00;00;03;29 - 00;00;25;28
HOST
Welcome to the People Property Place podcast with me your host, Matthew Watts, founder and managing director of Rockbourne. This is a podcast where I share the stories, views, opinions and career journeys of the movers, shakers, innovators and leaders in the real estate industry.

00;00;26;01 - 00;01;00;19
HOST
Quick one from me. If you haven’t already subscribed or followed this show on the podcast or app where you listen or watch, please do. It takes 10s and helps trim endlessly. I’ve got really big plans for the People Property Plays podcast, and that one small action really, really helps grow the show and the presence and enables us to keep doing what we’re doing.

00;01;00;19 - 00;01;11;13
HOST
So if you haven’t already, please follow or like on the platform you watch or listen to. Thanks so much.

00;01;11;15 - 00;01;40;23
HOST
Welcome to the People Property Place podcast. Today we are joined by Phil Irons, Managing Director and Head of transactions UK and Ireland at Patricia. Patricia is a leading partner for global investments in real assets, with over €57 billion of assets under management. They offer institutional and private clients a broad range of attractive investment opportunities, delivering long term sustainable growth.

00;01;40;25 - 00;02;14;11
HOST
Phil has over 25 years experience in the UK commercial property market, having started his career at Cushman Wakefield before moving to benchmark Group plc and has held roles at Schroders, Benson Elliott and Iwg Workplace Capital Partners. Having graduated from the University of Cambridge, having studied land economy. Phil. Welcome to the podcast. Thank you. Not at all. Well, look, I'm really excited to to unpack your career, but also dive into your your views and opinions on the market at the moment, because it's obviously an interesting time.

00;02;14;11 - 00;02;22;16
HOST
But before we get onto some of that good stuff later, can you just talk to me a little bit about how and why you got into to real estate?

00;02;22;18 - 00;02;40;12
GUEST
I think I had the good fortune to fall into real estate through land economy at Cambridge. I was in my youth, the rugby player. Land economy was, a popular spot for rugby players. And, you know, when I graduated, property was the the obvious place to go. Really.

00;02;40;15 - 00;02;42;28
HOST
So no family connection. I had some kind of.

00;02;42;28 - 00;02;52;24
GUEST
Tenuous family connections. My dad was a, civil engineer. So he's worked in the construction industry. But than that, no, just a general interest in property.

00;02;52;29 - 00;02;57;02
HOST

And were you particularly academic at school? Or was it a case of, you know, you're.

00;02;57;02 - 00;02;58;21
GUEST
Yeah, that's a very loaded question.

00;02;58;25 - 00;03;00;15
HOST
You're a good player. I was.

00;03;00;15 - 00;03;08;12
GUEST
Reasonably academic. I, I, I think it would be fair to say I got to Cambridge on my sporting rather than my academic ability.

00;03;08;14 - 00;03;24;27
HOST
Which is often the way with rugby players. Right. And there are a few. Yeah. I think if you've been on the podcast as well, we've we've done a, a similar route. So you so you kind of went to Cambridge with rugby in sports in mind and and chose the land economy or was that the degree that was offered to.

00;03;24;27 - 00;03;25;18
HOST
Yeah.

00;03;25;21 - 00;03;35;03
GUEST
The degree that was offered to me. But I think if I, I would have chosen it, if I'd been given the choice. But it was, you know, it was a well-trodden route.

00;03;35;06 - 00;03;43;27
HOST
And when did it dawned on you that a career in rugby was not on the cards, and a career and property was becoming a little bit more? So? When I left.

00;03;43;27 - 00;04;09;13
GUEST
Cambridge, I played for London Irish for a few years, and it was in the era when the game was going professional and I would best sum up my rugby playing ability, as well as when they picked the the first team, the Irish. I was probably the 30 and the 14th player on the list. You know, I was a good player and I was, you know, there was some there were a lot of players who were significantly better than me.

00;04;09;15 - 00;04;14;15
GUEST
And I realized that I didn't really have a long term future in professional rugby.

00;04;14;23 - 00;04;15;27
HOST
What was your position?

00;04;16;00 - 00;04;25;09
GUEST
Blindside flanker. But I love my I love, I love playing rugby. I've. I've played team sports all my life. So it came very naturally to me.

00;04;25;14 - 00;04;27;14
HOST
So was that a full time?

00;04;27;15 - 00;04;31;08
GUEST
No. So this was when I was at, Cushman Wakefield hitting Baker as well.

00;04;31;08 - 00;04;33;24
HOST
So you were juggling I was joining Civ.

00;04;33;26 - 00;04;44;09
GUEST
And at that point we were training, I think it was 3 or 4 times a week. So it was a juggle between that. But but Cushman were fantastic at the times. Give me the flexibility to do both.

00;04;44;11 - 00;04;56;29
HOST
And it was that the the standard route when you left university going into one of the advisory businesses to get your letters. Yes. Rather than moving straight to the principal's side. Yeah. And did you do some rotations or what did that look like.

00;04;56;29 - 00;05;14;02
GUEST
So when I joined Irishman's they had a rotation program because I was in the central London investment team. You it was felt you got sufficient experience across all that, all the relevant sectors that we didn't rotate. Seven that worked really well for me.

00;05;14;04 - 00;05;20;02
HOST
And that you found was a good fit in terms of your personality. You want to take me out? Yeah, exactly.

00;05;20;02 - 00;05;49;24
GUEST
And I like the investment side of the business had always been my primary focus rather than the the straight agency. And yeah, I enjoyed I was there for just over two years. I enjoyed it, but I felt that the agency side of the business was just a bit too transitory that my involvement in a deal, you know, being involved, whether it was on a, on a, on a buy side or sell side, was just I want I wanted greater involvement over the duration of the a deal.

00;05;49;24 - 00;05;50;27
GUEST
Was life ready.

00;05;51;00 - 00;06;02;28
HOST
Rather than just finding it and placing the deal. You just wanted more control over the business plan of action of it. Yeah. And how did you decide or how how did that role or that move away from for sure wife but how did that come about?

00;06;03;02 - 00;06;29;03
GUEST
I just I approached, but given my central London experience, I got approached by benchmark, which was this small listed property company at the time, and it was too exciting an opportunity to pass up. And I

spent almost, I think it was eight years there working with Nigel Kempner. And I had a I was really, really fortunate. I had a fantastic time, really enjoyed it, did a lot of deals.

00;06;29;03 - 00;06;43;25
GUEST
I think when I joined the company had, never I think about 250 million. And when I left, we had in that APF 1.2 billion or so. So we grew substantially over that over the time period.

00;06;44;02 - 00;06;48;25
HOST
And what what assets were you looking at? It was typically,

00;06;48;27 - 00;07;16;11
GUEST
Central London offices with some typically retail on ground floor. So it was ancillary retail risk profile was listed prop at the time, which I would say today is the equivalent of the I missed. It was a precursor to GPE. So it was a similar sort of value add slash opportunistic risk profile.

00;07;16;14 - 00;07;17;09
HOST
But it was listed.

00;07;17;09 - 00;07;17;22
GUEST
This.

