00;00;03;29 - 00;00;26;29
Speaker 1
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;27;01 - 00;01;02;10
Speaker 1
Welcome to the People Property Place podcast. Today we are joined by Alistair Ennever, Head of Europe at Vestas Investment Management, established in 2010, Vestas Investment Management invests capital raised from single or multiple investors into global real estate throughout Asia, Europe and the Americas. And it does this through a variety of products that target core plus value add and opportunistic returns by investing in office, retail, hotel, multifamily and logistics assets in Europe, they focus on office and logistics.

00;01;02;13 - 00;01;26;13
Speaker 1
Alister set European business up in 2022 and is responsible for managing a portfolio valued at more than €3 billion. He was previously head of industrial and logistics Europe at Sovereigns Investment Management and has worked at left real estate partners Chatwin, Petri and colleagues. And it gives me great pleasure that he is here today. So welcome to the podcast.

00;01;26;15 - 00;01;27;28
Speaker 2
Thanks for having me. Good to be here.

00;01;27;29 - 00;01;51;07
Speaker 1
Not at all. Well, look, I'm really excited to find out a little bit more about Vestas, how you see the market, where the opportunities are and how you've done what you've done. But a question, before we come onto that, that I ask everyone on the podcast is how and why did you get into real estate? Because if I'm not mistaken, you left Oxford Brookes University, having done real estate management at the perfect time of 2007.

00;01;51;13 - 00;01;56;06
Speaker 1
How how did you know before we got to get into. How did you kind of select real estate or what real estate?

00;01;56;08 - 00;02;16;19
Speaker 2
Obviously a good question and hence why you start there, I guess every time for me, I had a father who was in real estate and I went and did work experience with him whilst at school. You know, a fresh faced 16 year old seems like a very long time ago and enjoyed that working experience with him and his property company.

00;02;16;23 - 00;02;38;18
Speaker 2
I thought this was great. The guys were out for lunch quite regularly, enjoying, socializing. There seemed to be that element of it as well as, of course, the sort of tacit asset that you can touch and feel. So real estate was kind of for me versus, you know, just pure numbers and so on on a screen, like in a stockbroking type environment, which my father did.

00;02;38;21 - 00;03;01;25
Speaker 2

And so I pursued the real estate path. Wanted to go straight into it before university. Really? Yeah. But my mother said, no, you've got to go and get a degree. She got one and so she was, absolutely determined that I got one, too. So when did the Oxford Brookes course and then, of course, was advised that the likes of Colliers, where the journey began, was the best place to get the real estate grounding and so on.

00;03;01;25 - 00;03;05;16
Speaker 2
So that's where I made that, that transition to those sorts of businesses.

00;03;05;16 - 00;03;11;03
Speaker 1
So as you can follow a developer or an investor or which part of the real estate kind of ecosystem did he kind of work within?

00;03;11;03 - 00;03;29;09
Speaker 2
A he was an investor. Ultimately. He had varying businesses across the time, but one of which was Pillar properties that became which. And then he sold that, and lastly London and Stamford, which then merged with London Metric. Yeah. And so on. So yeah, he had a good history and track record.

00;03;29;16 - 00;03;38;08
Speaker 1
So you were desperate to kind of get it. Yeah. Within that, that space or kind of an estate agency where if you didn't have the degree or which. No, I.

00;03;38;08 - 00;03;54;23
Speaker 2
Mean, I was actually going to go and work for him from. Oh, really? From the get go. Yeah. Fine. Which would have been awesome. But of course, my mother's right. As was often the case, I can say that publicly, which she'll like, but it was good to go and get the grounding and go from the grassroots up.

00;03;54;23 - 00;04;03;08
Speaker 2
I think, you know, it probably might have served me well in the short term to have a job, but maybe longer term you might have lacked some skills and some gaps and so on.

00;04;03;08 - 00;04;10;22
Speaker 1
So it was to build the network exactly wider, wider what the benefits that come from doing that. So you graduated in 2007.

00;04;10;22 - 00;04;11;19
Speaker 2
Yeah.

00;04;11;22 - 00;04;19;19
Speaker 1
You're one of the few people to land, an IPCC at one of any practices or had kind of the, the world not started to fall apart at that stage.

00;04;19;25 - 00;04;49;20
Speaker 2
Exactly. I think we were the basically the last intake 2007 and experienced actually quite a bizarre story in 2009 when I took my APC, Collier's November 2009, I passed my APC and went from a graduate

surveyor to a surveyor by virtue of passing the APC, and that was immediately placed into a redundancy pool because the job of surveyor was being made redundant in the team that I was in.

00;04;49;23 - 00;04;57;15
Speaker 2
So I was there 10:30 a.m. celebrating my APC success. By 11 p.m., I was in a room with HR facing redundancy.

00;04;57;15 - 00;05;08;18
Speaker 1
Past and you know that to be the case. No, you had no idea. There was no way you could even try and gamify and fail you right in your job. And then, you know, like now, loaded up for a reset in six months time was.

00;05;08;18 - 00;05;21;00
Speaker 2
No, no. And my boss at the time also didn't realize that would be the ramifications, and he just had his head in his hands too, and quickly took me to the pub to, drown our collective sorrows. But anyway.

00;05;21;03 - 00;05;23;03
Speaker 1
So you were made redundant.

00;05;23;04 - 00;05;28;21
Speaker 2
Well, I'm actually fortunately, I avoided the redundancy in 2009, but I was in the pool.

00;05;28;21 - 00;05;29;21
Speaker 1
Oh, you were in the pool?

00;05;29;21 - 00;05;30;22
Speaker 2
Yeah, exactly.

00;05;30;22 - 00;05;33;00
Speaker 1
How did you escape that one?

00;05;33;02 - 00;05;42;06
Speaker 2
I think there was someone who actually probably wanted to to go. And so they were the one that effectively then solved the issue.

00;05;42;08 - 00;05;48;27
Speaker 1
So you did you rotate through various different APC rotations at that time. Well, you kind of embedded in so.

