang Wootton, and which fine I understood the idea of come global. And I won't go to a lot of details of that, but you know, that transformed it to becoming a large global organization.

00;17;27;04 - 00;17;45;18

GUEST

Whole changed the whole dynamic. And I'm not saying good or bad, but one that was not no longer is exciting or interesting for me personally. Great. Fine. For for JLL. And so that was the gen. So it doesn't necessarily by design that was the catalyst. I said, okay, this is not sort of the house I wanted to live in originally.

00;17;45;18 - 00;18;03;15

GUEST

Now this is a whole different thing. So, an air of sort of felt, you know, the sort of the same way. And Bruce sort of felt the same way. And, you know, we started here is always kind of the three of us. We were always sort of the Three Musketeers or whatever. And so we start having conversations and saying, well, you know, we did it for ourselves.

00;18;03;15 - 00;18;35;24

GUEST

Initially it was LaSalle, but nobody knew. Yeah, Sal. And so let's do it again, but this time for ourselves. So we had these conversations and, in 99 and decided to create Orion and the, the mission. The premise has remained consistent. We've always been the three of us, which is why I've been fortunate. You know, we've been lying all these years in that we've always said our goal in life was to try and be a pure private equity real estate across Europe and trying to be a leader in terms of performance and as a just a great place to hopefully work for not everybody, for the right people.

00;18;35;24 - 00;18;56;21

GUEST

So we created Orion in 99 with that objective to try and create a pure play real estate, private equity, pan-European firm. And this was also kind of at the nascent. So the euro. And so that also kind of all combine is we would be a euro denominated and we would differentiate ourselves by really being on the ground in the markets.

00;18;56;21 - 00;19;16;19

GUEST

So from day one, you know, dude, everyone knows of course, the movie The Field of Dreams. And so the idea with Comcast or the idea, you know, build it, they will come. So the idea is like we'll create this thing. And so we opened offices in day one. And I think that's an important thing for business. A lot of people when that came from us, didn't really invest like, oh, we'll come to Europe into Europe's.

00;19;16;19 - 00;19;40;15

GUEST

I hire a couple people, but they don't really invest in the structure and what they really need to do to really be a real presence here. So we open Matt Day one in London, Paris, Milan and in Germany and, all Regis offices at the time. And I try to make long story short, but I knew, a guy who used to work for me way back when, at the family who was at Citigroup.

00;19;40;16 - 00;20;04;18

GUEST

Travelers and Citigroup travelers committed €100 million to before Ryan even existed. For our first fund, if we raised, you know, another 100 million, they also provided working capital. They also provided bridge money to do deals to sort of get the thing going in return for getting some of the promote a fund one. And they got too much of the what actually.

00;20;04;21 - 00;20;14;17

GUEST

But but that was a good arrangement. So we owned our business. You know, we never they never had any ownership, but we had the capital right away so we could go to the world, say, listen, you know, the train has left the station you want.

00;20;14;21 - 00;20;15;05

HOST

Yeah, it's going to.

00;20;15;09 - 00;20;15;22

GUEST

Want to get on.

00;20;15;22 - 00;20;29;29

HOST

Board. That was a question about how, how would you set up three or 4 or 5 offices. Yeah. Once. And raise capital, you know. So you had from a previous relationship they they'd seen what you've done with

LaSalle across the UK and Europe. Yeah. He'd work wanted in.

00;20;30;00 - 00;20;46;21

GUEST

It was like you and I have worked together before and now you're at this big institution. So we knew each other and work together. So we had years of relationships. So this is a guy who, you know, we knew each other and trust each other. And he, you know, thought he could make good money on this deal, which was a good deal for Citigroup travelers at the end.

00;20;46;23 - 00;20;49;09

GUEST

There's a longer story behind that. I won't get into much anyway.

00;20;49;09 - 00;20;53;02

HOST

So it's kind of you raised a discretionary fund, 200 million, was it? And he kind of.

00;20;53;05 - 00;21;09;13

GUEST

No, no, we raised 500 million. So we we had a hard cap of 500 million. So on the back of, the traveler's money and others, we raised the 500 million for fund one, in whenever that was 2000, you know, and, off to the races, you know.

00;21;09;16 - 00;21;19;26

HOST

So talk to me about, your role at Orion, then Bruce's role, and then our role. How did you how did you split your roles and responsibilities? And he was I.

00;21;19;26 - 00;21;40;23

GUEST

Mean, that's evolved a lot over time. A lot over time. You know, there's a that's a sort of a long, sort of complicated thing. But, we've always had what we've called overlapping circles. All right, so we're not. It's an organization. And again, we're 45 people, people, you know, we're very proud. The people have been with us a long time.

00;21;40;23 - 00;22;03;11

GUEST

We've been together a long, long, long time. And so I think it's, for people in their careers all through your career. It's very important, hopefully, to recognize your personal strengths and weaknesses and hopefully to complement those with other people rather than try and duplicate them, and then to acknowledge when those are come into play or don't come into play and reward it when it does.

00;22;03;11 - 00;22;25;12

GUEST

And so you need to really hopefully have enough self-awareness, awareness of others, just the roles. And so early on we were overlapping quite a bit. Over time it's evolved dramatically. You know, Bruce knows everybody in everything in the UK always has. He's always been very strong. And asset management, I was doing a whole variety of things, including investment and the finance and investor relations era.

00;22;25;14 - 00;22;47;03

GUEST

I was revising. But over time, as it's evolved, you know, Earth is sort of, in my opinion, one of the great dealmakers of the industry throughout. And so he and so over time, he really became the CIO and led the acquisition effort, although we all get involved in various deals depending. But that has become even more the case over the last sort of seven, eight, nine, ten years.

00;22;47;05 - 00;23;09;25

GUEST

I am, you know, Chicago MBA. I grew up as the finance guy, and so better, worse, I inherit that all the financial operations and investor relations as well as certain deals in other situations. So that's kind of in the overlapping circles. And now you know, we're still full on, you know, I'm not 30 years old anymore, but at my age, you can tell me I got a lot of energy.

00;23;09;25 - 00;23;27;28

GUEST

I love what we do. But we also know brought for other younger. We're not younger. They've been with us on average, 15 years, into the partnership. So we still own the great majority, around 80%. But we're we're slowly but surely starting to shift, you know, to some version 2.0 or the next generation.

00;23;28;00 - 00;23;49;24

HOST

You know, amazing. So you raised 500 million pounds, you established euros, sorry. Euros. You established all these, you established all these international offices. Right? The idea was what to do and source deals directly yourself, or were you going to work with local operating partners or how how are we going to kind of JV with with other businesses? What was the kind of the strategy?