00;07;17;29 - 00;07;21;13
HOST
And this is one of the early, early listed. And yeah.

00;07;21;13 - 00;07;42;11
GUEST
So at the time the competition was for central London, the central London listed space was us and and and and GPB GPA at that time were not. They had a London exposure but it was a pan UK portfolio. So they only became specialist central London players probably 20 years later.

00;07;42;17 - 00;08;00;29
HOST
Yeah. And so your role you literally took your experience in terms of being a central London assessment agent at flipped it to being on the principal side, and then what? Leveraging your network and connections on the advisory side that you built up started, say, I'm the guy with the money now. Yeah. You started getting wined and dined rather than, the other way round.

00;08;01;06 - 00;08;03;19
GUEST
Eight very good years at benchmark.

00;08;03;21 - 00;08;09;09
HOST
And how did your role evolve? Because we did you kind of go in there as an investment manager was at the point at the time I was a.

00;08;09;09 - 00;08;19;10
GUEST
Transaction manager, working with or for Nigel Camden. Nigel typically with source the there and I would

then implement the transaction.

00;08;19;13 - 00;08;33;14
HOST
Yeah. Because that's quite an interesting distinction you touched on there between investment manager and transaction manager. So can you just talk about what what that difference is and what an actual. Yeah. What part of so investment manager sourcing the deals and finding them what.

00;08;33;16 - 00;08;59;21
GUEST
We would then we, we had an internal asset management team who would be involved in the underwriting of the purchase and who I would then hand the asset over to post completion of the purchase, and I would be involved from a from a distance in terms of tracking the deals performance and then get involved when we felt we were close to an exit.

00;08;59;23 - 00;09;00;28
HOST
So it's more high level.

00;09;01;00 - 00;09;12;08
GUEST
It was higher level, you know, I sat in weekly asset management meetings, that sort of thing, and we tracked the deal and then, you know, would make recommendations as to what I felt was the right time to sell.

00;09;12;11 - 00;09;22;23
HOST
And as part of your role as a transaction manager, do you work closely with the investment manager? But your role was more debt, sourcing from I suppose from investment manager.

00;09;22;23 - 00;09;36;00
GUEST
I would read asset manager. Yeah. And yeah. So we you know, it was an open plan office. We worked together. It was pretty, you know, it was a regular discussion between the relevant parties.

00;09;36;07 - 00;09;43;10
HOST
And your roles devolved as you got a bit more experienced and more sensible running more workstreams and taking a lead in terms of more projects.

00;09;43;10 - 00;09;44;07
GUEST
Exactly.

00;09;44;09 - 00;09;53;00
HOST
So you were there for, you know, shy of seven years leaving or as head of transactions, you just talk to me about the move to Schroders. Yeah.

00;09;53;03 - 00;10;20;16
GUEST
We and in my last few years a benchmark. We set up a joint venture with Schroders, the well it was called, which was the West End Western of London Property Unit Trust, which was a an office portfolio that we had seeded with benchmark assets. We bought Schroders in to manage it and raise third party capital, and that ran for probably my last 2 or 3 years as a benchmark.

00;10;20;18 - 00;10;49;03
GUEST
And as that the portfolio decision. We're now going back to 2002, 2004 as a post-doc from the benchmarks, performance on the listed sector had not been good. So it was it was taken private and sold to G capital. Because I'd done the deal with Schroders, I was there, approached me about coming to run the transaction team for them, having only ever done central London investment.

00;10;49;03 - 00;10;58;23
GUEST
At that point I was quite clean, quite keen to diversify my career out of London, and working at Schroders was a great opportunity to do that.

00;10;58;25 - 00;11;02;11
HOST
And so Schroders, big fund manager, big, huge, you know.

00;11;02;12 - 00;11;28;13
GUEST
UK institutional fund management business. You know, with the benefit of hindsight, I realize I didn't realize at the time that actually investing just two or capital, which is all Schroders had at the time was, was actually quite dull, you know, targeting 6 or 8% total returns, buying, you know, long income type deals didn't require a huge degree of thought in terms of an underwrite.

00;11;28;16 - 00;11;40;24
GUEST
And so I, I spent two years there. I was lucky I worked with William Hill. William was a great guy. I really enjoyed my time there. But ultimately, the risk profile of the deals we were doing was just a little bit too vanilla for my liking.

00;11;41;00 - 00;11;45;25
HOST
And what I did that expand into kind of the regions was different. So it was it.

00;11;45;25 - 00;11;58;18
GUEST
Was it was moving away from London offices to into industrial, into the regional office markets, retail. So it was it was interesting from a sector perspective, but not a risk profile perspective.

00;11;58;26 - 00;12;03;07
HOST
And so you're buying fully that fully develops, you know, kind of more showing.

00;12;03;07 - 00;12;04;09
GUEST
From yeah income.

00;12;04;09 - 00;12;05;27
HOST
Producing producing assets.

00;12;06;03 - 00;12;06;18
GUEST
That could.

00;12;06;23 - 00;12;09;08
HOST
Sit on that had an RPI inflation.

00;12;09;14 - 00;12;11;19
GUEST
PPI kind of open market. Yeah.

00;12;11;21 - 00;12;19;06
HOST
Link and so you just just buy them as you said, it just became a little bit monotonous. It wasn't as exciting.

00;12;19;06 - 00;12;40;02
GUEST
It wasn't quite as exciting. And so I did two years at Schroders and was was then forced to be approached by Mark Modell at Ben Snell. It's he was in the process of setting up a pan-European private equity real estate fund management business, and I was brought in to, to run the UK arm of that, which I did for I think about eight years.

00;12;40;05 - 00;13;11;17
GUEST
That was at the other end of the risk spectrum, truly opportunistic, typically 20% gross on gate type target returns. I did that, as I said, for eight years we raised two funds. And it was it was a really it was a I learned a vast amount, having come from a chartered surveyor type background, to join private equity business where all your colleagues were investment bankers is interesting.

00;13;11;19 - 00;13;22;08
HOST
Must have been like your time being a rugby boy in Cambridge, right? Been there and done it before. It was. It was.

00;13;22;11 - 00;13;24;18
GUEST
Yeah, I learned I learned a vast amount.

00;13;24;22 - 00;13;43;20
HOST
Can you just say can you just elaborate on that and what you mean specifically by that? Because you kind of listen to this, you go, what do you actually mean kind of, you know, you're qualified survey which Cambridge. You know, you've been doing deals. Yes. You're in a ton of a big a UK institution and Schroders going to Ben Cinetic where you touch on bankers and yeah that's the engine.

00;13;43;21 - 00;13;50;23
HOST
It like what do you mean by that. The environment there and the mindset when it comes to, to real estate because the the level of.

00;13;50;23 - 00;14;24;12
GUEST
Professionalism you get from investment bankers is, is I think a a class above what you typically get from your average surveyor. And that's, that's not to do down the surveying industry in any way, shape or form, but just the the quality of the work undertaken by former investment bankers generally seems to be a bit of a of a higher standard, whether the, the results of the work they do in terms of the way they underwrite deals is correct, and that there is the their performance is as strong as they would have you believe.

