#### 00;00;03;29 - 00;00;26;19 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;21 - 00;01;02;07

### HOST

Welcome to the People Property Place podcast. Today I am joined by Chase French, director of financial and portfolio Analytics at Triton, backed by global asset manager Aberdeen Triton. Invest in and manage critical supply chain real assets in the UK and Europe, which are aligned with the structural trends shaping the future economy. Chase joined pretax in 2019 from Avison Young Real Estate Finance, where he was leading the analysis of massive multiphase developments and property portfolios alike.

00;01;02;09 - 00;01;17;26

#### HOST

He has previously held roles at Rabobank International and holds a BSc in mathematics and an MSC in economics, Finance and Management from the University of Bristol. And it gives me great pleasure that he joins me today. So Chase, welcome to the podcast.

00;01;18;03 - 00;01;18;25 GUEST Thank you for having me.

00;01;19;02 - 00;01;36;05 HOST

Not at all. Well, look who needs I when you have, a human computer in the form of Chase French, working your business. Well, look, this this podcast has been a long time coming. I'm a big fan of what what you have done and how you've navigated your career. And I'm keen to kind of unpack and unpick a little bit about what you have done.

00;01;36;05 - 00;01;47;27 HOST

A try to act before we get onto that. That good stuff, a place that we always like to start these conversations is how and why did you get into real estate? But I guess the pre context of that is it's probably university. Yeah.

00;01;48;01 - 00;02;09;13 GUEST

So I mean after graduating I have to be honest I never considered working in property. And it's only through sort of a lucky mix of circumstance and hard work that I've done. I've ended up here at all. I mean, as a as a massive finance graduate, like all of us in 2007, I only ever wanted to work for a bank, but not on the investment side on the markets.

00;02;09;15 - 00;02;18;29 GUEST

So my first role actually turned out to be in Hong Kong, and it was December 2006. So just as the credit crisis was unraveling, financial markets.

00;02;19;02 - 00;02;21;11 HOST In Hong Kong is like, because you couldn't get a job in the UK.

00;02;21;16 - 00;02;35;13 GUEST My father was based there, and he actually was working in a hotel, and funnily enough, he was like, do you want to come live in the hotel with me? Or I would have rented a flat somewhere in London, and Hong Kong was a new, frontier, wasn't it?

00;02;35;15 - 00;02;38;17 HOST And so you moved out to Hong Kong? Yeah. You got a job where?

00;02;38;18 - 00;02;57;22 GUEST

You got a job at Rabobank International on the trading floor. And for those first six months, thinking that this was business as usual, the first six months I had Bear Stearns collapse, Lehman Brothers collapse, Hang Seng falling by 5% on a daily basis, grown men crying. I was thinking, you know what? What have I got myself into?

00;02;57;23 - 00;02;58;16 HOST You're the lucky child.

00;02;58;16 - 00;03;21;09 GUEST

Yeah, but I mean, I it was a really good time. I worked as a multi-asset structure and actually the liberal take a step backwards. It was actually, funnily enough, a really good time to start working because there wasn't much banking to be done. My boss, a sit me down with 2000 page book, an Excel 2000 page book on Visual Basic and just said use this time to perfect this craft.

00;03;21;11 - 00;03;41;26 GUEST

And you know, I wasn't trying to make business or anything like that. I literally just had six, nine months to to learn the skill sets. The when the markets change direction, I'd be prepared. So as I said, I was a multi-asset structure, which meant we were developing complicated structured products involving combinations of of calls and put options and knock outs and knock ins and things like that.

00;03;41;29 - 00;03;46;13 GUEST But what I really liked was what we called algorithmic strategic indices.

00;03;46;20 - 00;03;47;06 HOST Okay.

00;03;47;09 - 00;04;11;18 GUEST

Now that sounds really complicated, but actually it's just a way of you know, what if I said every six months we'll take the universe of stocks, will download all of them, will filter them from liquidity, will filter them for for some simple trading algorithms, sector analysis, all that sort of stuff. We might put a little trading thing on top that if the moving average goes above another will sell, sell it and buy back.

00;04;11;25 - 00;04;34;22

## GUEST

Anyway. It was just meant to be like a mathematical construct over a portfolio, a bit like a tracker fund. Anyway, so that went on for about seven years, and I would travel around Asia showing off these products to all these like high net worth individuals, private banks, all this sort of thing. And around 2013, the market had gone off, that sort of thing. 00;04;34;24 - 00;04;41;21 GUEST

The world realized that a lot of these banks didn't really know what they were doing. And so that sort of was the end of the end of that chapter.

00;04;41;21 - 00;04;47;00 HOST Because you're really complicated. Financial products weren't actually beating the market.

00;04;47;03 - 00;05;10;21 GUEST

Well, I think mine were. But, you know, there's always this joke that when you when you do this, I well historical backtesting of the markets. They say you're driving forward while looking in the rearview mirror. And there's a lot of fear that you're basically data fitting. What gives you the best, best results. And what you have to do is fix the model in time and then run it forward for two years to build up that track record.

00;05;10;21 - 00;05;16;16 GUEST What you have built structurally has found some alpha and is not just data fitted to history.

00;05;16;19 - 00;05;25;14 HOST

Interesting. So taking a step back then growing up clearly super analytical. Was that always your strength at school? What kind of kid were you?

00;05;25;17 - 00;05;49;29

## GUEST

I think I was a pretty, you know, as a normal kid. The science, the maths really sort of started to come out around 13. And I think it was actually probably to do with my maths teacher, who, I don't know, he was interesting. He showed me that it was like there was a gratification to doing it all. So around GCSE level is when I really started to like focus in on the maths, the physics, chemistry, all of that sort of work.

00;05;50;01 - 00;06;06;24

## GUEST

And I suppose without really thinking about it, I, I just said I'm going to be a math, I'm going to do mathematics thinking, oh, that's fine, I've done well at A-level. But there's a very significant jump between A-level maths and university maths. And I, I suppose one of my regrets in life is that I probably didn't do something computer science based.

00;06;06;27 - 00;06;08;03 GUEST That's probably what I would change.

00;06;08;03 - 00;06;09;14 HOST Because you went to Bristol and you did.

00;06;09;14 - 00;06;10;17 GUEST Straight, straight maths just.

00;06;10;17 - 00;06;11;03 HOST Straight for. 00;06;11;03 - 00;06;15;10 GUEST Three years, and I was definitely out of my depth in some points.

00;06;15;13 - 00;06;23;02 HOST

And then from there you went and you did your masters in economics, Finance and management. Just to give you a bit more of a commercial understanding, appreciation. It was definitely.