00;23;49;24 - 00;24;10;22

GUEST

And yeah, no, it's again, you know, what's your sort of culture, what's your sort of USP or differentiation. Then you need to use your spirit and then and so we had a number of differentiating features. One is we are first kind of hands on value creation real estate people. So by being in the markets we were able to source not only at a high level from the partners but also locally.

00;24;10;22 - 00;24;30;17

GUEST

And then secondly, we were never really viewed as foreign anywhere. So we've been part of the fabric, you know, in Italy we're Italian, we're, you know, in in France we're French. And so as a firm, O'Ryan is, you know, we're not people say, or you're an American company. I said, I don't know what we are. We're our own culture, but we tend to be local, and we tend to be part of the fabric of what we're doing.

00;24;30;17 - 00;24;47;02

GUEST

So we can source at the high level, which has been much more since sort of the financial crisis, but also the combination of that local sourcing and then, Matt, risk control and being really on it in terms of value creation and asset management is a key part of sort of the Ryan thing. So a lot of what we've done over the years is value creation.

00;24;47;02 - 00;25;11;07

GUEST

We're really a value creation machine. You know, if we could do it without having to work or make money, that'd be great. So which is more of the market we're in now? I mean, now I think you can make a lot of money without doing as much work. But the differentiation is we're financially sophisticated. We can do Mpls or public to private or this, but more importantly, we have real estate skills and value creation skills that maybe other firms don't have or don't for then.

00;25;11;07 - 00;25;15;12

GUEST

So being local enables us to really be right on top of the risk and implementing that.

00;25;15;14 - 00;25;19;23

HOST

And in terms of the the asset classes that you were deploying capital into.

00;25;19;26 - 00;25;38;07

GUEST

I mean, early on, I mean, you know, the industry was back that is mostly offices and retail. And that's kind of what the that was were the main food groups and logistics. We were doing logistics early on. We were building logistics way back when. And so we did a lot of office, so called forward fundings where we committed by an end.

00;25;38;07 - 00;26;06;15

GUEST

But we take the leasing risk and commercialization risk. We were doing a variety of since beginning. I mean, Arif was started his life as a resident, retail developer for say, as you say. So we've, you know, always been quite strongly comfortable sort of retail development, reposition. So we did a whole variety things, but primarily those sectors across Europe consistently made money, and we made a ton of money in France in the early on, we were very heavy into the French market.

00;26;06;18 - 00;26;28;09

GUEST

We've been in Italy for 22 years and consistently made money there. We opened our office in Spain in 2009. So right at the, you know, the GFC, that was very it made some money. You got a large retail. You know, we sort of stayed in the I will say method, you know, private equity. It's about you want to exit and you want to make money in the exit at the end of the day.

00;26;28;09 - 00;26;41;09

GUEST

So we stayed in the deeper Western European markets where you thought at the end you can if you when you've done your work, whatever you can realize and sell it at the premium cap rate. So we've stayed in the main France, Germany, Italy, Spain and.

00;26;41;09 - 00;26;43;13

HOST

You just to they're more liquid, correct?

00;26;43;15 - 00;27;04;05

GUEST

Correct. In the 20s. Right. Because you want to sell and you want to when you done something you want to get that premium. And and so if you want to at of time maybe capture the you know what. Back then four and a half cap rate or four cap rate or whatever you want to be in those deep markets for once in a while, there's that investor that says, I want to have a Paris office and I'm going to pay, you know, the top sort of core price.

00;27;04;08 - 00;27;13;12

HOST

Who are you competing with at the time when you set the business? So. Was it a sophisticated were there as many international investors or was it much more.

00;27;13;15 - 00;27;32;26

GUEST

Likely it was easier because it's harder in different ways, but as much less competitive. And much less sophisticated. So, you know, early on you had I don't know, you had people that are like, not around now, O'Connor or JB and, Blackstone has been there consistently and they were doing logistics early on. And platforms, it's shifted around quite a bit.

00;27;33;04 - 00;27;36;14

GUEST

It's shifted around over the years. And I should have a more succinct answer.

00;27;36;14 - 00;27;38;03

HOST

But yeah, it's it's it's.

00;27;38;04 - 00;27;40;09

GUEST

Very moves and moves and grooves around.

00;27;40;17 - 00;27;47;05

HOST

What was the what was the hardest thing in terms of setting the business up at that time that you had to kind of overcome?

00;27;47;07 - 00;28;12;14

GUEST

Well, you know, in the beginning I the very one a story. When, LaSalle found out I was creating competitive business, I was style, escorted out of the office. And so the next day, I went to Regis office with my credit card and, you know, said, okay, I'll sign up for an office. So, you know, then you're like, you're sitting in a taxi with a meter running on your credit card, you know, so time, becomes really intense, right?

00;28;12;16 - 00;28;38;23

GUEST

In terms of getting things done in terms of time. So the time pressures feel quite, dramatic, but but otherwise it's all pretty exciting. And, you know, you're super energized and you're thinking you conquer the world. And so I wasn't done. I yeah. You know, I think something's really hard or really, I think there's really important 2 or 3 things, like any enterprise is you have to say, okay, I've got a vision, really clear vision of what the business is going to look like.

00;28;38;25 - 00;28;51;13

GUEST

And the business end up really looking, you know, pretty well, exactly like what we envision. And then really clear, like what resources do I need to do to implement it. But we've done it all before. You know, we had done all this already and.

00;28;51;13 - 00;28;52;11

HOST

Someone else's wallet.

00;28;52;12 - 00;29;13;27

GUEST

Correct. And so, you know, that template was all there. And so, it was really a matter of just really racing hard to get things done. So it's pretty exciting. I mean, you know, you got to get the right. It's a cliché, but you had to get the right people. And everyone on a board in the same, same path was I should make something sound harder than that?

00;29;13;27 - 00;29;14;24

GUEST

But it was, you know.

00;29;14;28 - 00;29;19;23

HOST

Was was that a real challenge, the people aspect, in terms of getting the right people in the right local markets.

00;29;19;23 - 00;29;42;26

GUEST

Shifted quite a bit over time. So no, initially, I mean, it's you know, it's kind of an exciting story. Said you were kind of going to come in, get a piece of the action. You can be the sort of, what what really, changed, evolved over time is initially what we set up in the various countries. Those country people sort of viewed themselves as, maybe not separate profit centers, but, you know, sort of whatever.