00;14;24;12 - 00;14;32;11
GUEST
Is is another question altogether. But there the thoroughness of their approach to it is second to none.

00;14;32;13 - 00;14;43;12
HOST
And the context is probably important because typically, as you know, back of the fact packet analysis, underwriting, it was more of a kind of a gut feel type, you know, type play with a, with your surveyor. That's all right.

00;14;43;16 - 00;14;44;24
GUEST
I think that's fair. Yeah.

00;14;45;00 - 00;14;47;00
HOST
Whereas with the banking side was.

00;14;47;00 - 00;14;51;04
GUEST
A level of modeling that I had up until that point never come across.

00;14;51;06 - 00;14;57;13
HOST
And financial engineering and structuring struck from a tax and efficiency perspective. Just try and make your, your money go.

00;14;57;20 - 00;15;10;10
GUEST
Squeeze your returns. Yeah, that was absolutely fascinating. But ultimately you can financial engineer to your heart's content. But it's really about, you know, the real estate that you're buying.

00;15;10;13 - 00;15;18;21
HOST
And so what did they see you at the time in terms of plucking you out of a UK? I think the institution to a bit more of a higher octane Mark's view.

00;15;18;21 - 00;15;31;26
GUEST
It was at the time and I think cities that actually if you're looking to source, I'm not sure if it's still is the case today, but if you were looking to source opportunities, being Bish and being a surveyor is a, you know.

00;15;31;28 - 00;15;32;16
HOST
You.

00;15;32;16 - 00;15;48;22
GUEST
Have a huge network of contacts through, you know, from my time agent, Cushman Wakefield benchmark that level of of connection with the market enables you to source opportunities that your traditional investment banker might struggle to do.

00;15;48;24 - 00;15;57;03

HOST
And so combining your network and ability to originate deals with that financial underwrite structuring that there's a there's a play there. There is.

00;15;57;03 - 00;16;10;24
GUEST
Yeah definitely. There's a there's a definite place there. Yeah. But the you know they get getting to grips with financial modeling was different was really hard. But you know and that took a few years. But I definitely think I got there.

00;16;10;26 - 00;16;19;16
HOST
And in terms of the the funds itself, which are some 20% geared around very different, core. Oh, cash over.

00;16;19;17 - 00;16;23;07
GUEST
Quite literally the other end of the, the other end of the spectrum. Yeah.

00;16;23;14 - 00;16;27;00
HOST
And so what types of assets were you investing in at the time?

00;16;27;01 - 00;17;04;26
GUEST
Typically we were we were taking whether it was we were definitely taking CapEx risk. And quite often we were taking planning risk. Possibly not. Yeah, I think I would say those were the were the two key drivers. So we were buying, you know, if, if a core investment deal is, is long income. Well, that with no CapEx or planning risk opportunistic is short short income slash VPI which large CapEx risk and potential planning risk in terms of extending an existing building or something like that.

00;17;04;28 - 00;17;19;20
HOST
And so you were operating at that level with a view to implement a business plan and create a core asset that you could have sold at your old shop in Schroders. Exactly. And to square that, so that you would have been looking to kind of buy at Schroders that you wanted to go do it. Ben.

00;17;19;20 - 00;17;21;18
GUEST
So that was was really cool.

00;17;21;24 - 00;17;26;18
HOST
Yeah. And what, what were the typical sizes of the assets that you were investing.

00;17;26;18 - 00;17;27;14
GUEST
We raised.

00;17;27;16 - 00;17;27;19
HOST
The.

00;17;27;19 - 00;17;48;17
GUEST

First fund. We raised it then said it was 250 million of equity. So our typical, minimum deal size was probably in equity terms, 20 million, up to potentially 50 million. But it would be potentially larger if it was a portfolio deal and there was some diversification in the portfolio.

00;17;48;19 - 00;17;53;07
HOST
Yeah. And your role, as you said, how did that evolve over the kind of and then.

00;17;53;10 - 00;18;06;07
GUEST
The interesting thing about my role, Ben, that I ran the, the UK team and my responsibility was for, for Mac was the acquisition and asset management all the way through to disposal.

00;18;06;09 - 00;18;07;11
HOST
So the full piece.

00;18;07;11 - 00;18;27;17
GUEST
The full piece, which was which was fantastic experience and I'm not sure if if those sorts of positions are available today or so I think as the market has got as fund managers have got larger, as is the case with say, you need to differentiate between transaction management and asset management and fund management to a degree.

00;18;27;22 - 00;18;36;24
HOST
Yeah. Because they're not it's normally parceled. It's you know people work closely in teams but the deals are passed over. Right. Whereas there if you if you bought the deal, if you originated it, you.

00;18;36;24 - 00;18;56;28
GUEST
Stayed with it, it was your baby till you got out of it. And that was made you think long and hard about the deals that you did and certainly the partners that you worked with. But I was lucky. I work with some great partners that have been said. We we had the ability to either manage in-house or manage externally through third party asset managers.

00;18;56;28 - 00;19;10;23
GUEST
And on the whole, we we joint venture deals with asset managers. So I did deals with the likes of Avec, Shelby Stanhope, cube. You know, it was a pretty varied bunch pool great partners.

00;19;10;26 - 00;19;16;19
HOST
And would you personally originate the deals and then bring in an operating partner or this workspace where you say.

00;19;16;21 - 00;19;20;25
GUEST
Sometimes I would originate, sometimes they would bring deals to me.

00;19;20;27 - 00;19;25;12
HOST
And you would make sure that there's an alignment of interest with them in terms of they co-invest in the deal as well.

00;19;25;12 - 00;19;26;29
GUEST
Yeah, exactly. Yeah.

00;19;27;01 - 00;19;30;12
HOST
And in terms of the the business plans, were they kind of three, five year, they.

00;19;30;12 - 00;19;53;03
GUEST
Became actually they came at some point. It's interesting. We had a, a fund requirement of sorts that there was co-investment. The reality on the co-investment now is it's more an emotional conversation. You've got to be happy with your partner. This is going to be a anywhere from a three to a seven year deal. You've got to get on with these people and you've got to work well with them.

00;19;53;05 - 00;20;07;04
GUEST
So actually financial co-investment was I don't think is it would be a prerequisite today, but it was at the time. It's more about knowing your partner's going to go the distance with you.

00;20;07;06 - 00;20;13;14
HOST
But it's also the alignment of interest with them knowing that they're going to be doing the right fit. But if you pick the right.

00;20;13;17 - 00;20;23;10
GUEST
The right partner, the financial alignment of interests is, is I don't think actually think is critical.

00;20;23;13 - 00;20;29;11
HOST
Is that because as the ultimate principle, you'd be making the decision one way or another?

00;20;29;13 - 00;20;50;05
GUEST
Yes. There's there's the control element to it, but also just it's about working with the right people and you know, if you've got a problem, you, you, you, you work at it together. It doesn't suddenly, you know, you didn't. The sort of partners I like to think that I worked with were not the sort of partners who would walk away from a debt if something got a little bit difficult.