00;06;23;02 - 00;06;51;04 GUEST

To sort of as a sales pitch of me, I wanted to sort of tweak myself to not just be a mathematician. I wanted to show that there was a commerciality and to what I do. And that is kind of an underlying theme of my career, is that I have tried to perfect these, like, analytical techniques. But ultimately, what I think I have a lot of other people don't is this creativity to go and try and do something with it, especially, you know, on this, you know, financial operations, things we'll talk about later, an.

00;06;51;04 - 00;06;52;27 HOST Ability to market from selling.

00;06;53;03 - 00;06;57;20 GUEST Explain it exactly this. I'm not just like this. You don't just sits in the back. I'm not a con.

00;06;57;20 - 00;07;01;21 HOST

You're not just a pure. Well, you are a quant, but you've got more than just being a cop. I think.

00;07;01;21 - 00;07;04;10 GUEST I, I speak quant languages, but, that's.

00;07;04;15 - 00;07;05;06 HOST You've you've got.

00;07;05;09 - 00;07;07;28 GUEST Better people than me. I'm no math Olympiad.

00;07;08;00 - 00;07;15;19 HOST Yeah, well, yeah. Well, you've got you've got a multitude of skills. So you, you did five and a bit years. Rabobank over in Hong Kong.

00;07;15;21 - 00;07;16;04 GUEST That's right.

00;07;16;08 - 00;07;24;09 HOST Market turned. You decided? Yeah. I need to go and try and find a new challenge. Yeah. What? What was going through your head and what did you go on and do? So, truthfully. 00;07;24;09 - 00;07;44;15 GUEST

I have to admit, when I came home, I actually found it quite difficult to get a job. I met lots of people for about a year, and a lot of people were like, look, you're clearly a smart guy, but I just don't know what box to put you in. And that was very frustrating. And obviously when you were meeting headhunters, not all headhunters, obviously some of them are just like, well, this one's a bit more difficult to sell.

00;07;44;15 - 00;08;14;23 GUEST

I'm not going to pick that up anyway. I found a job after a year as a commercial finance manager at a health care company, which, you know, wasn't really what I was looking for, but I used a lot of my time during that unemployment to really upskill. And for any of the listeners out there, I really recommend a website called ADX, which is actually set up by Harvard and MIT, where you can get courses from them, three month courses, modules that they actually teach at the universities for 50, 60 pounds.

00;08;14;23 - 00;08;32;22 GUEST

You'll do that three month course, you'll get your certificate, it's all uploaded onto LinkedIn. And it's it's a phenomenal way of actually of learning. I mean, even last week, last month, actually, I completed a two year course at Harvard online in the Professional Certificate of Data Science, which was great, a great experience.

00;08;32;22 - 00;08;33;25 HOST But through ADX.

00;08;33;25 - 00;08;35;11 GUEST Through ADX. Yeah.

00;08;35;13 - 00;08;59;03

HOST

So you used already there's a theme of learning continuous improvement going above and beyond. You're really kind of studying, studying and honing, honing your craft. So you use that time as a financial finance manager, right. To really upskill. What what was your kind of thought process in terms of like the type of industry and the type of role you wanted to get into?

00;08;59;03 - 00;09;04;18 HOST And I appreciate you said that people were struggling to position and place you where did you ultimately want to place yourself?

00;09;04;21 - 00;09;28;29 GUEST

So still to this day? And I hope some people take solace in this, but I still I'm not very good at answering this question. I find I know the problem that I want to be working on, but I don't know what industry that's particularly in, or the exact role I meant to fit in. What often happens and what has happened is, is that someone finds me and says, you are exactly the person I've been looking for.

00;09;29;02 - 00;09;31;20 GUEST Please come work with me on these problems. Yeah.

00;09;31;23 - 00;09;34;15 HOST Yeah, they find you to fix the problems that they have.

00;09;34;15 - 00;09;53;04 GUEST

And they're like, where have you been? You're not that easy to find because they're just. I don't think there are many people who are really trying to focus on this modeling and this skill set. I find what happens is a lot of people push the modeling down to a to an analyst who does it for three years, then they move out of that role up into a associate or something.

00;09;53;09 - 00;09;59;25 GUEST And the next set of grads come in. And I really wanted to well, I was like, I want to be a specialist in this.

00;09;59;28 - 00;10;07;04 HOST And so how did you move away from your finance manager role and what role did you move into?

00;10;07;06 - 00;10;24;05 GUEST

So after that is when I joined GVA or now I was in young, I was on their real estate finance modeling team. I was hired to lead that function at function and it was great fun, great team. I had no experience of property at that time. So you know, there's a lot to pick up in those early days.

## 00;10;24;05 - 00;10;52;01

#### GUEST

But we were working on equity and debt raises, optimizing games, which was a hot topic back then, but where I really started to show some value add was on the analysis of these like really, really big portfolios. Now, everything I'd seen in property was like a single building, single tenant IRR. Or maybe some want something with up to five tenants, but what are you meant to do if you've got a hundred or 1000 or 10,000 leases?

00;10;52;03 - 00;11;21;02 GUEST

Okay, now obviously there's corporate software that attempts to do this, but I found in my experience that that software is often quite rigid and not capable of the more educated, idiosyncratic situations. And there's a lot of clients out there who want an answer and don't want to have to commit to an expensive piece of software. So we built the system that would take any number of leases, and it would literally just output in an incredibly accurate way.

## 00;11;21;04 - 00;11;46;06

#### GUEST

All of the all of the numbers and that would scale up to whatever we needed. And where we actually started to get some real traction on that was in the night Dragon developments at Greenwich. I mean, that's hundreds and hundreds and hundreds of of of flats and buildings and residential and commercial. And, you know, this is something like 600 acres in that Greenwich peninsula that all had to be modeled out for 40 years.

#### 00;11;46;08 - 00;12;09;16 GUEST

Another situation where I was very useful was the new IFRS treatment of leases was coming in, and we managed to win a contract on all of the, radio masts, mobile radio masts across the country. Now, I think this was part of Three's network, and there were 36,000 of these of these radio masts, all with 50 year leases.

00;12;09;23 - 00;12;22;18

So the effect of this new accounting treatment was going to have a massive effect on the balance sheet of that company. And we were able to throw all that leased data into this system, spread out all the accounting treatment, and do that 36,000 times.

00;12;22;21 - 00;12;36;15

HOST

So you hadn't worked in real estate before this role in terms of real estate as an asset class, did it take you long to get your head around it or understand it in comparison to other, synthetics or derivatives that you're working on?