00;05;48;27 - 00;06;06;12
Speaker 2
You sort of had a like a host department and not for me that was in property management, occupied property management. So that's broadly where I was for a couple of years. But of course I rotated out to get my time in in valuation and LMT. But really I spent the majority of that two year period in property management.

00;06;06;19 - 00;06;10;25
Speaker 1
And with that kind of broad sector. Or did you just specialize at the time?

00;06;10;25 - 00;06;24;16
Speaker 2
It was it was primarily retail, actually. So high street cancer research shops was what I was looking after, from the occupier perspective. So certainly not glamorous, but very good grounding and a required required service.

00;06;24;16 - 00;06;37;20
Speaker 1
I guess you touched on from an occupier perspective, because a lot of management from a, from a landlord perspective just. Yeah, for that distinction. Can you just explain what the difference there is and and how. Yeah. Why is it different looking at from an occupier perspective?

00;06;37;20 - 00;07;05;25
Speaker 2
Why? I guess, of course, you know, if you're negotiating new leases, you're doing it from the other side of the table. But of course, if you're a retailer, often the case is you've got to lock up shop and you've got some parts which may be included in your lease. And therefore that gives you a potential liability, actually, of managing a sub tenant portfolio, say for example, or on for cancer research, you'd have to shop on the ground floor and you might have two flats above which then you would have to lease on assets and so on.

00;07;05;27 - 00;07;18;28
Speaker 2
So having a managed sub tenant portfolio was one of the other differences. I guess from that point of view, and again, not particularly necessarily glamorous, but a very good grounding from there.

00;07;18;28 - 00;07;24;00
Speaker 1
How did your role evolve and what did you kind of move move to within Colliers?

00;07;24;03 - 00;07;47;00
Speaker 2
Yeah. So I, I always wanted to move towards a more investment focus so on. And in order to do that I, I knew I had to take a couple of steps also because of the where the market was at the time. And so I went and did valuation, moved internally, managed to secure a move internally. Colliers. So I did valuation mortgage lending valuation for about a year and a half.

00;07;47;00 - 00;07;55;00
Speaker 2
Two years. And then I knew I then had to make the next step, which was towards Chapman Petrie and into actual investment agency.

00;07;55;03 - 00;08;16;17
Speaker 1
So at that time in the market, lending or valuation, rather than being on a quarterly basis, it probably moved to being monthly. Right. So actually, it's a shrewd move in terms of job security, just because just the sheer quantity of work and fees being generated, but also probably what to sharpen your investment? Yeah. To kind of work out what a good deal is, what a bad deal is, and maybe how the banks look at things.

00;08;16;17 - 00;08;21;11
Speaker 1
So to make that that move into investment, you you done some more reps in the gym as it were.

00;08;21;11 - 00;08;40;11
Speaker 2
Yeah. Absolutely right. I could put it about that and myself. And that was entirely the motivation. The only other bit I would add in is to what experience it gave on is how to or the type of questions that borrowers were typically asking you is the value on behalf of the lender and of course what it meant, the implications for their equity.

00;08;40;13 - 00;08;57;15
Speaker 2
And of course that is now being borne out again this time around. So I've seen some of those, negotiating tactics from borrowers and so on how value is have to respond. So we know, we know, that that sort of element of it. But it was certainly an interesting time. I don't think hopefully not to be repeated.

00;08;57;17 - 00;09;18;17
Speaker 1
It's interesting. There's, there's there's some people who actively seek out a valuation move, as you did, to sharpen that investment view. Maybe because they've got the personality to to thrive and invest and see. And there's others who kind of just fall into it and stay in it. And they kind of make a career of it. How how easy was it to get out of valuation and move to an investment role?

00;09;18;17 - 00;09;33;08
Speaker 1
Was it part market, part timing? You know, try to push that door internally. But, you know, because you'd moved into valuation, you kind of typecast as a value. And so, you know, the investment team didn't want you. How how did you kind of, you know, manage that. Well yeah.

00;09;33;10 - 00;10;01;27
Speaker 2
You're absolutely right. And like internally also it was a bit of a fiefdom typically in the bigger agencies. And when I guess the menu was relatively starved of deals, there was very little opportunity for new people to sort of break into a team and hence why I looked externally really, and tried to play to the point you make about possibly playing a personality being akin to being involved in that world.

00;10;01;27 - 00;10;33;08
Speaker 2
But with the grounding of both, you know, property management and valuation, that was the bits that I tried to argue with a the, let's say the game changers or the gave me the platform of foundations to, to learn. And that was very much the intention and what I was fortunate enough to learn from that chap and Petrie, some very well established and good market operators in a niche business who, you know, had time also to give to me to try and help me learn the craft.

00;10;33;10 - 00;10;35;14
Speaker 2
So yeah, that's how I went about it, I guess.

00;10;35;14 - 00;10;42;03
Speaker 1
So someone who hasn't heard of Chapman preaching before, can you just who are chat and pitching, what do they cover and kind of all that you kind of went onto today.

00;10;42;04 - 00;11;00;17

Speaker 2
Yeah. So so Chapman Petrie founded you know, quite some time ago by, by by two individuals, obviously a Chapman and a Petrie. And they had both a valuation side. So Dave Chapman was a value. And he used to value a lot for Kellogg to state and so on. So he had that sort of let's say the repeat income.

00;11;00;17 - 00;11;26;14
Speaker 2
And then PSP three was very much a investment agent and broker and did a lot of deals over his time. So you kind of had the good combination of the two. Obviously the business evolved over a period of time, and some other partners came into it and they built out a property management team and so on. So there was it was a small business, about 12 people in total, typically whilst I was there over the years, but with a niche investment focus.

00;11;26;14 - 00;11;34;12
Speaker 2
But I was a niche investment agent, but with a UK focus on multiple sectors. It was really just do different.

00;11;34;14 - 00;11;37;15
Speaker 1
And so you're brought in to work with peers on the investment side of the business.