00;20;50;07 - 00;20;51;14
HOST
Yeah.

00;20;51;16 - 00;20;55;29
GUEST
And yeah, that's, that was one of the, one of the key lessons I learned during my time. I bet you know that.

00;20;56;02 - 00;21;12;11
HOST
Someone listening to this who's, who's going, that's all well and good working with partners or doing it yourself, they might say, well, why don't you just do it yourself all the time? Because it is. That is exactly what it is. They were bringing in a partner just for someone listening to this. As to why you might want to if.

00;21;12;11 - 00;21;50;11
GUEST
They had a level of expertise in a, any market that you couldn't and and weren't likely to get in the, in the short to medium term. Stanhope on Station Hill being a good example. Station Hill was a circa seven acre site in the center of Redding, right opposite the station that we bought in 2000 and I think it was 11, in a joint venture with with SRU, with Stanhope, the site had been pieced together by Sir John Medeski at a total cost of about 75 million.

00;21;50;13 - 00;22;04;18
GUEST
We were fortunate to be able to buy it off the banks for 7.5 million. Well, and you know, again, we had the good fortune to sell it five years later for I think it was 35 million.

00;22;04;18 - 00;22;05;23
HOST
To Lincoln and MGT.

00;22;05;29 - 00;22;06;26
GUEST
Exactly.

00;22;06;29 - 00;22;09;06
HOST
Who have got a massive masterplan.

00;22;09;10 - 00;22;14;06
GUEST
They do. It's a huge scheme and it's a great site. So,

00;22;14;08 - 00;22;19;29
HOST
That's a and cube. You want a cube? You touched on it some retail. Yeah. We did some retail.

00;22;19;29 - 00;22;25;28
GUEST
Deals with them and we did some office deals with,

00;22;26;00 - 00;22;26;24
HOST
Zombie with.

00;22;26;24 - 00;22;50;19
GUEST
Xlb. As the company grew, we had the ability there. As it's been said, it grew. We had the ability to increase our headcount and effectively internalize some of that management. But we never we and we had we also had a development manager because he was managing a development portfolio across Europe. Having him full time on one job wasn't really an option.

00;22;50;19 - 00;22;56;06
GUEST
So again, outsourcing the development and to what we were doing was, was the right thing to do at the time. So could.

00;22;56;07 - 00;23;02;08

HOST
By by capacity, by expertise, you guys could, you could have a higher view and with more projects and the kind of money.

00;23;02;08 - 00;23;03;19
GUEST
And deploy the capital.

00;23;03;26 - 00;23;04;25
HOST
Yeah.

00;23;04;28 - 00;23;10;07
GUEST
That much quicker which which from a private equity perspective is it was a key part of what we were trying to do.

00;23;10;09 - 00;23;26;29
HOST
And in terms of the structure as well, at a personal level, without getting into the specifics of it, typically it's base salary bonuses that are promoted out. It. Yeah. Can you just talk about that or. Yeah. Because because a lot of emphasis gets put on outside.

00;23;27;01 - 00;23;49;27
GUEST
The elite teams in private equity primarily come in in the form of promotes or carries. And I think the thing I have learned over the years is that as a and my rough rule of thumb on this is a joint venture partner to a private equity fund. If you can get in and out of a deal in three years, you will do very well.

00;23;49;27 - 00;24;15;14
GUEST
As long as there isn't a minimum multiple floor on your carry and it's a straight incentivization based on IRR. If you can get out of a date in three years, you'll make good money. That is, a JV partner at a fund level. You'll make a great promoter if you can get in and out of a fund in five years, and none of the deals in that fund tank or a kind of equity wipe.

00;24;15;18 - 00;24;16;10
HOST
Which is the key.

00;24;16;15 - 00;24;17;09
GUEST
Which is.

00;24;17;11 - 00;24;17;17
HOST
Which.

00;24;17;17 - 00;24;39;07
GUEST
Is a key piece, the issue you've got is that most funds typically you know, for for as brilliant as the people are who are involved, will have 1 or 2 deals that don't perform. And also, why don't you deals that take longer to deliver them than, than is underwritten and typically the underwrites for five years is fine.

00;24;39;07 - 00;25;06;28

GUEST
So the reality is you're doing well to be out of a fund. And in totality, in seven years, the fee dilution from the fund management and asset management fees over a 5 to 7 year period can can almost wipe out. You promote. So I would be I wouldn't be we be be banking my promote until it has been paid.

00;25;06;28 - 00;25;14;01
GUEST
Because these things have a nasty habit of disappearing front in front of your eyes when you go from a five year fund to a seven year fund.

00;25;14;03 - 00;25;26;23
HOST
Can you just talk about the importance of IRA? What is an IRA? And can you just talk about the you know, it being kicked down and the importance of it coming in, as I said, within three is just for someone who's listening to this. Just trying to piece together to understand this so.

00;25;26;25 - 00;26;00;24
GUEST
Far, is the total return achieved? An investment over a, time period and the and the equity multiple is the profit made relative to the, equity invested and the typical private equity model is looking to achieve a two times equity multiple and an IRA of 50% plus. The way compounding works is that effectively means that your average whole period is five years.

00;26;00;27 - 00;26;27;26
GUEST
And so they would look to achieve and that would be a, a 15% are on net of fee. So the reality is the gross IRA before you deduct asset management fees is typically, 20% to 20% IRA. And I think the thing to remember about a 20% IRA is at the time, you know, interest rates over the over the period I, which I was at Benson earlier effectively dropped to almost zero.

00;26;27;29 - 00;26;54;22
GUEST
So, you know, you're looking to achieve 20% returns in a almost zero interest rate environment, which which fundamentally means you are taking massive risk. And the question is, do you know where that risk is? Because achieving a 20% return risk adjusted, a 20% risk adjusted return is not an easy thing to do. And so you are you are going to be taking massive risk.

00;26;54;22 - 00;27;11;05
GUEST
And the question is have you identified when that risk really is is it in the CapEx? Is it in the VC or is it in the planning, or have you simply overrate your exit value and you've effectively backloaded the returns by putting in your exit yield.

00;27;11;07 - 00;27;15;07
HOST
And so and so the IRR is the time it takes.

00;27;15;07 - 00;27;22;19
GUEST
Is it the IRR is effectively the the total return over the over a whole period adjusted for the length of that whole period.

00;27;22;26 - 00;27;41;04
HOST
And so when you touched on earlier, as the business plan gets kicked from 5 to 7 years and you have a

couple of deals in the wider fund, even though I don't know, the fund has got 20 assets and even though 18 of smashed it up on the final two can't exit them, you connect to them at the at an accretive price and they dragged.

00;27;41;11 - 00;27;50;12
HOST
That's going to bring your total return down. And then your promo or your payment or your carry is is a kicker over the and typically typically you're.

00;27;50;12 - 00;28;15;08
GUEST
The and it really it's very specific. But if the fund was looking to achieve a 20% gross return, which was a 15% net return, the fund would normally get promoted at some anywhere from an eight to a 12% IRR. So effectively that they were in the money anywhere north of 8 to 1212%. Whereas the JV partner was typically being promoted over a 15.