00;12;36;17 - 00;12;58;01 GUEST

Yes and no. Okay. And we I think we might allude to this in some of the, some of the next questions, but I think real estate is relatively simple, right. As a concept. It's not rocket science, but it's it's got operational difficulties. And that's what I see is its main challenge is how do you manage that many properties?

00;12;58;01 - 00;13;03;10 GUEST How do you manage the processes of the data of that of that many properties? And that's what makes it difficult.

00;13;03;13 - 00;13;12;26 HOST

So you you want a couple of contracts the masts. Knight dragon. How did your kind of role evolve ever. Davison yeah.

00;13;13;01 - 00;13;25;05 GUEST

So I was doing that for about three years. And after that I was head, head hunted by the greatest headhunter in London. The man himself, Matthew Arts. Ladies and gentlemen.

00;13;25;07 - 00;13;26;05 HOST I have to give you a background.

00;13;26;05 - 00;13;53;15 GUEST

Of and and he, introduced me to try tacks. Who? You know, they were growing incredibly quickly. They had IPO two years before logistics was exploding, and they needed somebody to come in and take control of this problem. And I showed Colin Godfrey, the CEO, this this system I built for, you know, lease projections. And I literally sat in the interview, opened a laptop, click the button, calculated 500 leases in one minute, and.

00;13;53;15 - 00;13;54;20 HOST He fell off his chair.

00;13;54;22 - 00;14;00;28 GUEST He he kept his cool. I walked out of the room and gave me a phone call. A little bit later on.

00;14;01;00 - 00;14;15;24

HOST

So as you said, I, I helped you move away from from GVA and put you at tri tax. What was the problem

that tri tax had at that stage? And what was the what were you brought in fundamentally to do, and how is your kind of role role evolved?

00;14;15;25 - 00;14;31;04 GUEST I wouldn't say tri tax had a problem. I would say property companies, once they start getting to say 30 properties, realize that they need a more structured operational approach to managing their data.

00;14;31;06 - 00;14;44;01 HOST

Because as you touched on previously, there's an analyst that comes in, for example, from university, does three years of training under an associate or someone more senior who has stepped up, and then they do three years, and then they pass it on to someone else who does.

00;14;44;03 - 00;14;44;18 GUEST Exactly.

00;14;44;18 - 00;14;47;15 HOST

What some external kind of modeling course is. So there's no there's no skill.

00;14;47;15 - 00;15;06;18 GUEST

There's no continuity there. Okay. And the data is held in Excel. When Excel is brilliant as it is, I think it's a phenomenal program. It's not a data repository. And what I wanted to create was a a very strict set of, of processes that allowed us then to do many, many other things with it, which we'll get onto.

00;15;06;20 - 00;15;25;16 GUEST

But it was that, for example, one of one of the things I wanted to be able to do was say at the click of a button at any given point in time, what am I outstanding rent reviews. Now that is data that is very easy to to lose track of, and if you've got hundreds and hundreds of properties, you can actually lose the ability to review if you don't act on it enough.

00;15;25;20 - 00;15;36;16 GUEST

And that directly feeds into the bottom line of this company. So it's keeping track of this data, these lease events. That was what I evolved into beyond the financial modeling when I started a project.

00;15;36;21 - 00;15;55;19 HOST

And you said once a company gets past 30 properties or so, it becomes more challenging or increasingly challenging. Chris, we've touched a little bit in terms of off the shelf software package that's inflexible, but also you're locked into like lengthy contracts as well. How how do groups currently deal with this issue if they don't have a chase wrench in their business?

00;15;55;21 - 00;16;18;15 GUEST

So look, there's third party software. My issue with it is that if I want changes to the third party software, it's either they don't happen, they're too slow or the change. If the changes that I've requested, if they're particularly clever, then they will get recycled into the program and used to sell onto other clients. So my intellectual property doesn't stay particularly private for very long.

00;16;18;17 - 00;16;38;03

I always like to say to people that I am not an accountant, even though I'm training. I have some accounting training, I'm a projectionist at heart and therefore what I'm entirely focused on is what is this business going to do in the future? Now that means I'm constantly asking the question, do I have the information available to me that allows me to answer that question?

00;16;38;03 - 00;16;56;13 GUEST

And if not, how do I collect it, process it, organize it in an efficient and reliable manner? So the problem I found is that when you rely on a third party, you've nobody inside the business whose responsibility is to maintain the integrity of that data.

00;16;56;18 - 00;16;59;16 HOST Because you can have the software, but it's the inputs.

00;16;59;18 - 00;17;00;16 GUEST Exactly that.

00;17;00;16 - 00;17;03;02 HOST Are really important, right? Because the software is only as good as the data that you feed.

00;17;03;02 - 00;17;29;09 GUEST

Exactly. And I've seen software that is trying to be all things to all people. Right. And what I have championed to try tax is using free software and being 100% in control of it. I can build something entirely to our specifications. I keep knowledge in-house and we're constantly allowed to experiment, make mistakes, try out new things, and organically build a system that is exactly what we need.

00;17;29;11 - 00;17;42;16 HOST

So what was the portfolio? Try tax is a business. It was a big box. Euro box. Is it metro box? Can you just paint a bit of a picture of who tried tax were at that time when you joined the business for people you don't know.

00;17;42;20 - 00;18;09;02 GUEST

So it was actually it's actually an interesting point because at the time I was hired, it was a big box and tipoff and Euro box was just launching or it might have launched, I think 2018 maybe. Either way, it was it was in its first year or so. And I had spent my notice period dreaming up the best lease management forecasting system, database, whatever you want to call it, that I possibly could.

00;18;09;04 - 00;18;34;23

## GUEST

Now in those three months try tax went and purchase DB symmetry, which was I think it held the largest land bank of logistics land options in the UK. This was 45 million. The potential for 45,000,000 square foot over 200 plus developments. And all of a sudden in my in my very first week I was said the lease is on the problem anymore.

00;18;34;26 - 00;19;01;20

GUEST

Let's focus on these developments. And you know, I had to sit down and figure out a way of amalgamating all of the data from these 200, these 200 developments in a way that we could then go and

communicate to the shareholders just how much value we thought or believe that these developments were going to create. Now, no third party software was going to be able to do that as quickly as we needed to or as well as we needed to, because I'm trying I have to custom build something that works for DB.

00;19;01;20 - 00;19;24;08 GUEST

Symmetry works for us. All these other moving parts anyway, should come as no surprise that DB symmetry were all over this. They they are producing a monthly appraisal in August for 200 developments every single month. But more impressively than that, every single month they bring forward, they bring in one more month of actual cash flows and do a reprojection of what's good, what's happening.