00;29;42;29 - 00;29;50;28

GUEST

And I think that was not over time, it evolved to say, this is much more one thing you're not really trying to create emperors and various and.

00;29;50;28 - 00;29;52;20

HOST

Compete against, you know, yeah.

00;29;52;23 - 00;30;09;27

GUEST

It could be the right word. But I mean, they just it needs to be much more all clean, all together, which is what we for sure right now. It's it's very and people move around and do different things. It's not asylum. It's not as competing. It's not siloed right now. It's it's very much one organism. People work through the different markets.

00;30;09;27 - 00;30;26;18

GUEST

I think getting that right over time and how rewards are shared and how people are comped. And all this to make sure that these are not silos. This is one organization. I mean, if you're all sitting in one office, it's quite easy, and we've gravitated to more of a certain London now than you know, proportionately than in total.

00;30;26;18 - 00;30;42;20

GUEST

But organizationally, you want to be very much all rowing together. And, you know, that's the other great strength of Brian is that and I think it's organization. It's a very collegial people supporting each other that we're all in it together, which is why one of the reasons that people have stayed, you know, a long time.

00;30;42;23 - 00;30;58;12

HOST

And I guess one of the things is, I mean, if Italy's not hot at the moment, you deploy capital there, right? But, you know, you might be channeling it into France, but you want to keep your Italian team happy. And part of the action, as you said in the. And so when the market does come up or when the opportunities do present, you can kind of pounce and take advantage of it.

00;30;58;13 - 00;31;19;06

GUEST

Yeah, I mean, it's if you've hit a, a key point about like a fund three, which was sort of 2000, was right around the financial crisis. Eight nine we didn't do a lot in Italy, but we've got a great team. They're great people. So when it comes time for like promote allocation, reward allocation, you're going to say, okay, yeah, we're going to reward Italy even though because they did everything right, the team is great.

00;31;19;06 - 00;31;33;14

GUEST

But just for that point in the cycle, Italy wasn't the thing. And so over the years we've tried very and I think fairly successfully to make sure you're right exists, as you said, you make you keep the players on the pitch where you need them because you never know. Now we're doing a ton in Italy, quite successfully.

00;31;33;20 - 00;31;36;18

HOST

And and do you as a business, do you work with operating partners?

00;31;36;22 - 00;32;01;01

GUEST

Oh, yeah. We never I never really answer that, actually. Yeah, I flirted around it. We're we're not a sort of an operating partner model. There are firms that are saying, okay, we we're sit here in London or wherever, and, and it's a model that's perfectly fine. We're going to use operating partners. And so we're much more of a sort of an incentivized, we have incentivized relationship that help us in different situations and sort of horses for courses.

00;32;01;08 - 00;32;28;01

GUEST

So we're not an allocator operator model. We're a very hands on control freak sort of business. And but having said that, we use partners and groups around Europe to help us implement whatever it may be. So it might be a construction company that's our partner, Genoa, that they're in for x percent, and they're going to get a certain incentive or an influence, or it might be a project management firm in Edinburgh who again has certain incentives.

00;32;28;03 - 00;32;42;24

GUEST

And so there are different structures for different situations. So you know, one of the advantages of being around a long time is obviously, you know, people long time. And you know, those that can work with you and really support you. But it's more of, I'd say, an incentivized relationship model.

00;32;42;27 - 00;32;44;23

HOST

Yeah. Yeah. Rather than just working with.

00;32;45;00 - 00;33;02;27

GUEST

Yeah, we don't set okay. We have this operating partner agility. That's what we use. Yeah. Now it's it's deal specific. You bring in those resources that you need and then you create a relationship with that incentivizes them. So maybe they're making some investment, maybe have some ownership. Maybe they have no ownership, but just some kind of promoter or whatever.

00;33;02;29 - 00;33;13;10

GUEST

Yeah. You're trying to mitigate the downside risk. And so it's it's a fairly complex thing, but it's, it's, you know, it's this network of people that you work with for a long time that you know, can deliver.

00;33;13;12 - 00;33;17;01

HOST

How many funds have you raised over the years?

00;33;17;04 - 00;33;17;15

GUEST

Me.

00:33;17;17 - 00:33;19;05

HOST

Pro for a Ryan.

00:33;19;07 - 00:33;42;25

GUEST

Ryan. And no, we've Ryan we've had five up funds that we had this one sort of income fund. And, we're raising fund six now. So, total deployed. We've investment totals below close to 11, 12 billion. Total amounts raise 5.6 billion of equity, or from around the world. It's, it's evolved over time.

00:33;42;25 - 00:34;04;03

GUEST

Historically, it's been about 55% us, another 30% or whatever. Europe and then some Asian, Middle East. It's been historically around a third foundations and endowments and other third sort of pension. And then recently it's grown in terms of high net worth individuals and then also sovereigns, shifting around.

00:34;04;04 - 00:34;12;09

HOST

Just in terms of the allocation into real estate or working with you in terms of the type of institution that'll back you, you. So it's changed as that nature changed or.

00:34;12;12 - 00:34;32;06

GUEST

Yeah, I mean, it it well, we sort of expanded it quite a bit in oh 8 or 9. And so initially the foundations and endowments and a couple of sovereigns were a big portion of it. So I said the high net worth individual has increased pension is increased. Some, I expect high net worth individual to increase more going forward.

00:34;32;09 - 00:34;38;05

GUEST

I think us to Europe over the next few years will be proportionally less, than it's been.

00:34;38;08 - 00:34;39;17

HOST

Because.

00:34;39;19 - 00:34;56;03

GUEST

Because of sort of I don't know if you call it challenges and opportunities. I'd say first challenges in the US. So I think the US market is a bit of a, you know, it's a bit of a train wreck. The office market is a disaster. And so a lot of us funds are sort of self absorbed into what's going on in the US.

00:34;56;05 - 00:35;19;12

GUEST

Secondly, they're, sort of maybe the flip side of that is I think, well, maybe there's job opportunity in the US, maybe we don't. We wouldn't actually, the dollar euro hasn't worked to their advantage the less to the extent they don't hedge the last 7 or 8 years. That might really be you really should say maybe you should come now because of maybe the the currency is going to be more favorable towards them going forward.

00:35;19;12 - 00:35;31;20

GUEST

It's the number of don't like the currency noise. And then you're going to see I think increased. And then the other side is just going to be more capital from Middle East Asia and within Europe itself. And I'm talking about for opportunistic for higher return.

00;35;31;20 - 00;35;36;22

HOST

Yeah I'm talking about the core. Yeah. Yeah. And why is that. Why more Middle Eastern and.