00;28;15;08 - 00;28;17;10
GUEST
So there was an arbitrage there.

00;28;17;13 - 00;28;20;28
HOST
Yeah. And then you'd split it out to H20 or whatever.

00;28;20;28 - 00;28;41;13
GUEST
Exactly. Yeah. And typically the PE moralist is 20% the max carry of 20% of the, of the profit. So. You know, when you, when you look at the maths, you can see how some of these deals as I said, if you can get out in three years, you're making an absolute if, if one can get out in three years, they're making a a mind blowing amount of money.

00;28;41;18 - 00;29;02;15
GUEST
The JV partner can get out in three years. He's making a lot of money. Where life gets difficult is when the the whole period gets extended from 5 to 7 years beyond five. The JV partners, to be blunt, getting nothing from their asset management fee and between 5 and 7, you know, as a as a fund manager, your position is being eroded by the day.

00;29;02;18 - 00;29;18;02
HOST
And then when it comes to a personal perspective, the obviously the company and the fund performance has got to do well for that money, that cash to be able to filter through to the investment asset management, fund management professionals on the ground, which make up their kind of carrier relative or promote. Yeah, part is part of that remuneration structure.

00;29;18;04 - 00;29;35;04
GUEST
And there is also. Going to work for a private equity firm. You need to realize that you are you are very well paid, but you're very well paid for a reason. That's because they expect you to work very long at.

00;29;35;07 - 00;29;41;12
HOST
Because they want to do twice as much work in, in half the period of time that other people, when it comes.

00;29;41;12 - 00;29;49;01
GUEST
Back to the whole time thing, you know, time is money, then you need to get these things done as quickly as possible and say, you've got to work longer hours. You just got to work longer hours.

00;29;49;03 - 00;29;54;21
HOST
So you were a pensioner from 2006 to December 2014?

00;29;54;22 - 00;29;55;12
GUEST
Yeah.

00;29;55;15 - 00;30;09;14
HOST
Right. You know, the kind of the middle third of that is, global financial crash. It's surely a very challenging time, but also, given the structure of the business, a phenomenal job potentially, as well in terms of, test saving funds or vintages.

00;30;09;14 - 00;30;42;15
GUEST
Yeah, potentially. But the thing you need to realize is that if you. So so our first price, our first fund be raised in 0607, the GFC was kind of our way through to, to through to ten. So, our challenge with our first fund is we had deployed, I don't know the numbers off my heart, but, you know, let's just assume we're we're deployed 50% of the money pre the GFC.

00;30;42;15 - 00;30;43;14
HOST
Yeah.

00;30;43;17 - 00;31;11;03
GUEST
Going back to what we were saying about the cash drag of of of Nonperformance, actually, it meant that 50% of your fund wasn't going to hit your carrier hurdle. Therefore the other 50% to hit a carry hurdle then had to achieve twice what it was achieving before over what you had previously underwritten. So it is that the, the, the drag of, of an underperforming portfolio is, is potentially huge.

00;31;11;05 - 00;31;11;19
HOST
Yeah.

00;31;11;21 - 00;31;14;09
GUEST
When it comes to when it comes to promote.

00;31;14;11 - 00;31;17;05
HOST
But the same from clean.

00;31;17;08 - 00;31;26;28
GUEST
With clean fund. We were we were legacy light in terms of we had no deals done prior to the GFC and that fund performed very well.

00;31;27;01 - 00;31;28;19

HOST
Because it was a great buying opportunity.

00;31;28;19 - 00;31;54;06
GUEST
It was a great buying opportunity. But, you know, buying opportunities are great. With the benefit of hindsight, we again, I don't have the stats to hand, but you know, our second fund was I think €350 million. We did I'm trying to think of the deals we did. We did Station Hill, we did Ealing, we did another one and office did an eating.

00;31;54;10 - 00;32;15;03
GUEST
So we did some deals that did perform really well. But, you know, like it, like all these things if you're, if you're looking to achieve 20% returns and you are taking development, construction, development, planning risk, these are all areas certainly planning where life can get very difficult and your whole career can be rapidly extended.

00;32;15;05 - 00;32;24;20
HOST
You left Benson Elliott's end of 2014 and you moved to a workplace Capital Partners. Can you just who are workplace partners and so.

00;32;24;23 - 00;32;49;24
GUEST
So workplace Capital Partners was a wholly owned subsidiary of Iwg Bing Regis as was majority owned by Mark Dickson, publicly listed. I'd actually spent the the year a year after and trying to raise my own fund that was mentally and physically hard. I had a, a good track record. I was reasonably well connected in the market.

00;32;49;24 - 00;33;26;02
GUEST
But, you know, raising discretionary capital is something I have a huge amount of respect for. And I spent 12 months trying to do it, working with two other colleagues. And after 12 months, one of the people I approached was was Mark Dickson and Iwg and Mark. And she said, when you come and raise a fund for us, and the business plan was to raise third party capital with a view to buying flex office, the buying into the flex office market that was either in the form of buying existing operators, vacant buildings or buildings where Iwg were already a tenant.

00;33;26;10 - 00;33;56;11
GUEST
Yeah. Great idea. And Mark is is the founding father of the flex office market. And I spent four years at Iwg building a circa 250 million pound portfolio. But the flex market is is a highly competitive market, and it's ultimately difficult to deliver a return to to deliver returns over and above the market because of the level of competition.

00;33;56;13 - 00;34;08;18
HOST
Yeah. And so the idea was Mark had made a significant amount of money personally through his through Regis and Iwg, and he wanted to still operate the assets, but he also wanted a piece of the actual real estate. He wanted.

00;34;08;18 - 00;34;09;28
GUEST
To own a.

00;34;10;01 - 00;34;13;28
HOST
Owning, and so he could make money on both sides and raise additional capital.

00;34;13;28 - 00;34;57;25
GUEST
Yeah. And, we initially when I joined, we went out on a blind fund basis to a number of institutional investors, including shareholders in Iwg. And, and this is back in 2015, I think it was 20 1516. And we had Morgan Stanley as our placement agents. And, you know, even with, with with that firepower behind us, getting investors over the line on a discretionary blind fund was was very difficult to the point the you know, the feedback ultimately was we love the idea of you guys owning and operating, but can you prove to us that you can actually do it?

00;34;57;25 - 00;35;20;13
GUEST
So I then spent the next two and a bit years, 2 to 3 years investing in operating businesses. As I said, VPI office deals and existing iwg buildings where they were in occupation. And that not went well. But then, you know, unfortunately we got hit by Covid in the year two.

00;35;20;13 - 00;35;21;02
HOST
Thousand, 20.

00;35;21;09 - 00;35;52;20
GUEST
19, 20 and, you know, one of the things I learned from our first round of, of equity raising was when you spoke to investors about kind of the short term nature of the income you get reflects that. They wanted to understand how it performed during the GFC. And I before during the GFC. I mean, they took it, they took a significant hit and it took them probably four years to get back to an EBITDA level akin to where they were prior to the GFC and then when.