00;19;24;15 - 00;19;46;29 GUEST

So what I was able to do was basically take these 200 plus Argus appraisals, throw them into, you know, an order, a script, an automation. It would test all of this data for consistency, compare it to previous periods, make sure all the calculations were right, and amalgamate this up into this big macro top down perspective and an output to and the partners.

00;19;46;29 - 00;20;05;10 GUEST Exactly the trajectory of thi

Exactly the trajectory of this development platform. Was it on time where things being delayed etc. etc.. Now they are that is producing roughly 250,000 data points a month, which we have been collecting since February 2019. So you do the math on.

00;20;05;10 - 00;20;06;08 HOST That five years.

00;20;06;11 - 00;20;07;07 GUEST And.

00;20;07;10 - 00;20;09;08 HOST I do that one. I think it's probably.

00;20;09;08 - 00;20;23;13 GUEST 15, 15 to 20 million data points. Now. What I didn't expect at the time is what that data is now allowing us to do, which is really interesting, is we we've been able because I'm tracking every single cost at it's, you know, accountancy general ledger code.

00;20;23;13 - 00;20;24;28 HOST So what forecasts versus actual.

00;20;24;28 - 00;20;33;24

GUEST Yeah that is that as well. But I was like we're actually able to we were actually able to create some amazing data on just how quickly steel prices were increasing during the pandemic.

00;20;33;26 - 00;20;37;10 HOST So you could what estimate in six months time what we be.

# 00;20;37;13 - 00;20;55;05

GUEST

We weren't projecting what steel prices were going to be. What we were able to do was say, hold on a second. All our constructions are starting to go up and costs here. We should we should pull back slightly. Now, anyone who does development knows you can you can push push the accelerator. You can put the brake on. You can't stop this, stop this vehicle.

00;20;55;08 - 00;21;15;06 GUEST

But if you know that in the space of six months, construction costs are going up at 5%, five, 6% a month, you should take some caution. You know, some of the other things we've been able to do is generate some great data on when you press press start on a speculative development. What's the average time it takes us to actually let that before completion?

00;21;15;10 - 00;21;37;16 GUEST

Because we really like to do predictive elements. It's it's d risks de-risk our platform. But sometimes you've got to take that single speculative build to place, make this logistics site. And then once you built that first building and got that tenant in, everybody comes afterwards. So we were then we're able to get comfortable with okay. So we might be expected to build for seven months.

00;21;37;16 - 00;21;41;22 GUEST But after that the data suggests we'll have left this property out.

00;21;41;25 - 00;21;55;03 HOST

In terms of your team, can you just give me a bit of a flavor of who's in the team, who it is, because there's a lot of common risk around, you know, these super complex models that are getting built right. If you're the one that owns the IP on it.

00;21;55;06 - 00;22;16;26

GUEST

So it's an interesting structure where I, I manage one person directly, but I indirectly manage like a lot of people around the business. If we're talking about, a high performing team, okay, I have a great team and I'm really, really grateful for the work, but I think I prefer to describe it as a as a high performing operation.

00;22;16;28 - 00;22;39;20 GUEST

GUEST

And the reason for that is because I need to draw on information from so many different parts of the business at one time that I need to make sure that works, and it works efficiently and quickly with. And you know that people aren't getting annoyed with, with having to provide this information. I find the most obvious way to to build, a high performing operation is firstly, you know, obviously hire talented people.

00;22;39;22 - 00;23;09;15 GUEST

I find the best ones are the ones that ego, the ones that are only interested in getting the best result for the company, leveraging each other's strengths, dovetailing over people's problems. It all just good teams work together harmoniously. Basically, the problem with that is when it comes to modeling data analytics, whatever you want to call this, this field is that some of the work can be quite repetitive, and that is not going to keep the sort of minds that I want to attract happy for, you know, a very long time.

00;23;09;18 - 00;23;37;01

So when we start a problem, we are always thinking, how can we distill this problem down to the smallest amount of human intervention so that it could be a completely automated, often we will use Windows Task Scheduler to run scripts at 2 a.m. in the morning, 3 a.m. in the morning, 4 a.m. in the morning, without any human intervention, just because I don't want my team wasting their time loading the program, clicking run.

00;23;37;01 - 00;24;01;25 GUEST

And I also don't really have the manpower to do that. We've also got to the point where if all of our information is perfect, we can compute all of the parallel, all of the cash flows, all of the property characteristics, evolution, the an equivalent yield valuation for 500 plus lettable units in the space of 10 or 15 minutes at the by pressing one one button.

00;24;01;27 - 00;24;19;29

#### **GUEST**

Now what we'll generally do is we'd like to time this. When we're about to go into an hour long meeting, we'll click the button, we'll walk into a meeting, we'll come back, hopefully we'll see a big green sign saying healthy calculation or good. And if it doesn't, it says bad and list out every ID of every little unit that has gone wrong.

00;24;19;29 - 00;24;26;11 GUEST And a definition code of what where in the calculation it's broken.

00;24;26;13 - 00;24;46;22

#### HOST

So in terms of the software itself that you're building, you touch on, it's all bespoke. What can you just talk to me about the programs or the things you lean on or the different Excel, but also others? Power is power BI. What are the things that you kind of lean on and amalgamating, and how how does this kind of supercomputer or algorithm or system work well?

00;24;46;22 - 00;25;10;13

## GUEST

So okay, a couple of things. One is I, I love Excel, right. And it's a very powerful tool. People are comfortable with Excel as a front end. So that's the way I kind of you I use it as a as a front end. That's what people look at. That's how people interact with it. But fundamentally at the core of this, it's relation relational database, it's it's built on MySQL.

## 00;25;10;15 - 00;25;30;13

#### GUEST

It's hosted on Amazon Web Services. And we interact with it with a free software called DB over, beyond that, we augment Excel hugely with Python, Visual Basic, and we've been really starting to get more into power BI in the last two years.

## 00;25;30;16 - 00;25;45;23

#### HOST

But from, from a manager or someone in the senior leadership team at Tri Text, all they see is either a very tight, distilled report or an Excel document they can kind of play around with and pretty much ask you questions in terms of how and why the data is what it is, pretty much.

## 00;25;45;23 - 00;26;03;14

#### GUEST

But I'd say for the first five years we've spent, we've spent time producing these like very pretty. Excel created PDF reports that you would print out and obviously now the deeper you get into power BI, the

more fun that has. So, you know, what we found is that we can at the push of a button, we've done our calculations.

00;26;03;14 - 00;26;23;23 GUEST

They're all 100% correct. We click a button, it's to power BI. We can embed that power BI in our infobox, SharePoint driven internal website. And anyone around the business on their phone, their iPad, anything like that can figure out what's what, how many buildings they've got or what's their contracted rent roll of less than 100,000 square foot in the southeast.