00;35;36;25 - 00;35;40;18

GUEST

Well Europe's more money. So money keeps pouring in.

00;35;40;21 - 00;35;42;28

HOST

To diversify diversifying away from.

00;35;43;01 - 00;36;06;07

GUEST

A region. So I mean the US is a huge market in and of itself. And so you could make the case to say, okay, I can deploy within the US. I don't do, you know, do I need to go so or elsewhere in the world or not? But I think Europe offers certain advantages, but I'm biased. But if you're in the Middle East or you're sitting in places like Malaysia, whatever, you need to invest outside your own country because you've got more capital than you can effectively deploy in your region.

00;36;06;10 - 00;36;11;06

GUEST

Yeah. So and then you go, oh, there's Europe. And and it's very you looking good.

00;36;11;09 - 00;36;18;28

HOST

And can you just talk to me about why some funds can raise capital in this current environment, why others really struggle.

00;36;19;01 - 00;36;37;24

GUEST

Well it's we're looking at the toughest capital raising environment. You know I've ever seen that I mean it's extremely challenging now. And I think it's because of a lot of investors are questioning how does real estate really work and how does it fit in their portfolio. Because the change now, I mean, real estate is a diversifier real estate is still critical.

00;36;38;01 - 00;37;06;09

GUEST

The consultants will still advise on it. Having said that, the fundamental shifts in how real estate are being used first, the retail shift in your firm's e-commerce and now the office work from home has made a lot of funds saying, okay, but how? What we don't how do I really play this? What's going on? So I think there's a bit of a pause right now, which has made capital raising extremely difficult in terms of people examining how to best which is an opportunity.

00;37;06;09 - 00;37;18;10

GUEST

I mean, that's why there's great opportunity today. And so I think right now, in my view, those that raise capital, the money is gravitating more towards larger generally.

00;37;18;12 - 00;37;21;11

HOST

The larger shops. Yes. And why is that?

00;37;21;14 - 00;37;37;29

GUEST

Because if you, one of the thing, as I say, when you go raising capital in the US, it's a couple of fish. There's lots of investors. So you can fill your net with fish. If you start raising capital in the Middle East or Asia, it's more whales. And so in other words, they're large, much larger investors, fewer of them.

00;37;38;06 - 00;38;01;18

GUEST

And those larger investors, by definition, only if you're going to commit to 300 million, I have to commit to a, a billion, 2 billion plus fund. And so there's a the type of investor means that there's a great proportion of money, you know, it's going because the fish are less active right now. And the whales are still sort of there in the whales because it's whether it's petrodollars or sovereign funds or whatever.

00;38;01;21 - 00;38;25;20

GUEST

And so those raising capital have to one, I think sourcing network deploying right now is more important than ever. So the you know, like our organization, the fact that we have a network for many, many years, I think you have to have incredible key strengths, whether it's, you know, in our case, it would be the sort of value creation skills and the ability to do sort of negotiated structured transactions.

00;38;25;20 - 00;38;38;09

GUEST

So, but it's it's an extremely challenging time to raise money. There's a lot of inertia, which is really which is always the way, which means it's a great time to deploy. It's going to be a it's going to be a primo vintage over the next couple of years.

00;38;38;12 - 00;38;42;21

HOST

So talk to me about funds. It's how much capital you're looking to to raise or fund.

00;38;42;21 - 00;39;12;06

GUEST

Six. You know, our last three funds have been €1.5 billion. Fund six. We have a similar targets or the 1 or 2 billion. We're looking for initial close in the next few months. We'll see. But in the 600 million range it does, I say move. People move with slow and inertia. But we're in that similar size for us to be in that one and a half to 2 billion, amount, I think it's going to be a bit like the global financial crisis, not in terms of opportunity set, but in that there's less debt available.

00;39;12;06 - 00;39;28;07

GUEST

I mean, that's part of the opportunity is that obviously debt is much harder to come by. So you're going to need more equity to do deals. Back in 0809, you know, we were doing deals all equity. And then being able to put financing on, you know, 18 months or 24 months later, which then hyped up the returns.

00;39;28;07 - 00;39;44;13

GUEST

And so I think you're going to see how we could talk about sectors, whatever. But in the residential sectors and others, you're going to have to do you have a lot of rescue capital or be able to negotiate deals, all equity. And so your fund size may be 2 billion, but the JV may be a bit less because you can have much lower.

00;39;44;16 - 00;40;05;26

GUEST

I mean, our fund three after financial crisis had peak LTV of only around 30%. Well we did really well. I mean the fund did great, but you know, it would just pick up, which was a lot of people say, oh, you can't make money opportunistic, you can't get the debt. And I'm like, no, it's the exact opposite. I mean, if you can do deals, all equity and underwrite them to a sort of low teens IRR, that's quite phenomenal.

00;40;05;26 - 00;40;08;06

GUEST

And if the debt comes on later, then you're hyped up.

00;40;08;10 - 00;40;11;27

HOST

Talk to me. Opportunistic returns. What are we talking 16 well.

00;40;11;27 - 00;40;40;01

GUEST

You know it's you know like I said I've been around a long time and there's no logic to the opportunistic target returns. Because, you know, interest rates. I mean, as I said, when I started in the business, when interest rates, like 17% and then, you know, interest rates went down to negative. And for that whole time, the opportunistic, there's always been 15 to 20% in one and a half to two times equity, multiple, regardless of sort of the risk free rate.

00;40;40;01 - 00;40;57;05

GUEST

And so that's where, you know, we're still in that 15 to 20%. IRR, you know, one and a half to two times equity multiple. And so that's, that's where we are. And then that makes, you know, does it make sense or does it make sense. It doesn't matter. I mean, we're an absolute in business. We're working for the promote anyway.

00;40;57;08 - 00;41;12;03

GUEST

So kind of regardless of what targets or people put out there, that's where we want to, you know, as a business. That's where we want to get to. And so that's what we're driving for is to say, okay, we want to generate the returns and we generate, generate, promote. You know, don't say you can't eat IRR.

00;41;12;06 - 00;41;26;19

HOST

Yeah. Talk to me about working for the promoter. What that means. Because you'll obviously take fees on the way for managing that capital. But I'm assuming you've got it take quite low fees or just kind of cover your costs. But the way you get aligned is by smashing it out of the park, right? And capturing some of the promoter and the upsell.

00;41;26;19 - 00;41;42;05

GUEST

I think it's really I mean, again, it's your business model and your culture and what's your business model? And, you know, I'm not saying ours is the best model or anything like that is just saying it's your look at your business. What is it? If you're a private equity, pure private equity shop, you've got a fee stream.