00;35;52;20 - 00;36;14;24
GUEST
So when Covid hit, I thought, you know, I've been here four years, we've successfully deployed circa 250 million of capital, went into the business. But I felt that Covid was going to, from an investor perspective, was going to result in the same questions about the GFC gain. Okay, so we understand that you've been hit by Covid. You know, shows your performance.

00;36;14;24 - 00;36;35;02
GUEST
Yeah. And it was going to take us at the time I felt at least 18 to 24 months to to come out the other side of Covid. And I was very fortunate at the time to have been approached by Patrizia, who were looking for someone to run that UK transaction where you cannot, and transaction team and.

00;36;35;05 - 00;36;37;18
HOST
It is an opportunity to get a it. So no.

00;36;37;18 - 00;37;04;14
GUEST
Yeah, it was a great opportunity. Patricia, as you've said, you know, we're a big institutional pan-European real estate fund manager. We have circa 55 billion in assets under management. We manage anywhere from we've got kind of 80 individual funds. We've got 30 odd advisory mandates. So we have a range of capital from core through to value add and that.

00;37;04;17 - 00;37;29;27
GUEST
And so from a return perspective, that's anywhere from kind of typically 6 to 15% are Oz. And it's that diversity of capital that that from a property investment perspective I thought was really interesting, I suppose, of the diversity of capital and also the, the significant AUM giving us great profit, recurring fee revenues. So that was all. That was all a real interest to me.

00;37;29;27 - 00;37;54;10
GUEST
And then that combined with a huge the positive, Corporate, culture I think was just made a the right call. And I have to say I've been there almost four years. It's a great place to work. I really enjoy it. I've got a great team and we've got, I think, a really good culture.

00;37;54;13 - 00;38;04;11
HOST
And so that kind of journey of working advisory to, you know, UK, CPA kind of core for management business to kind of real high octane private.

00;38;04;11 - 00;38;07;05
GUEST
Traders might take offense in that. But I know what you mean.

00;38;07;08 - 00;38;28;11
HOST
Through to trying to set up your own business and realizing the challenges of being, a solo or small group through to to working, obviously with Iwg, the opportunity to join a massive bluechip fund management business with a lot of as you touch on recurring revenue streams from asset management mandates and also pots of capital to go and deploy that depending on the market cycle.

00;38;28;11 - 00;38;33;20
HOST
And you could start you could be active, you can be

00;38;33;23 - 00;38;56;00
GUEST
Pretty much at any point in the, in the cycle. And having that that diversity of cost of capital also is kind of mentally challenging, you know, investing, looking at the kind of upper end of the of the risk curve and the lower end of the risk curve just means you're you're always in the market, for every, almost every conceivable opportunity.

00;38;56;02 - 00;39;06;18
HOST
And so can you just talk about the funds or the specific funds that are allocated to the UK and what you've been investing in over the last few years? Where where do we.

00;39;06;22 - 00;39;32;02
GUEST
So we have, as I said, we have some local authority pension fund mandates that I'd rather not name them specifically, but they typically look for a 6 to 7% total return with a strong with a strong, percentage of that total return coming through income. So looking for for long income type deals. They've also been active in the multifamily sector.

00;39;32;02 - 00;40;02;12
GUEST
We have other discretionary capital, core capital looking specifically at residential. So that those we've

been very active in those elements of the market. On the core plus side, we have a number of vehicles, the Hanover Property Unit Trust being one, which is a balanced UK fund. The core plus money tends to tend to look at slightly shorter income deals, with potentially more leasing risk and relatively minimal CapEx risk.

00;40;02;14 - 00;40;35;16
GUEST
Those funds have been active buying before Dublin offices, you know, low CapEx, Dublin offices. We've been buying multi-layer industrial and we've been buying some residential as well for those funds. And then kind of moving up further up the risk. We've got a number of vehicles. The trans European value round series being one. We had a which is a value which has pan European vehicle again returns in the, in the mid, mid late teens.

00;40;35;19 - 00;41;17;03
GUEST
They've been buying a lot of last mile development opportunities in Greater London. In fact, so much so we set up a a separate sidecar for that fund called Project Urban. And we raised circa 500 million of capital, which we have pretty successfully deployed over the last two years, that that market has seen substantial rental growth. And I think it's just a really interesting area to be playing and so it's used for everything from core through to through to value at playing in, in the industrial office, residential and to a lesser degree over the last few years, the retail market.

00;41;17;03 - 00;41;19;06
GUEST
So it's it's very diversified.

00;41;19;08 - 00;41;20;12
HOST
As well as the living spaces.

00;41;20;12 - 00;41;26;29
GUEST
So yeah, the whole residential PSA, we've been active in those sectors as well.

00;41;27;02 - 00;41;36;12
HOST
And as a business, you can either do the deals directly yourself and asset management through to completion or work with generating partners, partners as well. Right.

00;41;36;14 - 00;42;04;21
GUEST
The JV partner option that portraiture is is specific to certain funds. So our Trans European funds series and some of our we also have some discretionary career and institutional capital. We invest that it is that is more value and focus. They they can joint venture for some of our more core institutional, whether it's our core institutional German money or UK local authority money.

00;42;04;21 - 00;42;17;00
GUEST
They typically don't joint venture. And also the returns that looking to achieve more kind of 6 to 7% don't really have the the profit in them to pay third party fees to.

00;42;17;02 - 00;42;25;07
HOST
And in terms of your team, you're responsible for being market facing, finding, originating, structuring and executing transactions.

00;42;25;07 - 00;42;29;19
GUEST
Yeah. On the buy on the sell side, on the on behalf of the funds that we manage.

00;42;29;25 - 00;42;40;29
HOST
Yeah. And those funds they have a variety of obviously we touched about the risk return my calls I guess time horizons as well in terms of, you know, three five. Yeah. Typically that, that the.

00;42;40;29 - 00;42;52;27
GUEST
More core the fund, the longer the, the underwritten hold period and the more opportunistic or value at the shorter the whole period. Going back to our whole debate about IRA. Yeah. And the time weighting about.

00;42;53;00 - 00;43;02;06
HOST
In terms of the type of capital or where do you see the opportunity at the moment? So there's quite a lot of talk about, you know, core money being on the side at the moment. Yeah.

00;43;02;06 - 00;43;31;28
GUEST
Core capital is is reasonably quiet at the moment. That said, we are in the process of doing a a long income hotel deal for one of our core funds. I think the opportunities today are definitely in the, the value and or value add end or opportunistic end of the spectrum. The, the, the challenge in the market today is, is the bid offer spread between, you know, sellers want to sell at yesterday's price and buyers want to buy at tomorrow's price.

00;43;31;28 - 00;44;08;06
GUEST
And that spread in pricing can be anywhere from 5 to 25%. Probably, I would say 5% at the industrial and residential end of the spectrum, and 25% probably plus at the office end of the spectrum. And from a transaction perspective, the, the the challenge is not only identifying the asset, but identifying the vendor who is sufficiently motivated that they will bridge that gap between the bid offer spread and whether they'll.