00;26;23;23 - 00;26;39;25 GUEST

You know, simple ways of cutting that data. But one of the interesting things we're starting to do now is we've obviously got these projections of what we think the portfolio is going to achieve, and we have asset managers names attached to what they said they were going to achieve in their business plan.

00;26;39;25 - 00;26;40;24 HOST In terms of the underwrite.

00;26;41;01 - 00;26;58;01 GUEST

Right. So we can now filter our contract ID rent roll evolution over the next five years, filter it for the asset manager, order it chronologically, chronologically and say, right, so you've got a rent view here coming up. The model thinks it's going to be settled at this based on its own, you know, analytics.

00;26;58;07 - 00;27;09;14 HOST

You it's pulling all its information from third parties or just it's just self-perpetuating. So it has a, an understanding of what might high mid low what it thinks to.

00;27;09;17 - 00;27;35;04

GUEST

I mean yeah. So I it's never been agreeable to me to assume that inflation is just two and a half, 5%, you know, constantly. So, you know, these, these, these scripts that we, we run, you know, one is downloading on a monthly basis the market's expectations of the forward curves. Or we actually we actually download the entire history of every European inflation index as well or as well as all of the projections.

## 00;27;35;07 - 00;28;00;19

GUEST

So when we do an indexation, prediction, we take the amount of time we've got of the historical numbers and then we bootstrap onto that, the projections and then that feeds into our indexation calculation. So for step reviews, fixed reviews, index actions and caps collars, you can be incredibly accurate on on on what it is the, the more difficult thing, which is where the asset managers come in is in is on the open market reviews.

## 00;28;00;21 - 00;28;08;13

HOST

Because they have a bit more of a gut feel in terms of where it should go to, whereas you're looking at it from a pure financial or spreadsheet perspective. And actually it's a mode of the two.

00;28;08;13 - 00;28;36;15

GUEST

Exactly. And this was something that I, I really then wanted to push forward was I want and I go back to

the idea of I being a projectionist was I wanted to be able to not only predict the contractual position of the portfolio, I wanted to overlay business plans over this. Right. What I saw a lot of in the market was people would just say, oh, at the end of every lease, I'm going to get a six month void and 12 months rent free, and hopefully you get the picture.

#### 00;28;36;15 - 00;28;55;17 GUEST

I know that's never going to work for me. I wanted to know at the most detailed level from the asset managers, this little unit, he the tenants happy there. We're going to roll over the lease. We might give them a small capital contribution, but this other one, excuse me, that building's a problem. It's old. The ESG credentials aren't correct.

00;28;55;21 - 00;29;29;07 GUEST

We're going to have to take a void there. We're going to have these business rates liability. We're going to have to spend 10 million to refit the building. All of that detail going in. Oh, we might put a megawatt of solar on the roof so that I could predict and aggregate all of this data up and then say to this, you know, to the finance directors and the CFOs, you're going to spend in the next five years, Exxon, XOM de Ia, are you going to receive or spend X on the laps, X on ESG, Y on, you know, construction agency and legal, all of that very auditable data going back to business plans that had

#### 00;29;29;07 - 00;29;53;09 GUEST

been provided by asset managers all around the business. Now, this this was obviously easier when we were 70 single properties, but now after the UK transaction where I'd like 500 or something lateral units, but because we've bedded down these very strong processes and as new people come into the business, they know what is expected of them that we hand over these templates.

# 00;29;53;09 - 00;30;05;02

## GUEST

They they're they're, you know, in my belief, very easy to fill in. And we just then aggregate all this data up in a very automated way to produce these very detailed viewpoints of where we think the portfolio is going to perform.

## 00;30;05;04 - 00;30;20;14

#### HOST

So I'm thinking, if I'm an asset manager, on one hand, this is phenomenal. And this is amazing to be able to have access to this, but it's also incredibly scary because you'll come in and go, right, this is this is what I think it is based on my experience. You're fighting against a computer, right? And so I'm not against it.

## 00;30;20;14 - 00;30;30;23 HOST

But you know, you're you know, people are always trying to bake in, projections and assumptions. And I guess it's a bit of self-preservation. Always baked in or delivery or what have you. Are you just being able to call out stuff faster or. No.

#### 00;30;30;23 - 00;30;53;05 GUEST

So look, my objective here is only to support the asset managers. I'm not trying to call them out to prove them wrong. And you know, when I wanted to dream up the system, I had to go and pitch the dream to these asset managers that in spite of me, you know, well, essentially, I'm coming to them and giving them more work because not everybody is producing such detailed business plans at a granular level across all of their portfolio.

#### 00;30;53;13 - 00;31;10;02 GUEST

And I had to sell, sell to them. Look, this will make our business better. It'll give us a tighter understanding of where there was risk, where there was opportunity and what I can create for you is at the click of a button. I can tell you exactly, chronologically, the list of events that you need to be paying attention to.

# 00;31;10;08 - 00;31;25;12

## GUEST

What you said, what happened six months ago as part of the business plan. And if what you're saying today is different, so be it that business. Right? But what we are doing is just keeping track of how information is flowing through the business and the conclusions that we can make from it all.

00;31;25;15 - 00;31;27;19 HOST Okay, so it's that accountability. It's a bit.

00;31;27;19 - 00;31;42;23 GUEST

Of accountability, but it's also like, okay, if you thought your tenant was going to agree a 25% increase, but then I was saying 15%, why? Why were you wrong? I don't want to call you out on it, but let's use this information to make the whole system better.

00;31;42;25 - 00;32;02;13 HOST

How how much does it how much does it cost to build a system like this? And the reason why I ask that is we've just concluded a search for, someone senior to come into a business who's got some challenges with integrating data, financial team underwriting, modeling, all of this stuff. So someone's going to go in and basically do what you've done within that particular business.

00;32;02;15 - 00;32;28;22

## HOST

I've also got, a founder and CEO on the phone of another business we've been working with. He's just looking at and exploring ways of building a data lake and import it. All this kind of information that we've spoken about. And increasingly so I've seen in the press, senior leaders go and join private equity businesses, developers, investment management businesses to basically get a grasp on their data, financial understand they can have more visibility on it, but also when it comes crucially to kind of going talking to investors and.

# 00;32;28;22 - 00;32;51;27

## HOST

Yeah, and and raising money. And you've we've kind of touched on a little bit around in terms of building and owning the data internally, but also using external products to buy it, build it how? How much is like the capital commitment to build some of these things? I'm just trying to think if there's a CEO or a founder or someone senior in a leadership position elsewhere at one of these businesses who's looking at and wants to understand like what?