00;11;37;21 - 00;11;48;25
Speaker 2
Yeah. Peers and the other partners in the investment team. Exactly. Yeah. To sort of support them as much as possible. They saw me as having some numbers, skills from valuation times and so on. So that that's really where I started. Anyway.

00;11;48;27 - 00;11;54;27
Speaker 1
Can you just talk to me about the kind of the types of deals you're doing at that stage and the lot sizes on and on? On behalf of whom?

00;11;55;01 - 00;12;22;06
Speaker 2
Yeah, first deal I did on my own, as it were. I was, it was a shop in Chester that we bought for 1.45 million, I think an 11% yield back in whenever it was 2012, 2013. And, that was the sort of the first one. And then we ranged all the way up to involvement in, in an office building on the M1 for Threadneedle at about 65 million.

00;12;22;08 - 00;12;40;13
Speaker 2
So there was a decent range. And one of, John Petrie's legacy clients was the NFU and they were retained for a period of time on, on sales and in some cases acquisitions as well. So I got quite a lot of exposure to the NFU as a sort of, you know, institutional investor in the UK market.

00;12;40;16 - 00;12;42;20
Speaker 1
Doing both acquisitions and disposal as.

00;12;42;20 - 00;12;42;27
Speaker 2
Well.

00;12;43;03 - 00;12;58;09
Speaker 1

Yeah, exactly. After kind of three, three and a bit years, you, you left Chapman Beach and you went to LRF Real Estate Partners, which is a French business. How did that come about and why did you transition from the advisory side to the principle side?

00;12;58;11 - 00;13;23;13
Speaker 2
We made no secret of it. The ambition was always to get to the investor side in some guys. And of course, as I said earlier and needed knew I needed to get the grounding and be just take some steps which had to evolve given the market and where it was at the time, as I was sort of, you know, growing up in the real estate market and to move to LFS, they actually were trying to raise at the time a shopping center fund.

00;13;23;15 - 00;13;44;29
Speaker 2
And, you know, there was an opportunity to be a sort of, you know, assistant or part of that shopping center fund. I thought something new. Invest aside discretionary capital that will seem sort of add up. And also with the backing of, left assets, you know, a very well established, an enormous, French investor with French retail capital amongst their, their client base.

00;13;45;01 - 00;14;06;01
Speaker 2
I thought that would be a very good way to start. Unfortunately, the the shopping center fund never actually launched, you know, fundraising. Very challenging. Still, at that time. But what did start to emerge was this separate account business. And that's where I first encountered overseas investors, including Korean investors.

00;14;06;04 - 00;14;17;28
Speaker 1
So someone listening to this who doesn't know what a separate account is rather than the fund, can you just explain the difference there? And it's probably a good thing that that fund never got off the ground. Yeah, yeah. Benefit of hindsight.

00;14;17;28 - 00;14;48;26
Speaker 2
Yeah. Indeed. So the separate account or managed account by everybody has their own particular cycle. Yeah. Yeah. Everyone has their own name for these things. Right. But in effect it's a non-discretionary mandate where you're in an advisory capacity to the ultimate equity. And you may do that on a one off deal. You may do that with a programmatic type approach, but it's not in a, let's say, in a fund vehicle where you have predefined guidelines or terms for a fund.

00;14;48;29 - 00;14;55;17
Speaker 1
And why would why would a business want to set up a sidecar or a separate account at. You know, I.

00;14;55;17 - 00;15;17;28
Speaker 2
Guess it's more actually for the investor, because the investor selves gets to dictate or determine the strategy will have more influence over it. Whereas once they've invested their capital in a fund, it's then at the discretion of the fund manager as to the acquisitions and deals board. Whereas in the separate account non discretionary set up, the investor has has a greater control.

00;15;18;00 - 00;15;34;12
Speaker 1
And I guess it works both ways in the sense that you could find the deals and then go and find the capital and form a side venture or a separate account. Or the investor comes to you and says, we want you to be

the manager of this. You know, this is the strategy. This is what we're thinking. Yeah, you know, agree fees or whatever it might be going to.

00;15;34;12 - 00;15;35;20
Speaker 1
It works both ways, right?

00;15;35;21 - 00;15;52;21
Speaker 2
Yeah. I mean, you're obviously right. It should work both ways. But in my experience at least it's typically you. It's the adviser seeking out the equity and showing opportunity, your service, what you can bring to that, investment program and so on.

00;15;52;24 - 00;16;12;06
Speaker 1
So you touched on it was your time left that kind of gave you a broad in your client base or institutional exposure or geographical base. Can you just elaborate on that? You know, who you were talking to and, and also what the mindsets and the nuances of these different types of investors are. Yeah.

00;16;12;08 - 00;16;41;25
Speaker 2
So I mean, predominantly, If we were focused on, as I mentioned, Korean investors and some Hong Kong investors and there were some relationships that left unsaid. Had that we were then to, to try and develop. But also historically left was Cushman Wakefield investors. And they were bought by Lafond says as the UK investment manager from Cushman back in whenever it was 20 1314.

00;16;41;25 - 00;17;09;17
Speaker 2
I think from memory. And so they had an existing platform. They had done a transaction with a Korean investor in 2012, I think, which was a London assets 30, Crowne Place, which is an office building, one of the first Korean investments in London outside of the bigger campuses and kiosks. So that was sort of the start of the Korean investment into Europe.

00;17;09;17 - 00;17;30;23
Speaker 2
In fact, they'd done some things in the US, but in Europe less so. And that was sort of one of the main investor bases that I got exposure to at that time. And in fact, the two individuals I work with now most closely investors were apps. Samsung was the investor that they were there back in 2014. That's when I first met them.

00;17;30;25 - 00;17;37;11
Speaker 1
Interesting. So they were they were the equity. And you kind of the manager trying to do deals on their behalf. Did you say, did you do that office deal or was that.

00;17;37;14 - 00;17;38;24
Speaker 2
No, it no, it was already done.

00;17;38;25 - 00;17;46;22
Speaker 1
It was already done. Yeah. But you got exposed to building the relationships with it, with the creation of capital to go and try and source deals that kind of match there.