00;44;08;09 - 00;44;18;16
GUEST
And that's if that's because the bank is breathing down their necks. So they have to liquidate that position. Whatever the situation. And you need you have to be picking the right vendor.

00;44;18;19 - 00;44;21;20
HOST
Or they've held the asset past the yeah.

00;44;21;20 - 00;44;42;25
GUEST
People who or the other way of looking at it is you have to be talking to people who have to sell, not people who want to sell because the pain they are going to have to take relative to peak valuation or the price they paid for it is going to be painful. Ultimately, the market is down 25% from June 22nd.

00;44;42;28 - 00;45;05;09
GUEST
You know, depending on which sector you are, it can be even worse than that. I think offices are

comfortably 30% plus retail, interestingly less so. But retail I think took a lot of the pain prior to June 22nd. So there are undoubtedly opportunities out there. I think there are more opportunities in front of us than behind us.

00;45;05;12 - 00;45;15;04
HOST
So in terms of, you know, trying to no one's catch falling lives, I think we're we're kind of at the bottom of that, that kind of J curve on the way back up.

00;45;15;07 - 00;45;50;06
GUEST
Where where are we again? Again, you have to get sectors specific on that. If, if transactional activity is anything to go by, the whole beds and sheds market, there seems to be a consensus that the market has bottomed out, you know, yields, a softness as they're going to get. But, you know, in both the, the beds in the sheds market, you've got the critical thing for those markets is you've got occupational liquidity and rental growth, which is driving investor sentiment.

00;45;50;08 - 00;46;12;01
GUEST
You know, the same can't be said for the for the retail and office market. But you know, if you look at the the London office market, certainly at the the the the great end of the spectrum, the the new belts, you know, the rents being achieved, are showing substantial rental growth. So you have to feel it is only a matter of time before we start seeing improving liquidity in those markets.

00;46;12;01 - 00;46;19;07
HOST
And so it's really important right now to to buy, you know, pick your stock correctly. Now this next cycle.

00;46;19;10 - 00;46;21;07
GUEST
For this next cycle. Definitely.

00;46;21;09 - 00;46;30;13
HOST
You touched on earlier on compensation big lifelong sports fan rugby. Can you talk to me a little bit about some of the lessons you learned of the rugby pitch that you maybe applied to kind of building high performing teams as well?

00;46;30;18 - 00;46;36;10
GUEST
Yeah, I think building a high performing team. And for me there are, there are.

00;46;36;12 - 00;46;38;05
HOST
Three.

00;46;38;07 - 00;47;02;29
GUEST
Key elements to that. You know, first, as we've said, is teamwork. I spent my life playing sport. I still play sport. Teamwork teaches you. And I think rugby is a great analogy for that, that, you know, you can be people can be in all they can be every shape and size. And everyone has a position on the field where they will shorten fans in the front row, or you're tall and quick and you play on the wing.

00;47;03;05 - 00;47;26;00
GUEST

There was a position for everybody and I think that's that is that is so, so, so true in a team. And it's, you know, it's about having a diversity of diversity of thought and an approach to things. So, so teamwork is, is, you know, just is is the life and blood of it. And personally I believe that you should lead by example.

00;47;26;00 - 00;47;46;15
GUEST
You know, you can't expect your team to do things you're not prepared to do. And that is that's huge important to me. And I and I suppose the other element to it is that you have to. I said, Stan fireman is, I think you've got to be positive people have. You've got to focus on, on the positive things in life, because you can spend your life being miserable.

00;47;46;15 - 00;48;10;12
GUEST
But I think being in property makes you naturally optimistic. And I think a combination of those three creates, a positive corporate culture. And, you know, having worked in places where I felt the corporate culture was was less than positive, it it's very easy to get out of bed if you have the right corporate culture. If you don't, it can be quite difficult.

00;48;10;14 - 00;48;31;23
HOST
What do you what do you look for or what, in your experience, is it differentiate between a high performing investment professional and someone who's a standard or mediocre investment, like what's what are the what are the the kind of a key points or the, the differentiating aspects that make someone a high performer or.

00;48;31;25 - 00;49;05;19
GUEST
I think someone, I will say, always being of the view that you can always get better at your job, and it's that desire to to constantly improve. And it's something I've said to the team is, you know, when we are in a slow market, which is what we have today, I think it is really, really important that you identify an element of your role where there is room for improvement and you explicitly focus on on that element to it when you know transaction volumes are low.

00;49;05;19 - 00;49;37;26
GUEST
And that was something that I did when I was a bench that I spent the first. The first year I did at B was in 2010, been joined in 2007. So I three years of not doing a deal which is which is emotionally hard, but what that did enable me to do was to become financially numerous to a level that I had never achieved as a surveyor, and that is a skill that has lasted for me ever since.

00;49;37;26 - 00;49;42;20
GUEST
And so, yeah, my.

00;49;42;23 - 00;49;54;01
GUEST
My view is you, you always have to get better. And it's those people that are constantly challenging. Challenging themselves to get better is is a key element of the sort of people I look for in our team.

00;49;54;03 - 00;49;57;08
HOST
It's interesting you touch on the fact that you a couple of years to to do your first deal.

00;49;57;09 - 00;49;57;27
GUEST

Because.

00;49;57;29 - 00;50;20;16
HOST
A lot of investment professionals. Yeah. Think about deal volume is their currency and that almost their worth really. And we get a lot of cool saying, oh I'm in the shop or yeah, money's tied to we're not doing deals I need for, I need to move to a shop that's got cattle and doing deals, but let's be reassuring for people to hear that actually, you know, you can be in a business and there is still an opportunity to kind of grow and develop.

00;50;20;16 - 00;50;27;01
HOST
And even if you're not physically transacting, there are still things you can do to get better. I guess to a point you yeah.

00;50;27;01 - 00;50;48;12
GUEST
You did the nothing beats did experience. But when you're not doing deals, there are plenty of other things you can get better at. And it's that desire, as I said, it's that desire to improve that is, I think, really important and is that is the differentiator between the good new ordinary.

00;50;48;14 - 00;50;59;16
HOST
You touched on financial modeling. Is that the kind of the key, the key or one of the key skills that that you see people need to build if they want to pursue a career in real estate, private equity.

00;50;59;16 - 00;51;28;18
GUEST
Yeah. Understanding the owner in on the investment side of a property, I think understanding one of the things I work with my team on is. Well, when we're analyzing a do and we're running a sensitivity analysis on a do, the first question I will ask is, you know, always before we once we plug the deal into into a model and we'll be then synthesizing it.

00;51;28;18 - 00;51;53;02
GUEST
And when I say, you know, what's going to happen to the IRR if we reduce the risk, EMV on the up by 5%. And my question is, I want you to work it out in your head and it can be done. And it's not that difficult, but it's that ability because when the when someone is able to do it in their head, you know, they understand the model.