00;32;51;29 - 00;32;52;22 GUEST What does this cost?

00;32;52;22 - 00;32;54;12 HOST Oh, does it depend how how.

00;32;54;13 - 00;33;17;25

Long is a piece of string? I mean. I suppose one of the advantages that we've had is that big box has been just growing in complexity for the entire time I've been there. So, you know, what I built in year one is, is very, very different to what we have today. And it's because we've been able to go on this journey of organically and incrementally improving it every year.

# 00;33;17;27 - 00;33;37;13

## GUEST

So it's obviously harder if you're going into an already complicated, bigger business. My advice in this situation is one don't cut costs on the data team, an analytics team which a lot of people think they will, they'll they'll spend more money on, a finance manager than they would in a day to a data analyst. Right? I definitely wouldn't do that.

## 00;33;37;15 - 00;34;02;22

#### GUEST

The best advice I can give companies is hire data engineers, data managers, modelers, whatever my field is, is really cold with like an insatiable desire to go in and, like, fix problems in that data, improve on the existing processes, understand where there are inefficiencies. I like to describe, you know, an element of what I do is a bit like gardening, right?

## 00;34;02;25 - 00;34;19;24

#### GUEST

And I use the Sony as an example for the listeners. But there's hours and hours and hours of, of, of pain and toil. And at the end of it you've hopefully got this beautiful ecosystem that's functioning perfectly because you've taken the time and you can't rush it. And that's that's kind of the way you've got to think about this.

## 00;34;20;00 - 00;34;46;21

#### GUEST

So impatience. I'd say, is the biggest cause of these data, these these integration failures. Because the senior management say to people, I want this solved in a year. Right. And that's just not really realistic because because you either work really quickly. Right. And therefore it's likely to have a mistake. And bearing in mind, you know, if I'm being playful, I like to describe myself as being in the truth business.

#### 00;34;46;24 - 00;35;07;27 GUEST

And I want to sort of push this idea that truth is better than trust, right? You believe me? Because I've I've proven to you that I'm right, rather than you just trusting me, that I'm right. So if I rush this build right, chances are there'll be a mistake and one serious mistake in a data platform throws arrows. All good faith at the window and you will never really recover from that.

#### 00;35;08;03 - 00;35;29;13 GUEST

So the best thing to do is just take your time, build it, test it. Once when you've got that foundation, then you add another layer, you another layer. It's like building a building. Each time you've got a really strong floor, you add another floor or another layer of logic. Because if we use the the development as an example, I'm aggregating up development data, right?

## 00;35;29;13 - 00;35;37;22

## GUEST

I'm then asking questions or making conclusions of that data, but I can't answer those questions accurately if that underlying data is not perfect.

00;35;37;24 - 00;35;40;23 HOST So you're constantly stress testing it, reviewing it.

00;35;40;23 - 00;36;06;14 GUEST

Yeah. So this one I think for talking about one of the interesting pieces of innovation. Well, I, that I did was I found I I'll give you the interesting story was I spent like 2 or 3 hours debugging a problem and I could not for the life of me figure out what the problem was. And after those three hours, I realized that someone had entered the day 1924, not 2024.

00;36;06;17 - 00;36;28;16 GUEST

Now, because Excel only really displays the last unless you tell it. Otherwise, it only displays the last two years, the last two digits of the year. And it was really hard to see. So. So what? We immediately went and did was we we separated our database into two halves. One half is our contractual position today, right? One half is our business planning.

00;36;28;21 - 00;36;51;13 GUEST

Right. That means that any time I have a financial model okay, I can reset that model at the click of a button back to its contractual position. Right. And override anything that has been done to that model. Its whole thing gets reset back to its contractual position, and then I can load on top of that, that layer. Any one of the multitude of business plans that I currently got.

00;36;51;18 - 00;37;26;14

#### GUEST

So so what that means is that every time I start a new question, I'll take a model, I'll reset the whole thing, because what you find is some number has been hardcoded by some intern, and that mistake has proliferated through months of calculations. And that's just too much operational risk. Right. So while I you have to accept that there is operational risk in all things financial, but with clever use of technologies like Visual Basic, SQL, Python, Excel, all of it, you can you can manage this operational risk to to overcome things like oh a number has been hard code.

## 00;37;26;17 - 00;38;01;05

## 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 tremendously. I've got really big plans for 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;38;01;05 - 00;38;18;14

## HOST

So if you haven't already, please follow or like on the platform you watch or listen to. Thanks so much. Where does you know human intervention versus data and software override? Where does that that come in?

00;38;18;16 - 00;38;19;17 GUEST What do you mean?

00;38;19;19 - 00;38;31;02

HOST

So I mean, just in terms of your, you know, software being able to write rewrite itself or recreate to re automate itself versus a human understanding brain leading it, being able to identify and fix a problem.

00;38;31;04 - 00;38;54;00

So I don't think certainly I don't think many people are at the stage. Google might be where software is rewriting itself, and that's where we're getting into the world of AI right now. Everything is driven by us automating as much of the work as possible, which allows my team to sit there and just think about how can I improve this situation, how can I improve the calculation speed?

00;38;54;00 - 00;38;58;12 GUEST One of the things I'm thinking about now is big box has become so big.

00;38;58;13 - 00;38;58;29 HOST How big?

00;38;59;05 - 00;39;18;23 GUEST

Well, it's five 500 units after the UK transaction. That takes time to calculate. So I'm now going back being like, I don't want to wait 15 minutes for this calculation. I'm not going back to re-engineer the parts of this Excel file so that I can maybe get that down to five minutes, because if I have that done in five minutes, I create more time for myself.

00;39;18;25 - 00;39;38;29 GUEST

And that's that's one of the other things that you constantly got to do. I mean, our Excel file now has, has gone through, I'd say hundreds and hundreds of iterations, right? Because the ideas I had back then didn't benefit from six years of experience of working at Tri tax. And back then we had 70, 70 single buildings.

00;39;39;06 - 00;40;03;01 GUEST

Okay, we actually set up one of our private funds, which is a, which we call Metro Box, which is a retail warehouse fund. Retail warehouses are what we call one estate, but could have 50 or 60 units. Okay. So that automatically took me from a single, single unit, single out building to a single unit multi-level building. And the asset managers are constantly dividing a unit into two, taking two units and adding it into one.

#### 00;40;03;07 - 00;40;30;27 GUEST

That required a whole new layer of operational complexity that we had to build into the database and build into the model and what we found happening was because we had two funds at the start, and then we had six funds today that and each fund has a slightly different model, because every every model you look at when you're talking about property fund management, 80% of it is the same, 20% of it is some slightly different corporate structure that applies only to that fund.