00;17;46;22 - 00;17;48;07

Speaker 2
Yeah. Did you do the next flight.

00;17;48;07 - 00;18;00;17
Speaker 1
As it were? Exactly. So you were you were with Olaf, for a couple of years before moving to Savills Investment Management. Why did that change come about and what was the the reasoning for that? Yeah, the the.

00;18;00;17 - 00;18;32;28
Speaker 2
Challenge with the, that we found that for at least I thought the challenge was that Olaf and, you know, they've gone on to do great things. So, you know, maybe my perception was misplaced, but the challenge I found was that you needed a wider, you know, research support, and you needed a bit more, let's say, critical mass in order to help these overseas non-discretionary mandates and give them confidence that you were the right manager for them to partner with.

00;18;33;00 - 00;18;55;21
Speaker 2
And and says that was slightly lacking so far as it was. You, had offices in Germany, France, obviously, and the UK, but with Savills I am they had a much wider office network across Europe, as well as offices in Asia close to the investor base and, you know, the research function and everything else that goes with a larger organization.

00;18;55;23 - 00;19;03;22
Speaker 2
So I just felt that if I was going to do the separate account, the managed account type work, you needed to do it in a place with a larger platform.

00;19;03;25 - 00;19;15;29
Speaker 1
Yeah, another back office functions to allow you to kind of focus on the higher value tasks as well that come with it. Yeah. So you move to service investment Management. You left there as head of Industrial and Logistics Europe. What role did you start there.

00;19;16;01 - 00;19;42;08
Speaker 2
And yeah so I started as a transaction manager effectively just overseeing new acquisitions on behalf of separate accounts. And the accounts I was working on. The investors were Malaysian and then latterly Korea. So I sort of started managing logistics acquisitions in the Netherlands on behalf of Malaysian investors. Was the first thing I did pretty much itself was I am and that evolved.

00;19;42;13 - 00;20;07;24
Speaker 2
I did some office transactions, did a, you know, was involved in a retail transaction. And then as we sort of, let's say, stabilized 1 or 2 of the Malaysian investors, I was tasked with, you know, next chapter, together with colleagues, was to try and crack the Korean, investor base and do a fed via repeat model of what we'd done with the Malaysian investors.

00;20;07;26 - 00;20;24;17
Speaker 1
To expand the business, expand, the contact base. And, you know, yeah, yeah. South Korea was a kind of a market where there was an appetite to deploy capital out of out into the UK and Europe and exactly go and business develop that, build relationships and. Yeah, do the.

00;20;24;17 - 00;20;48;04
Speaker 2
Work and continue to answer your original question, which I did a relatively poor job of was how I ended up, you know, doing specializing more in logistics was that with the Korean investors, we predominantly did logistics investment. And of the things we did with Festus, we acquired about €1.5 billion of assets, over a four year period. And there were about 50 assets in total.

00;20;48;04 - 00;21;14;23
Speaker 2
And of those, 12 were logistics assets and three were offices. And that just led me in the direction of more of a logistics focus and specialism, as well as part of those 12 assets that we acquired for Vestas, were in more of a fund type structure, so than one was leading towards a sector specialism slash fund management role in in logistics.

00;21;14;26 - 00;21;35;10
Speaker 2
And so that was a big logistics investor across Europe, not just from separate accounts but also some specialist funds. Run from Germany. And so there was a need for someone to, to oversee that area of the business. And some of them was moving more towards a sector specialism set up as well.

00;21;35;12 - 00;21;50;26
Speaker 1
I guess as you, as you do build relationships with the type of capital rather than doing, you know, one off deals and programs and what kind of themes and that kind of the trust relationship build. It kind of makes sense to then, as you say, set up more fund type structures. Where will there be any equity in that particular fund?

00;21;50;26 - 00;21;55;13
Speaker 1
But it's all defined in terms of the returns and the types of assets. So you kind of look for.

00;21;55;16 - 00;22;21;13
Speaker 2
Yes, exactly. The problem. Or one of the problems that we were facing with, particularly with, you know, non-discretionary capital didn't really matter where it was from, was that at the time the logistics market was red hot. You go into a business, a bidding process against, you know, open ended funds out of Germany or wherever, where they have pre raise capital for the deal.

00;22;21;19 - 00;22;42;21
Speaker 2
They can show you that track record. They can say they can do the deal in four weeks and so on. Whereas we had a bit more of an elongated process with in some cases raising the equity for specific deal whilst you were in a process against bidding against others. And that's just gave too much execution risk to the vendors, quite rightly.

00;22;42;24 - 00;23;09;07
Speaker 2
And so, you know, we had to find a way of gaining additional credibility other than just offering the highest price, that the vendors felt comfortable executing deals with us. And that's how the, you know, the fund concept to pre raised equity came about. Of course, funds have been around forever. It's nothing new, but it was a new element for the Korean investors that they hadn't done previously.

00;23;09;12 - 00;23;33;10
Speaker 1
Because finding the deals, raising the equity for the deal, negotiating the debt as well on it is too many

moving parts for a vendor to take you seriously as a credible bidder or potential buyer, even though your price might be the highest. Yeah, they might want to get it off the books. Yeah, quickly, without it being dragged and dragged and then having to go back to the market completely.

00;23;33;10 - 00;24;03;25
Speaker 2
And the other element I should really have started with, can finish with is that we were concerned as advisers that the Korean capital or wherever it was coming from in one off deals was not being not diversifying their risk exposure sufficiently. And so in a fund structure, we managed to raise to a 200 million of pre raise capital of equity in one of our in our first fund.

00;24;03;27 - 00;24;28;03
Speaker 2
And that allowed us to buy eight assets in five countries led to multiple different tenants. Whereas historically you might do 100,000,000 in 1 building with one tenant in one country. And the risk profile for US advisers was just becoming too great. And so the fund structure was one that we were pushing very hard to take our investors into.