00;41;42;05 - 00;42;02;00

GUEST

And the fee stream is covering your costs and making some money or whatever. But that's not the main event. And so by that I mean we're not necessarily in a, machine that says, alright, we're just trying to grow assets under management year after year, and we want to be 50 people and 100 people, 150 people and grow to be exact, you know, 50 billion, which is great.

00;42;02;00 - 00;42;18;25

GUEST

I mean, that's a you know, that was the LaSalle model and or and more the Blackstone model today, our model is one where you're saying, oh, I want to create funds of a size where I can have the organization that's right, size and the top level team and then deliver, promote. And that is sort of a wealth creation

model.

00;42;18;27 - 00;42;22;06

GUEST

And, but it puts a lot of pressure on performance.

00;42;22;12 - 00;42;36;26

HOST

Of course, you touched on it a minute ago in terms of kind of sectors and asset classes. Where do you see the opportunity, in the opportunistic space in terms of the actual asset classes? You. Yeah, yeah.

00;42;36;29 - 00;42;56;20

GUEST

I can tell you, I, I have to kill you or what? 2 or 3 things. One, the business has changed a lot since Covid, right? And the business changed more rapidly. It's changing more rapidly, evolving over the last ten years than the prior. You know, 30, it always evolves. You're always trying to be at the front edge.

00;42;56;20 - 00;43;15;26

GUEST

But by that, I mean, when I mentioned the two main food groups used to be office and retail of the real estate industry for a long time. Right. And now, okay, retail became a dirty word sort of pre-COVID in terms of e-commerce. And then Covid really made it sort of the ugly girl in the bar or ugly big eye or whatever only person.

00;43;15;28 - 00;43;36;05

GUEST

And then, now, of course, office is the dirty word and the ugliest and the most. So but you've taken the two main areas and now you've got a whole swath of the institutional investor. I don't I don't want to play in those. And I'm not in a and so and I'm giving sort of a because this is important perspective.

00;43;36;05 - 00;43;53;00

GUEST

Like where's the opportunity. And so I'm not saying those are the opportunity. But that's interesting in that there's a whole swath where a lot of people have just black listed and put off, which used to be the. So then you have all this capital, less than there has been, but a lot of this capital saying, oh, I like logistics.

00;43;53;00 - 00;44;10;29

GUEST

Although now logistics, I just came back for this gathering where logistics was sort of number three in terms of negative perception, I think primarily because of pricing, because it became so attractive. Now people are saying, you know, it's a bit hot, hot and overcorrecting. So now you've got another main food group, which is a bit. And so the recourse of says, oh, what do you want?

00;44;10;29 - 00;44;32;23

GUEST

Oh, I want data centers and life sciences, which means you've got all this capital looking for really, frankly, very, very small, component of the overall industry. So I've got to the answer is that it's much more in the current market. It's much more situational than sectoral or thematic. And that doesn't mean there are themes that Orion likes and themes that we'll do.

00;44;32;23 - 00;44;59;06

GUEST

But the opportunity set now is much more about the rescue capital and the the impact of the dramatic rise in interest rates very rapidly, and how people hit the windshield and the debt problems and the pressures that are coming. Now, that might be a might be an office deal in London. It might be a residential

developer in Germany, it might be shortage of capital for, it might be a retail press rescue situation in Spain.

00:44:59;08 - 00:45:24;13

GUEST

But having said that, if you're going to go to any of these things, you've got to make sure you've got the new sustainable kind of property that will operate post-Covid world, you know, older secondary office and Canary Wharf. I mean, there isn't a price, right. And so it's very, very stock specific. And so rather saying, oh, I'm going to, you know, I'm an equity investor, I'd say I'm going to buy tech.

00:45:24;15 - 00:45:45;06

GUEST

You're asking I'm really buying tech. I'm buying individual company or individual situation. And I'm really looking maybe to get myself in some kind of risk mitigated position. So that's preferable. Whatever. Now having said that, there are certain areas that we do like in Orion, I mean residential across the world, across Europe, there's a shortage everywhere, particularly for just the main stream.

00:45:45;14 - 00:46:15;00

GUEST

Now, the pricing, the dynamics of change across Europe quite a bit. I mean, northern Europe is getting pretty well hammered, but we're deploying and I like deploying still in mainstream residential in southern Europe. I think there'll be residential opportunities in Germany. And so I there's a market which fundamentally your supply demand imbalance is compelling almost everywhere. If you can get into the right metrics, I think there'll be a lot of, residential situations that are capital starved or deprived or can't deploy and implement business plans, hotels.

00:46:15;00 - 00:46:33;08

GUEST

Everyone's talked about, we've been successful. We did this one in Rome recently. We've done a couple others. We're not a hotel expert. On the other hand, we can create it. We can do it. I think there's real money to be made in terms of value creation and and hotels and providing capital and expertise to reposition hotels. Although the surge of pricing.

00:46:33;08 - 00:46:43;01

GUEST

Right, I think is not necessarily sustainable. And so, you know residential hotels but yet it's much more situational, which I call the rescue capital, which is super exciting.

00:46:43;01 - 00:46:45;25

HOST

And how would you define Rescue Capital.

00:46:45;27 - 00:47:05;22

GUEST

Or rescue capital is like, okay, you've got, a deal or a portfolio where you're financing is coming up or you've got a mess coming up. The valuations have been now come down, pick a number 20%. So you used to have 100 million. Now they're willing to lend you 70 I'm 30 million short. And I've got a CapEx planned for another 20 million I'm 50 million short.

00:47:05;29 - 00:47:25;29

GUEST

And where do I get it. And so I can't. And not everybody but you or your situation saying, I haven't got it, I need it. And so I'll talk and negotiate with somebody I know and trust to bring in that capital, maybe in a mare's press preferred position with some sort of shared option where we can still say in the game.

00;47;26;05 - 00;47;33;05

HOST

So you can really take, advantage of some distressed opportunities by, by, by being quite clever.

00;47;33;07 - 00;47;35;16

GUEST

Distressed, distressed may be too strong a word.

00;47;35;21 - 00;47;37;13

HOST

Or motivated sellers or multiple.

00;47;37;17 - 00;47;56;19

GUEST

People who have capital shortfall and capital needs that are going out and trying to do something to access capital in a market that's liquidity constrained, where bank finance is very difficult to obtain at low as it's at low LTV and very expensive equity core capital is on the sidelines. I mean, core capital days for paralyzed because they know how to price.