# 00;40;31;03 - 00;40;53;05

## GUEST

But anyway, so what we found happening was changes that were made in one fund weren't necessarily being made in the other fund. And as much as and as diligent as you are to remember. Right, I got to go apply that, apply that, and fix into the other funds. You always lost track, especially when you're you've got a team of, you know, more than one person trying to trying to manage all this.

## 00;40;53;07 - 00;41;17;25

GUEST

So what we ended up doing was building one master model that only myself and my Suhail colleague and my colleague Sue Hill can work with. We built in a sync functionality that'll basically we'll make changes to one particular place, and it will then go and sync all those changes to all of the models across the

business, which is a phenomenal way for us to just have less to manage.

00;41;17;25 - 00;41;38;01 GUEST

Right. And it just meant that every time we then went to that particular fund model, I would be like, has it been sent? No, let's just do it again, just to be sure. And each time what I'm trying to build up for you is this picture that at every single point that we have considered some risk or failure or mistake could be entered into the system.

00;41;38;01 - 00;41;43;28 GUEST We tried to build some form of automation or code or logic that will stop that from happening.

00:41:44:01 - 00:42:01:29 HOST

You touched on a little while ago. I saw the role of AI is obviously been around for a number of years, but in terms of its wider adoption, use is only growing and increasing further. How how do you see that impacting the world of real estate investment management for management and analytics?

00;42;02;01 - 00;42;25;06 GUEST

So I'm going to talk about AI for a little bit first, and then I'll get on to where I see it intersecting with property. But everyone is talking about AI. I talk about it now only as an enthusiast, but what a lot of people don't know is that even among the researchers, the experts all around the world, very few people actually agree on what this is going to mean for humanity.

00;42;25;08 - 00;42;54;14 GUEST

Okay, we have so many unanswered questions when it comes to legal frameworks, ethics, job disruption, the potential for universal basic income taxation. All these problems need to be answered now. Right now, I think it's guite generous to be calling it artificial intelligence. I think it's the cold that because it's it's marketable. Right. Really what we're talking about now is it's a, it's a, it's a complicated a sophisticated neural network.

00;42;54;18 - 00;43;14;21 GUEST

You don't need to know what that means with a objective function. Now, what that means is, is that you basically told it. It needs to solve this for the better. Okay. And back in the 80s or the 90s, we told these computers be good at chess, right? But that was a very singular task that it was capable of.

00;43;14;28 - 00;43;37;13 GUEST

What these eyes are, are doing now is they have a much broader range of abilities. And and every single year we we, we broaden it even further. Now, at some point, the breadth of these abilities might start to match what a human is capable of. And I suppose what a lot of people are really asking right now is, is does that equal consciousness of how do you even know that?

#### 00;43;37;16 - 00;43;55;28 GUEST

Anyway? So what I want people to think about here is I'm going to give you a little thought experiment, okay? Hopefully we can all agree that in the in the in the future we're going to have AI controlled houses. We're going to have AI controlled cars. And inside all of these things there's going to be huge amounts of batteries.

00;43;55;28 - 00;44;17;04

Right. Because energy storage is this big thing. We've got to turn the grid to be green. Green energy is, you know, it fluctuates. We've got to store this energy. Okay. Now there is a theme coming out of this where called autonomous economic agents. And what that basically means is, is that you you could have an AI act in an economic way for you.

00;44;17;06 - 00;44;45;16 GUEST

So if your house and your car has all of this energy storage, okay, you can theoretically charge these batteries up at night, right, at a cost. And then tomorrow at midday or peak time, you'd sell the energy back to the grid and you'd effectively arbitrage a cycle, the energy grid. Okay. So what that means is we now have an AI, and that AI's job is to make money.

00;44;45;19 - 00;44;49;17 HOST To gamify, trade, create. It's.

00;44;49;19 - 00;45;14;18 GUEST

It's creating money. It's creating money. Okay. So we have an entity that is creating money. That's a business, okay? That's a business. So we have an AI running a business basically here. Now that leads on to the next conclusion, right. What happens about liability here? If the AI goes and loses load of money is the owner of that AI is my is my self?

00;45;14;18 - 00;45;30;04

#### GUEST

Is the owner of that building liable? Well, not under current legal structures because under an LLP, if I'm not a director of that business, I don't have liability that company. So the first question that leads to is kind of I run a company and if it can't run a company, then how can I allow it to be trading energy for myself?

00;45;30;06 - 00;45;57;29

#### GUEST

So anyway, let's just assume that an AI can run a company. Well, what other companies can it can it run? And how how much can it seep into the economy? Now, very simply, if you take a simple bank and I could run a bank, you have a load of private individuals who deposit capital into an account. And you say to that I judge the risk of each investment that comes your way or the loan, and go and lend that money out that can that can be done by an AI.

## 00;45;58;01 - 00;46;17;22

#### GUEST

So then take that further. So you now have an AI that's, that's doing all these things. Can it hire an employee to help it? If it wanted to do an AI might want a human representative. Can it own property? Business today can own property. And the AI is the director of that business. So kind of a AI driven business owned property.

#### 00;46;17;24 - 00;46;52;26 GUEST

Then what happens if that AI corrupts itself? Does that AI or something it's damaged by another AI. Does that AI now need a will to handle the transfer of assets? So what I'm trying to paint a picture here is one very simple decision about what an AI is. Snowball's under the current legal structures that exist today, and when this truly does become generalized artificial intelligence, which is what the term is, and our legal system moves far too slowly to deal with that problem, that AI will be working away faster than our legal system can keep up.

00;46;52;29 - 00;46;57;04

So we need to be solving these problems today and having a proper intellectual debate about it.

00;46;57;06 - 00;47;01;19 HOST Getting the framework sorted now for ten, 15 and 20 years later.

00;47;01;19 - 00;47;07;06 GUEST Now what? Going back to your point about AI writing software that work or being.

00;47;07;06 - 00;47;10;26 HOST Integrated within farm management of asset management, making more sophisticated real estate?

00;47;10;28 - 00;47;32;08 GUEST

What the experts are really scared of is what's called a singularity. And this is it's it's it's in the future. It's not today's problem. But I find it intellectually interesting is at the point that an AI is capable of rewriting its own code. That means that it can better itself, and it can do that in seconds. So are billions and billions of years of humans evolution.