00;24;28;10 - 00;24;45;02
Speaker 1
Yeah, it's like a fiduciary mindset as well for, for their benefit to rather than just it being close deals, taking fees for doing and not really caring about the business plan, as it were. Talk to me about, how vast US investment management, the European platform kind of came about. Yeah.

00;24;45;02 - 00;25;13;10
Speaker 2
So I started working with, well, as I mentioned earlier, met the guys in sort of 20 1415 when naturally they were at a different business. They moved across to Vestas in 2016 and pioneered. Vestas is overseas investment management or investment program, and the guys worked with the likes of BNP, Rheem and Hynes and of course, Apple. So I am where I was and over that period.

00;25;13;10 - 00;25;35;04
Speaker 2
So we did our first transaction whilst I was at South. I am in 2018 for Vestas, and then, as I mentioned earlier, the next four years we did 15 transactions and quite a lot of equity invested. And so I had a very strong relationship with these guys who are excellent in their field. And so of corralling the capital and managing those relationships.

00;25;35;04 - 00;26;02;26
Speaker 2
So it worked very well, I thought, and still continue to think that the team in so is exceptional at managing the capital and reporting to them appropriately and so on and so forth. And then combined with a platform in Europe of sourcing and executing transactions, it makes a very neat combination. And of course, Festus and the Wales relationship was working well.

00;26;02;29 - 00;26;19;01
Speaker 2
But why not have that in a, in a linear setup where it's all under one roof? The guys in so can say that Vestas is a business is entirely accountable for the investment from the European and all the way back to the soul.

00;26;19;01 - 00;26;22;16
Speaker 1
And so it's more compelling when they're talking to investors on their side.

00;26;22;18 - 00;26;50;29
Speaker 2
I think so, and I think, you know, if you were an independent third party, you would probably be able to get behind that, that standpoint, of course, as I say, you know, the relation, you know, the set up with BNP Remo behind. So other managers works very well and continues to do so. But I think going forward in a maybe more challenged market environment where accountability is key, I think it's a compelling story for the investors.

00;26;50;29 - 00;26;56;06
Speaker 2
And the investors fortunately have lent in to that. And then they believe the same.

00;26;56;08 - 00;27;30;28
Speaker 1
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 tremendously. 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;27;30;28 - 00;27;52;08
Speaker 1
So if you haven't already, please follow or like on the platform you watch or listen to me. Thanks so much. So you set the business up in October 22nd or back into 2022. Can you just give me a bit of an overview of the portfolio, assets under management, the locations and type of kit within it?

00;27;52;11 - 00;28;20;27
Speaker 2
Yeah. I mean, so we have what you might term and people, your viewers and so on. And listeners would refer to as typical Korean deals, which typically were very core long income and new assets be that office or logistics. So typically that is what we have in our portfolio. We've got about 24 assets, of which 18 are logistics and six offices.

00;28;21;00 - 00;29;04;04
Speaker 2
But in terms of value, the office energetics are quite similar because those office buildings tended to be the larger HQ type buildings in the likes of, you know, Berlin, Paris, we had London and so on. And they're larger deal volumes, whereas the logistics portfolio spreads from Poland in the east all the way across, you know, continental Europe. And we've got one asset in the UK, but the majority of assets are all on the continent, so that in either those two sectors and they're typically pretty core in nature, but 1 or 2 I would term slightly more core plus assets bit of multi lat, which is the direction we wanted to take the investors in, because

00;29;04;04 - 00;29;20;05
Speaker 2
these big boxes absolutely have their place. And in my opinion, that place is actually coming back to being more and more prevalent. But the multi layer nature of assets also allowing you to drive performance in a rental growth environment. It's quite a nice, you know, blend.

00;29;20;07 - 00;29;34;26
Speaker 1
So you have the is it kind of what a typical 25 year lease F3 or index linked up currently rents. So you got 25 years worth of income. And then on the other hand you can kind of blend that, as you said with more you're not a sticky income, but you can kind of move the rents on and track the performance.

00;29;34;26 - 00;29;39;04

Speaker 1
So you get a different type of return. So just trying to get that balance with you kind of fund management not on. Right.

00;29;39;07 - 00;30;07;23
Speaker 2
Exactly that. Yeah. And that was kind of the approach that we wanted to take rather than as we alluded to earlier, you know, the one off deal, the fees, move on. It was more about trying to blend the wider portfolio, even though you had different investors, perhaps behind each and every at least you then had a variety of the assets and their risk profiles that, of course, in the funds.

00;30;07;25 - 00;30;14;11
Speaker 2
Exactly that the two funds that we have, exactly that fund management has on to try and blend, planned out the risk profiles.

00;30;14;13 - 00;30;35;16
Speaker 1
Who, all the types of capital that invests. Well, investors raise money from exactly the bluechip institutional businesses, insurance, endowment funds, or the rest of it from Seoul and wider career, but also high net worth and retail investors. What type of capital does the business typically raise money from and then you deploy.

00;30;35;19 - 00;30;57;29
Speaker 2
So we've actually we're almost entirely from the institutions the insurance companies or pension funds. There isn't any retail investors in our investments. Of course, other structures and so on have had exposure to retail investors. But investors hasn't. And so yeah it's your is your typical bluechip type institutions from South Korea.

00;30;58;05 - 00;31;16;08
Speaker 1
Yeah. You touched on and I guess people listening to this, you read the press as well. We'll see in the last couple of years or post trust June 22nd or whatever it might be, since there's been a little bit more volatility in the market. A lot of the Koreans, I guess you've been managing retail capital have been severely burned.

00;31;16;11 - 00;31;30;03
Speaker 1
I could do I could try and explain what's happens. But, rather than do that, I think you're probably going to be much better placed to do that just in terms of, you know, how and why and just explain maybe that situation for people who who don't know or haven't been able to read the press or learn about that.

00;31;30;06 - 00;31;59;01
Speaker 2
Yeah, I mean, I think where does one start? But I think it's probably worth saying, you know, setting it in context. So of course, from, I would say 20 1718, there was a real desire for Korean investors to expand that real estate portfolios outside of Seoul. And there were a number of factors in that, including, you know, a currency premium to euro versus Korean.