00;47;56;21 - 00;48;17;07

GUEST

So there's there's fairly few players or years correct liquidity constrained market. And you need capital. And so is that distressed. And not necessarily the banks may not necessarily be foreclosing or whatever. But you're you are capital. You have a capital need in a market that is capital constrained and capital is relatively expensive. So it's a good opportunity.

00;48;17;09 - 00;48;21;26

GUEST

Yeah. And this is called rescue Capital. I wouldn't call it, you know, not distressed necessarily.

00;48;21;26 - 00;48;55;07

HOST

Yeah, sure. You over the last few years we've seen quite a lot of single track shops set up, i.e. just logistics specialists or just residential specialists. You touched on as well in terms of maybe, sovereign wealth or other capital shops allocating capital to big global institutions, a to access their real estate offering, but also probably get a, get involved with the other asset classes or the other investment products that they offer as a pure play, real estate focused, platform who will not be constrained to a particular sector.

00;48;55;12 - 00;49;02;03

HOST

Have you struggled to raise capital or has that been an issue just in terms of the wider dynamics, going on in this space?

00;49;02;05 - 00;49;23;12

GUEST

I mean, as I mentioned, it's sort of the what investors need. Who who do investors need to do what? Right. So if you're a major sovereign, and you've got a big team and a lot of skills and capabilities, then you're going to say, okay, I want to go into German logistics or whatever. And so you're making that decision and deploying and you've got the skills and set everything to do that.

00;49;23;14 - 00;49;42;20

GUEST

If you're but the majority of capital sources in the world don't have that internal team, the skill set and the capability. And so therefore that's where a group like Orion is saying, all right, if, you know, I'm a group in

Malaysia, I'm a group in the U.S or Europe, you know, I'm going to commit 50 million or 100 million or whatever.

00:49:42;23 - 00:49:58;17

GUEST

And I'm looking for somebody, a manager, and it's no different than I mean, you have to think of everything in terms of investments or investments. So if you personally might want to invest in the equity market, do you have the skill and capability to pick all the stocks or whatever? Or if you're big enough, you can have your own team.

00:49:58;17 - 00:50:09;25

GUEST

If you're if you're not or you don't choose to have a team in that thing, then you need to really, you know, go with a sort of Orion group. So the two sit by side by quite, quite happily.

00:50:09;27 - 00:50:14;28

HOST

Yeah. So you're the real estate shop and you can take advantage of the opportunity.

00:50:14;28 - 00:50:41;27

GUEST

I mean, we're looking for best relative value across Europe at any given time. We're sector agnostic.

Yeah. And we have the benefit of having been in the markets for 30 years. People have been with us on average ten, 15 years. Our senior management, you know, 15, 20 years. And so we have that perspective and the ability to say, okay, is it residential in Germany today or is it a hotel in Rome and make that kind of rather than if you're only in a sector, of course, that's what you like.

00:50:42;04 - 00:51:07;22

GUEST

Well, that sector isn't always necessarily the where you should be deploying money. Yeah. And so yeah, it might be fine for the major investors as well to go there. But as a business, if I'm, you know, whatever German logistics, that may not be great for the next two years. And so I think as a business, we prefer to say we want to see where there's the best relative opportunity, no different than an equity investor wants to go look across the whole, you know, stock market and say, where are the best, you know, money.

00:51:07;22 - 00:51:12;21

HOST

To be made? What are you most excited about now as we kind of look look forward to 2024 and beyond?

00:51:12;24 - 00:51:28;19

GUEST

Well, this is a super I mean, we're no doubt we're in a great vintage again. So this is you know, we're it's not the same as the GFC because the global financial crisis you had, you know, interest rates going down to nothing. So you could kind of pile in. And then afterwards all the tide rise. Now it's fundamentally different.

00:51:28;19 - 00:51:52;00

GUEST

We've got interest rates up. It's going to stay high relatively high. And you've got, as I mentioned, the shift in how real estate is used. But there's no doubt the next couple of years this for a, promote oriented carried interest business. This is this is the time and this is one of these great vintages where because you've got massive value shift and changing not only because of interest rates, because also how real estate is being used.

00:51:52;00 - 00:52:11;21

GUEST

So you've got lots of problems out there. Same time you're relatively liquidity constrained, not that much capital and finance being constrained. So this is I mean clearly one of those. Great. So I'm excited to say this is time we can make a lot of money. I mean we can deploy and really create promotes, you know, which is was similar to the GFC but with different dynamics right now.

00:52;11;21 - 00:52;18;26

GUEST

So I think for, you know, it's kind of an Orion time. You know, this is kind of why we were built perfect time to take.

00:52;18;26 - 00:52;19;12

HOST

Advantage of.

00:52;19;12 - 00:52;20;23

GUEST

Our kind of time frame.

00:52;20;26 - 00:52;33;11

HOST

It would be, remiss of me not to ask you about, the deal. Panorama, Saint Paul's with HSBC. Well, what can you tell me about that? It's a landmark.

00:52;33;12 - 00:52;48;26

GUEST

Well, first of all, I could tell you, as I've said in life, I've been very lucky to have phenomenal partners. And that deal is Aeroflot arms deal. So I'm not going I just, you know, so I'm here, but I'm going to, you know, I gotta give credit where credit is due. And it's it's his, his deal. There's a lot of them.

00:52;48;26 - 00:53;11;10

GUEST

It's a very O'Ryan like transaction that we. It was a failed, you know, dropped out. And I'm not going to spend a long time, but I'll say two things that the deal had fallen through from another buyer. We came in and bought it off the rebound after having done all the work. Secondly, got the planning to increase it from 350,000 like 600,000ft, which we've done a lot of previous work on that, during the whole bidding process.

00:53;11;13 - 00:53;34;17

GUEST

So that was huge. And that's very Orion like in terms of value creation. But importantly, I'm going to back up a moment from the deal and just say, you know, as we talked about office, nobody likes office. Well, and I don't say I love office by any means, but panoramic Saint Paul's and other things Orion is doing clearly demonstrates that this trend to.

00:53;34;17 - 00:53;56;22

GUEST

And I won't blow it. But the new state of the art green high amenity building is super real. Let me tell you about this is not. And so we are achieving this and across different buildings where we're pre leasing super strongly at rents above pro forma because of the product, because of the soil. Obviously the occupiers want to get their employees into the management, wants their employees back in the office.

00:53;56;25 - 00:54;17;28

GUEST

And to do that means they have the best office at the best locations, offering all the all the singing and

dancing. So and panoramic. Saint Paul's is the sort of poster child for sustainability. There an a greener building and all of London 25 meter pool, roof terraces and everything. So it's an example of these sort of corporates saying, I'm going to it's not about rent.