00;51;53;02 - 00;52;12;22
GUEST
Whereas that kind of typing and computer says the answer's 25. Well, no, it's not the answer shouldn't be 25. It should be about 18. And it's that ability to understand the numbers that is just is what I. Try and get my team to do every day.

00;52;12;25 - 00;52;23;10
HOST
And then blend that with your wider property knowledge, where yields are going suddenly and you feel for a deal that looks right, that doesn't look right, or something's exactly something's wrong.

00;52;23;13 - 00;52;40;25
GUEST
When someone says the I can't think of, you know, your average cash from cash over the whole period is, is 7%. And you're going, well, I don't think it is, because if you look at the cost of debt and the initial yield

on that deal, your cash from cash is not going to be 7%.

00;52;40;27 - 00;52;41;16
HOST
Yeah.

00;52;41;19 - 00;52;57;17
GUEST
And it's that ability to, to, to see the to see the as to spot the mistakes early. I mean I am don't get me wrong I am no modeling genius. I can't build the cashflow models that most of my team can build. But what I can do is spot their mistakes.

00;52;57;19 - 00;52;58;14
HOST
Yeah.

00;52;58;16 - 00;53;15;29
GUEST
And that is something, you know, with the whole AI growth in AI. And and we're currently trialing a, an AI modeling package, you know, the the value on going forward is not going to be your ability to build the model. It's going to be your ability to spot the mistakes in the model.

00;53;16;01 - 00;53;24;14
HOST
Yeah. And lay on that additional context you get from having 25 years of of experience.

00;53;24;14 - 00;53;33;16
GUEST
Even 25 years. I think half the skill is is knowing it's being able to spot these mistakes. I love doing it. It's interesting, really interesting.

00;53;33;17 - 00;53;50;07
HOST
Well, you wouldn't be doing what you do so well if you did it. You as well as a sportsman. You've got four kids. Yeah. How have you balanced being, your husband dads and a career in real estate investing matters in private equity because, how I miss that.

00;53;50;10 - 00;54;22;29
GUEST
Obviously by having a brilliant wife. But in addition to that, I. I think corporate culture is key, you know, these things are possible if you have if a work environment that is, is flexible and understanding and if you don't, life is extremely difficult. So for me, it comes back to corporate culture. And that's something that I say to guys in the team.

00;54;22;29 - 00;54;57;10
GUEST
I say I think it's really important to at some point in your career, you work somewhere that is extremely demanding and corporately difficult as a challenging corporate culture, because it is only when you do that that you will understand what really matters to you in life. And, you know, being paid a vast amount of money to work in a private equity type, whatever corporate culture is, is an interesting thing to do because it puts life in perspective.

00;54;57;12 - 00;55;10;14
HOST
A question that I ask everyone who comes on the podcast as we draw this 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?

00;55;10;16 - 00;55;40;24
GUEST
So my my question back to your question would be what's the my target return on the capital? You're asking me to deploy if it is core plus money looking for A68 percent type return, I would be investing it in, I think the industrial market, because of its occupation and liquidity, is a pretty good place to go. If you can buy in the 5 to 6 is get kind of 3% per annum rental growth.

00;55;40;26 - 00;56;14;14
GUEST
I think that's a good would be a good place to put some some core capital. I think the multifamily and single family housing, because of the supply constrained nature of the UK residential market again, is not a bad place to go. Slight concern possibly being your gross to net leakage on their income, but I think the rental growth there again is probably going to be somewhere in the 3 to 5% mark and which 5% rental growth, pretty much anything is possible.

00;56;14;17 - 00;56;44;08
GUEST
So that's the the more core end of the market, the kind of value add opportunistic. On the value add side I think the multi that industrial space again is interesting. But you're just moving a little bit a little bit further north outside of the south east to get those enhanced returns. And I think if I had, you know, genuinely opportunistic capital, it would be in the office market, London offices.

00;56;44;08 - 00;57;14;22
GUEST
I think there is some there are going to be some great opportunities there. I don't think we're there yet. I think, you know, if you if you're really brave, you might go into the the regional office development refurbishment game. But you know making the numbers stack up, regionally is really, really tough. And we're going to have to see some substantial rental growth given where, CapEx is for refurb today, over the next few years before we see an activity in that market.

00;57;14;22 - 00;57;38;28
GUEST
So, yeah, if I was to play on an opportunistic basis, I'd probably go more in the office sector and I'd probably do a few shopping centers as well. I think town center shopping centers, rents seem to have rebased. We're seeing a little bit of positive rental growth there. They're underpinned by alternative uses, you know, primarily residential, securing that residential.

00;57;38;28 - 00;58;07;22
GUEST
I think it's harder than a lot of people anticipate. But again, I think great recurring revenue town centers, I think would be an interesting play for 15% type money. But. The but being on, I think on, on the shopping center side that your whole periods could, you know, you could underwrite to a five. But given the complexities with planning and bake and possession, you could it there's a distinct possibility you could be in those deals for 7 to 10 years.

00;58;07;24 - 00;58;15;12
GUEST
But I do believe, you know, they'll produce a solid income return with some potential planning upside.

00;58;15;14 - 00;58;24;27
HOST
I think you're the first person in the 60 plus episodes I've done this who's who's broken it down into

different buckets of of Captain Risk return profiles. Okay, maybe that's.

00;58;25;01 - 00;58;27;05
GUEST
That's a that's a function of what I do.

00;58;27;08 - 00;58;47;23
HOST
I don't I'm not surprised that you have done it. And I'm, I'm very surprised that people earlier on the journey haven't done it, but yeah. So we've had a phenomenal background, career experience. And I, I know I've learned an awful lot from talking to you, and I know that people listening to this will as well, in terms of the environments and the moves and the and the reasons and the why you've done what you've done.

00;58;47;23 - 00;59;04;26
HOST
So I'm really excited to see what you and the team going to do as you navigate this. Right. Interesting, interesting. Yeah, it's very interesting. Market. It rings true with what someone told me at Mipim in terms of where the opportunities are. And we didn't touch on it, but the three ounce lending, living and logistics. Yeah. So, yeah, the.

00;59;04;26 - 00;59;36;27
GUEST
Lending market I think is interesting. I think it's going to be a difficult market to deploy a significant amount of money into. Certainly on that, if you're looking for double digit type returns, 12 to 14%, I think it could be tough because you're going to be forced into the, the mass sector of the market. And, and most deal sizes are typically 0 to 5 rather than 5 to 15 million.

00;59;36;27 - 00;59;54;28
GUEST
So you're going to have to be doing a lot of deals to get the money out the door. So I think that market and it's a highly competitive market that that could be, it could be difficult to just get the capital to prove the point sufficiently quickly. But yeah, another interesting cross the market.

00;59;55;00 - 00;59;58;25
HOST
Cool. Well, thank you so much for joining me over. Pleasure, Joy. The conversation.

00;59;58;25 - 01;00;01;14
GUEST
It's been fun. I've enjoyed it. Thanks a lot.

01;00;01;16 - 01;00;23;29
HOST
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01;00;24;02 - 01;00;51;06
HOST
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01;00;51;09 - 01;00;59;03
HOST
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