00;31;59;01 - 00;32;23;25
Speaker 2
One and other things that, you know, diversifying out from having an entirely domestic investment portfolio, for example, is another. And you know, the US was a real market that actually Korea and the US have a lot of synergies there. A lot of the guys in Seoul go to American universities and so on. So they

sort of baseball's their favorite sports, you know, things like that.

00;32;24;00 - 00;32;49;13
Speaker 2
So they wanted to move not just out of domestic, out of the US. And Europe was the next sort of obvious target with that currency enhancement. So you put that in context. And then the risk profile was core in nature, and it was really a distribution play. So the guys were all just chasing distribution to, you know, pay back their pension holders and so on.

00;32;49;13 - 00;33;31;00
Speaker 2
A considered return of somewhere around 6% at the time. And that led to significant investment, particularly into the office sector, into those HQ type buildings, single leases or maybe, you know, multiple but but not that many. Not heavily layer assets, but long and strong income is how I describe it, either in offices or. But also in logistics. But logistics hasn't hit the press in the same way, perhaps because you know that performing assets, whereas what's come out more so is the offices where ten year leases, for example, were bought on five year business plans.

00;33;31;03 - 00;34;08;12
Speaker 2
And so you were trying to sell assets at the nadir of value in the investment cycle of the asset itself, plus the double hit of interest rate changes and trussonomics, as you referred to in the UK at least, really having an impact on value. And that has led to those situations of being. But, but and what was happening also in Seoul in terms of the funding of those acquisitions, was that because there was such a rush to get into the market and it was a highly competitive time, 20 1819 and so on.

00;34;08;12 - 00;34;36;27
Speaker 2
There were lots of investors in London office, for example, or Paris office, wherever it may have been. Companies and so known as securities companies were effectively warehousing the acquisition of buildings and then syndicate ING the capital stack to underlying either institution or investors or retail investors. And they were getting paid a fee for doing so as well, warehousing the investments, that is.

00;34;36;29 - 00;35;03;03
Speaker 2
And so that just created a bit of a storm or potential storm. If the assets themselves lost value or required further equity injections and so on and so forth, which is what we've seen over the last two or so years, and particularly challenged in the retail environment where they had retail investors, because ultimately, you know, your doctors, your teachers or so on.

00;35;03;03 - 00;35;11;02
Speaker 2
And so who may have invested in these things didn't have the ability to recoup their investment, to plug funding gaps and so on.

00;35;11;02 - 00;35;29;25
Speaker 1
So that's one of the big challenges is, you know, they probably bought it. I think it's a six cap, but it's no longer a six cap. And then the value drops significantly. Tenants start leaving. You know banks are kind of looking at and it might be an asset worth 200 million pounds. It's now worth 120, which is the whole piece of their senior loan.

00;35;29;25 - 00;35;45;12
Speaker 1
And they're thinking, hang on a minute, how are we going to get around this? Yeah, go back to the

capital, say can you react? Can you put some more money in? And if they syndicate it out to retail investors, as you said, doctors, teachers, lawyers, etc. just aren't going to be able to to react.

00;35;45;15 - 00;36;07;22
Speaker 2
No. So and also they've lost confidence in the investment at that point. If you say they haven't been well, they may not have been getting that distribution of that 6% that they were promised. But similarly, you know that the value of their asset is practically zero in terms of the equity portion. And so they've lost confidence in the whole investment and frankly, just simply won't invest anything further.

00;36;07;22 - 00;36;32;20
Speaker 2
So that's then leaves perhaps some in some cases the securities company who warehouse the assets, that leaves them potentially exposed to picking up the pieces from the retail investors, which then creates a burden for them and has been very challenging. And that's why you haven't seen perhaps new deals from with carrier backing in the market in the recent past.

00;36;32;23 - 00;36;54;18
Speaker 2
And I think, frankly, I would say in my opinion at least, that securitization type model and syndication is something that won't happen again, and instead it will be pre raise capital in the fund structures in a similar way that we tried to promote and have promoted and, you know, delivered on in the recent past.

00;36;54;21 - 00;37;15;25
Speaker 1
Yeah it's really, really interesting. And it's yeah, there's a lot of that that's happening across across the press. For those of you who are listening, who, don't have access to it or haven't read it, can you just talk to me about the the nuances or the cultural aspects of dealing with Korean capital? Because there's a lot of talk about, you know, Singapore or Japanese or Middle Eastern.

00;37;15;25 - 00;37;28;29
Speaker 1
You know, each culture, you know us, each culture, they've got their own intricacies or ways of doing things. Can you just tell me a little bit more about, you know, the mindset of a Korean institutional investor and kind of dealing with them as well from your perspective?

00;37;29;05 - 00;37;57;07
Speaker 2
Yeah, absolutely. There are always those perceptions of different cultures. So I would say from in my experience and why, you know, I would work for a Korean owned business, you know, and then headquartered out of Seoul is because of their diligence and hard working, you know, approach. I don't think I've ever encountered quite the work ethic that they have.

00;37;57;09 - 00;38;22;22
Speaker 2
And similarly, the attention to detail is quite frightening and in some cases can be quite frustrating. But all of the questions that come, you realize the relevance that they have and actually it makes you a better investor considering all of the different angles that you've been quizzed on and question on over the years. The other, other elements I would say, and of course, you know, promoting, but working with Korean investors, I love it.

00;38;22;22 - 00;38;46;29
Speaker 2
And that's why I would want to do it in the long term is, you know, a loyalty element. And I think that's not necessarily true across the board, but that's the same in majority of cultures. But certainly the guys who I

work with very closely, investors, they've been there at that business since 2016. And the founder, of course, is still there, who's been there since 2012.

00;38;47;02 - 00;39;08;17
Speaker 2
So that, you know, that gives some consistency. They've been very loyal to me. And, and, you know, my team at best is Europe. And so I think that's another element that is sort of culturally positive. Absolutely. And then from an investment point of view, you know, typically they do like names of businesses that, that, that are relatable.