00:54:17;28 - 00:54:36;16

GUEST

I mean obviously negotiate, but you know, you're paying twice the rent per foot. You would if you're in Canary Wharf. Now, the corporates may be downsizing some, but it's not. It's not about that. It's about getting the right office to get my employees back in and make a statement. Green statement the world. So that's panoramic. Saint Paul's in spades.

00:54:36;19 - 00:54:40;28

GUEST

But we have it in Lisbon. We have it another in Milan. We have in other markets as well.

00:54:41;04 - 00:54:43;24

HOST

Yeah. Because you've got hotels and, yeah, I.

00:54:43;24 - 00:54:45;09

GUEST

Talk about offices and I.

00:54:45;09 - 00:54:48;10

HOST

Walk into offices in terms of other, other locations in.

00:54:48;12 - 00:55:13;11

GUEST

Lisbon, we're doing office project, but they're green, state of the art, and we're strongly, strongly pre leasing now. So Param Saint Paul's is a is a phenomenal example of an era should be, you know rewarded kudos every which way for a a phenomenal product value creation thing. And then the HSBC is sort of the shows this stamp of what the corporates want today.

00:55:13;13 - 00:55:16;11

GUEST

Right. Has you from the beginning they wanted that dream.

00:55:16;13 - 00:55:17;21

HOST

That green badge.

00:55:17;27 - 00:55:19;19

GUEST

Yeah. But also where the action is.

00:55:19;23 - 00:55:20;03

HOST

Yeah.

00:55:20;05 - 00:55:31;01

GUEST

I mean you see it in the West End in London as well. I mean the West End's tight. The rents are going to do owners talking. You know, you talk to people have projects but what happens to a secondary building at Canary Wharf? I don't know.

00;55;31;04 - 00;55;33;21

HOST

It's going to be interesting to see how it. So there's all.

00;55;33;23 - 00;55;50;19

GUEST

This the bifurcation of the market which we all know about right about is is huge. And so but I'm not saying a like office but selectively for the right thing, for the right product. You know, you can do extremely well because the corporate sets what they want. And we'll pay for.

00;55;50;22 - 00;55;56;05

HOST

Has your, definition of success changed over the years?

00;55;56;07 - 00;56;15;26

GUEST

Not a lot, actually. No. I mean, I think, you know, when you're in an environment like when I was at the Sal, you're always influenced by where you are, and that influences your thinking and what you think. You may want to do. And then when you're out of that and you're on your like on your own, when that you can relate, then you really realize, okay, what is six?

00;56;15;28 - 00;56;44;25

GUEST

And it's very different for different people. And so, you know, I think I've been fairly good in touch with myself as to what I want life. So one of the reasons Bruce and I have been together in so much all these years is we have very shared vision for having something that goes on beyond ourselves. And so it's not and I'm not saying this is smart or whatever, you know, it's never necessarily been about maximize short term wealth, you know, which we could do in different ways, you know, and but it's always been about creating this enduring enterprise.

00;56;44;25 - 00;57;02;01

GUEST

And Ryan goes on well beyond us. And I think I think we're very, you know, strong on that path and have done, you know, we still always things to do, but I think we've done pretty well on that as well as wealth creation. But, you know, wealth creation, what's the right amount? How much? Whatever. I don't know, but I'm clear that's a driver.

00;57;02;01 - 00;57;07;03

GUEST

So I've been driven wealth creation. But I'm not a pure materialistic wealth creation. You just listen.

00;57;07;04 - 00;57;08;10

HOST

You love the game, don't you?

00;57;08;17 - 00;57;25;12

GUEST

That was a game. And then building something, building the. So, building the organization and having that for some reason does it for us. You know, other people maybe could care less. You know, they're, they build a house and sell it right away. You can make a difference to them. So it's to each their own or some people need very instant short term gratification.

00;57;25;12 - 00;57;44;00

GUEST

Some you know, I've always had a longer view. So it depends on your. But for me it hasn't changed too much. You know, in terms of building an organization of people, some place where people, you know, we're you know, again, a Ryan we're extremely proud in that the partners we brought in with us over 15 years, you know, we're 45 people, but the average ten years, almost ten years.

00;57;44;05 - 00;58;03;09

GUEST

And so we have a great culture. And I think, success is also about have I built or created a culture that I'm proud of that I feel and, you know, within Orion, we have very, very strong culture of what we believe in, how we operate. And, you know, for that's not for everybody. But if it fits for you, then that becomes your home.

00;58;03;09 - 00;58;05;21

GUEST

And you relate and say, this is my place.

00;58;05;21 - 00;58;11;10

HOST

What can you shared a couple of, lessons about building a high performance culture?

00;58;11;13 - 00;58;36;27

GUEST

It's not it's combination of high performance. But, you know, there's high performance, which is cutthroat killer Shark Tank. That's fine. There's high performance, which is, you know, I was never my son was a rower where you're all in the boat, you know, rowing together, and your individual score doesn't even exist. And so we're a, a culture of always been, high performance working together, but collegial and and mutually supportive.

00;58;37;00 - 00;58;44;21

GUEST

And so we're try and I think over time, people realize that by helping you and helping each other, then the whole thing succeeds, and there's enough for all of us.

00;58;44;21 - 00;58;46;16

HOST

And taking a very long term view with that as well.

00;58;46;16 - 00;59;06;18

GUEST

Clearly a long term view and not only yourself, but the organization doing what what's best for the organization. I mean, obviously you have to meet your needs, need to be met, and so it has to meet your needs in terms of wealth or to achieve mentor all these. But at the at the end of the day, you believe I'm doing that by supporting the overall organization organization goals than just my own narrow agenda.

00;59;06;20 - 00;59;07;13

GUEST

Right.

00;59;07;15 - 00;59;14;01

HOST

So van, you're obviously a global trustee of the the Ulli. Can you talk to me a little bit about who are you, ally and what is your role?

00;59;14;03 - 00;59;28;21

GUEST

Yeah, well, you like Urban Land Institute. I'm a great fan of you, ally, because it's sort of for the people. By the people. So you ally is not for profit. You know, its mission is to really create the best practices in the real estate industry. It's, you know, 20,000 members or more in the US and growing well in Europe.

00:59:28;24 - 00:59:51;00

GUEST

And so, you know, I recommend you ally to people become members because of the not only the networking but the skills and the sharing is quite phenomenal. And again, it's not for profit. But importantly, also I chair what's called the urban plan, in the UK, which is a program that introduces sort of real estate careers in schools in less advantaged areas throughout the UK.

00:59:51;00 - 01:00:18;02

GUEST

So it's really creating diversity in the industry. And so Urban Plan does these workshops in schools, and it's quite fantastic. And so I think for the you for all people in the industry, you ally is an extraordinary organization in terms of sharing but also skill, knowledge and the urban plan is something people get involved in that really helps diversity in our industry, bringing people in that might not have interest, real estate or property careers otherwise.

01:00:18;02 - 01:00:26;28

GUEST

And so, you know, I encourage people to get involved. You'll have a great support. I have been all my career and, so I recommend plugging in to you all.

01:00:27;01 - 01:00:31;20

HOST

Well, I'll, I'll make sure that there's a link in the description of this podcast so people can. Oh, that'd be great.

01:00:31;20 - 01:00:44;16

GUEST

Oh, that'd be super. Yeah. Both for you, ally. And then for the urban, it's called the Urban Plan, which is again, is this program bringing workshops into disadvantaged schools throughout the UK. And now it's spreading across Europe quite strong. Fantastic.

01:00:44;18 - 01:00:56;22

HOST

Amazing. Well, look, that a question I ask everyone on the podcast as we draw to a close, is if I gave you 500 million pounds worth of capital, who are the people? What property? In which place would you look to deploy that capital?

01:00:56;22 - 01:01:23;26

GUEST

People? I mean, that's our business. So, you know, if you look what Orion is sort of doing without, you know, giving a way to think towards one is, I believe in residential right now. We've been and I would deploy across southern Europe in mid-market residential for sale, for sale residential. I mean, I think for rent is interesting, but much more difficult to do social pricing so, so for sale residential for a portion of that across southern Europe.

01:01:23;26 - 01:01:49;06

GUEST

I think Germany is going to have particular distress and also in the residential in the residential area. So I would looking for residential opportunities across Germany in the for sale side. I think there's going to be lots of distress and pressures there. I would say, you know, whether it's 100 million, I don't want to think that I would look for hotel situations that are need capital to reposition.

01;01;49;09 - 01;02;19;26

GUEST

So repositioning and upbringing up hotels. And then part of it sounds is very Orion like, which is what we say to investors is I'm agnostic. And so I'm not saying, well, I'm going to go to any sector or any country. I think today I'd have that capital to say the rescue capital to go into situations and say, I can come in in a structured, negotiated transaction where I protect my downside by some sort of preferred method, and part of the upside in newer state of the art assets that are sustainable post-Covid.

01;02;19;29 - 01;02;39;22

GUEST

And we've been doing that, and you can do that selectively going forward. So, you know, how I split between those depends how things go along. But southern Europe, Rosie German Rosie some hotels. And you know, what do you call rescue sort of preferred method I think the preferred method that business is a good one at the moment.

01;02;39;24 - 01;02;50;16

HOST

One last question, because I think it'd be remiss if I didn't ask you what what advice would you give someone who's entering or kind of midway through their real estate career right now, I.

01;02;50;18 - 01;03;08;23

GUEST

I was mentoring some people through the Urban Land Institute. I should give a plug for the Elizabethan. And I said, first, you know, make sure you really it's really generic everything, but follow your energy. Follow you know what? What motivates you rather than try and do something that you think is like CV correct. And then have the people started quitting their jobs.

01;03;08;23 - 01;03;11;25

GUEST

But I'm sorry. Like, no, no, I didn't mean like, you know, quit. Right.

01;03;11;25 - 01;03;12;27

HOST

Have a plan. Yeah.

01;03;12;27 - 01;03;35;09

GUEST

Have a plan. I mean, don't just say this is boring and I've quit. You know, I'm, you know, I'm still a great believer. Everybody's different, but I'm a great believer and still trying to go for the equity and getting into an equity side of, of the world rather than just, something that runs only on fees or per hour or whatever.

01;03;35;09 - 01;03;37;28

HOST

See me like rather than be advisory is kind of participate.

01;03;37;28 - 01;03;54;21

GUEST

But I mean, you know, everybody's different. So I'm so too biased. I think real estate is a great career for young people. I'm still saying to people across that I think it's a great business. I don't think it gets I the way or disintermediated or whatever. I think the human element becomes still very, very strong across the board.

01;03;54;24 - 01;04;10;17

GUEST

I think it's important, Matt, to. Right. But what drives you? Do you want a short term gratification? Then maybe you're more broke, or maybe you should be in a broker where you get it right away. And so I think it's very individual and very specific. But you've got a got to work on your skills. Analytical skills more than ever.

01;04;10;20 - 01;04;32;01

GUEST

I think analytical skills are hugely, huge, hugely important in our business, that decision making. So we stress everybody to make sure analytics are super strong. And then because interpersonal skills are, you know, in this business still great. You've got to work on your all your interpersonal skills. Well there's negotiating presenting all that. So don't you know, get away from screen and really work on your.

01;04;32;03 - 01;04;47;19

GUEST

And that's very old fashioned sounding. But I think that's still as you want to progress and become a leader, you have to have those skills rather than just the, you know, very good on a, machine or analytics and then really look at yourself and say, what do I like? What do I you know, what? What makes me?

01;04;47;22 - 01;05;04;19

GUEST

If you don't have the energy to put into it, then it's gonna isn't going to happen. So snap. Very useful general. It's pretty generic stuff. I think, you know, specialization versus not I think there's great I think if you want to specialize is great. I think residential specialization quite interesting if you want to do in hotels or whatever.

01;05;04;19 - 01;05;09;09

GUEST

So I mean, we're generalists, but I think there's a lot of opportunity and specialization as, as you mentioned.

01;05;09;09 - 01;05;14;22

HOST

Yeah, there's a lot of opportunity across the board. Well look, van, you've had a phenomenal career. Exciting things.

01;05;14;25 - 01;05;18;26

GUEST

They all are still going strong. It's still a lot to do. Oh, it's always a lot to do it.

01;05;18;26 - 01;05;27;16

HOST

Clearly you've got bags and bags of energy and you're really excited about this next vintage. And I certainly will be watching what you and, the Orion team wants to achieve.

01;05;27;17 - 01;05;30;09

GUEST

Thanks, man. It's Orion's time. It's our kind of time. So appreciate it.

01;05;30;16 - 01;05;32;09

HOST

Love it. All right. All the best. Thanks.

01;05;32;16 - 01;05;33;15

GUEST

Thanks. Likewise.