00;39;08;19 - 00;39;31;06
Speaker 2
So I think one needs to remember that 5000 miles away. And so if you're investing in a building leased to a very local tenant, it doesn't give you the same confidence as if it's leased to a household name. So so that's sort of something that we've had to overcome to make sure that actually you're not paying a premium for the household name.

00;39;31;06 - 00;39;50;24
Speaker 2
You're actually fundamentally investing in good real estate that just so happens to be leased to somebody who you've heard of. Yeah. So, you know, there are, you know, there's there's relatable elements. And I mentioned earlier that affiliation with the US. And from my point of view, I'm not sure whether my colleagues in Seoul would, you know, share this view.

00;39;50;26 - 00;40;11;11
Speaker 2
But I certainly think there's some US influence and there's a like of the American way and some people also who've been educated in Europe and the UK particularly as well. And so there are some other synergies that that work across, you know, effectively a Western society.

00;40;11;13 - 00;40;21;05
Speaker 1
Can you just talk to me about your view on the market as it stands today? As we sat here in sort of early mid April, where the opportunities are across across Europe too.

00;40;21;07 - 00;40;42;27
Speaker 2
Yeah, I, you know everybody. Well not everybody, but I'm sure a great number of people would come on and say bats and shadows. Yes. Don't disagree. I think there is tremendous opportunity in the logistics space. So that's where of course I call it a specialism in the sector. So I would say that, but I do believe it. Absolutely.

00;40;43;00 - 00;41;14;21
Speaker 2
I think actually I mentioned earlier the the potential return of the big box and it being in focus. And whilst of course today investors would prefer a deal volume of 30 to 50 million and they may not be able to get themselves comfortable with 100 million that you may require for these bigger boxes. But they for me have operational efficiencies for the underlying occupier and actually deliver great income over a prolonged period.

00;41;14;23 - 00;41;42;09
Speaker 2
And I think we're going to see less supply over the next ten years than we've seen in the prior ten years, simply for practical reasons like availability of of land and actually planning opposition to these bigger boxes. So actually, if you buy a fundamentally good asset in a good location that you could either have as

a, as a single, that asset or it doesn't stop you multiplexing it either.

00;41;42;11 - 00;42;06;15
Speaker 2
That's where I see actually today a good opportunity and where you have potentially a bit of a pricing discount for quantum, which actually, if you go back to 2020 or 19 was the reverse, you were paying a premium for quantum because people wanted to get more money into the market. And they had they were under real pressure to to deploy.

00;42;06;15 - 00;42;20;24
Speaker 1
So what, like a portfolio premium to buying, you know, three, 4 or 5, ten plus assets. So paying a premium, if someone can aggregate portfolio of assets to pay a premium to that, whereas now there's a discount to it. Yes. Can you just think about how and why? Why is that?

00;42;20;25 - 00;42;44;08
Speaker 2
Well, I think basically of course back in 1920 and so on, that was free or cheap. And so getting the same amount of equity deployed and put to work, you were doing that, you'd want to do that in a bigger deal as possible, and you were able to generate the returns on the basis that the, the interest rate costs and so on.

00;42;44;08 - 00;43;12;02
Speaker 2
Whereas now you're LTV may be lower and that isn't as aggressive. And so those big A deals that just simply aren't as many investors there today, which for me is why that creates an opportunity, perhaps for people to deploy into that space where there is still very strong market fundamentals and rationale for investing into long income. But of course, without perhaps quite so much competition.

00;43;12;04 - 00;43;29;06
Speaker 1
You touched on there being a discount there, but also you touched on kind of brand names. And I guess the obvious one is Amazon, right, in terms of kind of global, certainly from a European standpoint, how do you go around checking the credit worthiness of a tenant or what makes a good occupier? Obviously they pay their rent quarterly or what have you.

00;43;29;06 - 00;43;36;03
Speaker 1
But yeah, how would how it one kind of be discerning when making investment decision over you know what is a good deal and what isn't.

00;43;36;05 - 00;44;03;14
Speaker 2
I think you know you mentioned Amazon and you ask the question about how one assesses covenant. There are, of course, credit rating agencies and so on out there. But I think that's all well and good. But frankly, there's no substitute for actually analyzing the business and the financial statements of the underlying occupier. And also there's no substitute for actually going to speak to them.

00;44;03;16 - 00;44;31;14
Speaker 2
It seems as if, you know, quite often the case is that one would would just sort of go, well, that's the lease, that's the tenant. Just take it as read. What we've always made a point of doing is making sure that we actually have a good understanding of our tenants operations, reasons for being in that particular location and so on, and why they've invested in the building, in the location and so on and so forth.

00;44;31;14 - 00;44;51;15
Speaker 2
So it's it's perhaps not a binary as, as a credit rating on a piece of paper, which, of course, you know, for the it's that's a very difficult juxtaposition in a sort of fund concept because you can't say, oh, I don't mind what the credit rating is, as long as they've got good reason to be in the building.

00;44;51;18 - 00;45;15;05
Speaker 2
So you of course in a fund environment you need some say guideline to in terms of covenant, be that they've got to have X number of million of revenue or turnover or whatever it is. But actually when you come to discerning between what's good, what's bad, I think that human element is, is a big portion. And perhaps sometimes, doesn't give get the relevance that it that it deserves.

00;45;15;07 - 00;45;31;19
Speaker 1
There's been lots of chat in the press about ESG and sustainability. Where does that sort of gender fit in in the kind of the pan-European shared market? Who's demanding it? Is it the capital? Is it the occupiers? Is it just good business? Where does that where and how do you kind of see that? Or is it all of the above?

00;45;31;20 - 00;46;04;08
Speaker 2
I was going to give you this long answer, which is all of the above. Absolutely. But it's certainly being driven by investor and occupier, hopefully in equal measure. I think I'm not speaking out of turn. If I was to say that some of our investors perhaps were a little bit slower on the uptake, but now have caught up, sped up and perhaps even overtaken some counterparts because of the focus that that is on ESG, quite rightly.

00;46;04;10 - 00;46;35;22
Speaker 2
And so, you know, and combine that with the point I made earlier about, you know, tenant engagement, working together, collaborating with occupiers alongside willing investors has to give you the right solution, or at least at least take you on the right path to the right answer. What the right answer is. Don't know. And I think there is still some evolution of as to what the taxonomy looks like from an ESG point of view.

00;46;35;28 - 00;46;54;26
Speaker 2
And we're still on that journey, but there are many bright minds set about fixing that, giving people some clarity. But, you know, it is an absolute must on all new investments, and it's an absolute must in terms of enhancement of existing.

00;46;54;29 - 00;47;02;28
Speaker 1
I guess, you know, the point around, you know, protecting value as well as increasing value, especially in this, this type of market. Right?

00;47;03;01 - 00;47;38;07
Speaker 2
Yeah, absolutely. And yet I didn't really allude to it earlier, but the one of the main reasons as to why the guys in Seoul wanted to establish best this year, it was very much for the protection of value of the existing assets in the portfolio, of course, in partnership with all existing asset managers. And, you know, ESG and learning trends in the local market is a big part of that protection of value that perhaps if you, one step removed and just have the team and so maybe you wouldn't have so much exposure to.

00;47;38;09 - 00;47;44;16
Speaker 1
Can you just give me a bit of an overview of the team in the UK and then also what your plans are into the future as well?

00;47;44;19 - 00;48;09;28
Speaker 2
Yeah, of course, that is there's four of us in the UK today. We have we hope we think the bases covered in terms of you know, we've got debt tax and structuring. We've got portfolio asset management ongoing and a bit of market facing both from, you know, sourcing new transactions, execution of deals, but also talking to variety of capital.

00;48;10;01 - 00;48;35;24
Speaker 2
And that is the allowed to is, you know, part of the future plans. So the reasons for this is establishment I've touched on establishment of European platform. I've touched on the protection of value for our investors, which was, you know, pillar number one, pillar number two, of course, as and when the right time to grow the AUM, is is there then we will we we are here.

00;48;35;24 - 00;49;16;19
Speaker 2
We're ready to do so to support our investors in their ongoing ambitions for returns and then lastly, we have ambitions to grow Vestas Europe with the existing portfolio into a bona fide investment management platform to include some different capital from other parts of the world. And that could be either by way of our own separate accounts that we we discussed earlier, but also perhaps in JV with some of our institutional investors from so where there are some synergies from capital from other parts of the world in terms of, you know, risk profile, return requirements and so on and so forth.

00;49;16;19 - 00;49;26;23
Speaker 2
So JVs, with our existing well established relationship partners, so together with some other parts of capital from around the world, is certainly something that we would like to grow.

00;49;26;29 - 00;49;39;29
Speaker 1
See what the ability to be flexible and to be market or deal or investor led or however you want to kind of structure things as that inherent flexibility built in there and then kind of room for growth from a headcount to accommodate that in due course as well.

00;49;40;00 - 00;49;44;25
Speaker 2
Yeah, absolutely. We've got 12 deaths in the office. So we're we're ready for growth.

00;49;44;27 - 00;49;58;14
Speaker 1
Well look, as we draw to a close, Alister, a question that I ask everyone that comes on the podcast is if I gave you 500 million pounds worth of capital, who are the people? What property? Which place would you look to deploy that capital?

00;49;58;16 - 00;50;22;07
Speaker 2
Very good question. Obviously, as I mentioned earlier, I would certainly have, logistics, big box income type strategy. Perhaps that's my, my, my income element. But I'd also want to supplement that with some growth. And I think, you know, there'll be some some forward funding type structures. Again most likely in logistics. But that's all you know sector specialism my guess or mine at least.

00;50;22;07 - 00;50;50;25
Speaker 2
So I'm a bit biased in that respect. I think the hospitality operational business type is a is an area where there is great opportunity. I personally don't have sufficient experience maybe, but there are. I know there's some great partners out there which could take a portion of of my 500 million and put it to very good use. And finally I would, I would say the alternatives.

00;50;50;27 - 00;51;15;12
Speaker 2
So some data centers, maybe a little bit of infrastructure, those type of sectors, which is ones that are created, investors are very keen to explore, including energy transition. So be that, you know, fossil fuels to electric or hydrogen, depending on the the route of travel. But what's quite nice or potentially could be quite nice is the logistics synergy with some energy transition.

00;51;15;15 - 00;51;20;17
Speaker 2
But you know that's a little bit, you know blue sky thinking. But certainly those are the areas I go for.

00;51;20;20 - 00;51;37;09
Speaker 1
There's an angle there. And also with data centers as well within I guess repurposing or repositioning. Sheds. Well, look, you've had a, fascinating background. I've really enjoyed finding out a little bit more about the business, how you see the market and the opportunity and excited to see what you're the team doing today.

00;51;37;16 - 00;51;41;08
Speaker 2
Well, thanks for having me again. And, it's been a pleasure.

00;51;41;11 - 00;52;03;25
Speaker 1
Thanks for listening to this week's episode people property Place podcast. If you found it insightful, feel free to share it with a friend or colleague. Give us a rating, light, or comment. It helps tremendously. It'd be great to hear from you on LinkedIn. I'm super open minded to recommendations of guests we should have on the show or areas of the market.

00;52;03;28 - 00;52;31;03
Speaker 1
We should explore further. So do drop me a message. The People Property Plays podcast is powered by Rock born. The team recruit leadership and future leadership hires for real estate owners, funds, investors and developers. So if you're looking to hire top talent for your business, head over to the website w w w Rock Buncombe, where you'll be able to find a wealth of information.

00;52;31;05 - 00;52;38;29
Speaker 1
Or feel free to drop me a message on LinkedIn. Have a great day wherever you are and I look forward to catch you next time.