00;47;32;08 - 00;47;54;23 GUEST

It can do it in a in a seconds, which means imagine if this AI is incrementally improving itself by 1% every day within a year or two years, that that intelligence will have superseded anything that we can comprehend. We will have lost control of it. When hopefully you can sort of extrapolate there where I'm where I'm getting to so that that is what I want people to think about when they think about AI.

00;47;54;25 - 00;47;56;13 GUEST But maybe we should come back down to earth.

00;47;56;18 - 00;48;02;21

HOST

We should and and think about and make sure the listeners are listening, stay with it and think about where.

00;48;02;25 - 00;48;22;05 GUEST

Was I going to affect real estate now there's three areas I've I'm going to talk about and they interest me. But I'd also like to describe that I think they're they're fraught with risk still now the one that I've been hearing for a long time is document management and transaction settlement and things like that. Now I'm just speaking from experience.

00;48;22;05 - 00;48;48;21 GUEST

We've just onboarded. EW.com. There was 200 plus units in it. There's been terabytes and terabytes of documentation dumped on our desk from the lawyers. I think the number was something like 7000 different documents. Now, we've obviously been going through hours and hours and hours of, of of work. Put it reading these documents, seeing what its context is, filing it in the right place in the way that we want to order our documents.

00;48;48;23 - 00;49;11;06 GUEST And we've been told that, oh, there's an AI that can do that. The AI can read the document and understand it's a lease and go and transfer that to a lease section of, of your of your hard drive. All of these things say I'm 98% accurate or they boast I'm 99% accurate. I'm the best in the market. But I've just been preaching to you for almost an hour now about how if it's slightly wrong, it's useless.

#### 00;49;11;06 - 00;49;31;20 GUEST

It's useless. Right? So of my 7000 documents, if 1% of them are wrong, which of those 70 documents are the ones that are incorrect and in the wrong place? So it's either 100% right or it's 100% wrong. So I'm slightly skeptical on on that use case, but it's definitely going to be one of the ones that people would encounter the soonest.

00;49;31;23 - 00;49;51;19 GUEST

One of the other things I'm really interested in try to accent are thinking about is AI controlled smart buildings, which I spoke about earlier. It should be. It's just this brilliantly intuitive thing for everybody to say yes to. It's great for the landlords. They should be spending less on gas, less electricity. People are talking about all of all these components in the building having sensors.

00;49;51;24 - 00;50;11;23

## GUEST

And those sensors can be used by the AI to predict where the next failure might be or where structure the structure is. Aging in a way that it shouldn't. And you can preempt any any sort of failures in the building that might stop your operations. And, you know, you can feed all this information back to the architect, and it'll lead to this, like faster evolution of better and better buildings.

00;50;11;28 - 00;50;32;13

#### GUEST

So there's a lot of advantages to this idea of a smart building. But the problem is it could be a competitive disadvantage for the tenant to be handing over its you should statistics of that particular building. Now, I know hedge funds would love this data if they knew that all of Tenant A's buildings were operating at 50% capacity.

## 00;50;32;21 - 00;50;55;01

#### GUEST

Well, they're obviously not doing very well. I'm going to I'm going to short that stock now and take that even further. What if the AI in the building has been hacked or commandeered by a more powerful, more intelligent AI and it it decides to put all the sprinklers on? Right. Who's got the liability there? Is it me? Because I installed the AI?

00;50;55;05 - 00;51;12;22 GUEST

Is it Microsoft or Google because they run this AI? Or is it the landlord who traditionally has to buy the insurance for that building? If that's the terms of the lease, they'll might decide, well, I don't want this AI because it's just risk that I don't want. So there's some work there on how to incentivize tenants and landlords to work together.

#### 00;51;12;27 - 00;51;46;04 GUEST

Because as we move toward a world where all buildings are like 100% a great ESG, I think we need some legal structures there to to make that work or get the get the wheels turning. I think I can't speak about AI's dimensions or capture all of the problems there, but the one that I really personally like the sound of is if you're a business like trade tax, you've got decade like a decade of IC committee meetings on all the properties you've bought and the reasons why in the time you did it, all the properties you sold and the reasons why all the properties that you decided not to buy.

00;51;46;06 - 00;51;57;15 GUEST

So what if I could point an AI at all of that data, right, and ask it to learn from it and build up like a digital picture of what the investment thesis of my firm is.

00;51;57;17 - 00;52;01;04 HOST Right? And what? See if it matches the reality. Well then. Or what you say.

00;52;01;04 - 00;52;25;17 GUEST

Well, it takes that let's call it that investment thesis and goes and scours the market for all of the available investments at that time. What that would allow me to do this is the deal origination and the lead qualification that this could really transform is that I would no longer miss an opportunity that was perfect for me, because I'm stuck in the weeds of something that we're not sure is quite right now.

00;52;25;20 - 00;52;45;13 GUEST

If you then take that to the next step, if you added in like topological data or of satellite imagery of the way the UK is, is developing, you could see, oh, there's lots of development there. There's people there, land price is going to go up there and you can really start to become quite sophisticated on how you find your next plot of land.

00;52;45;16 - 00;52;57;13

HOST

I guess that's on market and off market as well. Right. And then I guess the computer will basically be able to feed or be able to tell you the price, you should be able to pay for it and what your returns are like over the over the business plan. And, and further, I.

00;52;57;13 - 00;53;18;07

GUEST

Mean, I don't need an AI to do that. I mean, one of the areas I mentioned that I just on this data science course, data science is of huge interest to me, which is why when I hired somebody, I hired somebody with no financial training, no property knowledge, hadn't really used Excel, but he was an exceptional at SQL database and he was a very experienced data scientist.

00;53;18;10 - 00;53;38;21

GUEST

We are talking a lot more about data science at tri tax. We are having you know, right now we're having a little sort of working group with myself, the data scientists, Suhail and our head of research. And we've just been playing around trying to basically predict prime rents. And it's funny that each of us are coming at this from very, very different angles.

00;53;38;21 - 00;54;08;11

## GUEST

And ultimately, Prime Minister, exceedingly difficult to to predict because the data is not static changes. And, you know, what we found was we couldn't get very good supply side data on, you know, what buildings are available, what aren't, what's being led up. Where we I see I'm quite excited is we're doing a lot of work on predicting equivalent yields into the future based on what we think the interest rates are going to do or what, you know, the wealth of that building is or various other things.

00;54;08;11 - 00;54;26;19

GUEST

And, you know, we can point this machine learning because you don't need an AI is kind of just more and

more advanced machine learning. We can point all of this to all of the evaluations that we've got in Detroit tax for the last ten years and say, become good at predicting equivalent yields five years from now. So that's how you can predict building a building value.

00;54;26;21 - 00;54;29;11 GUEST Obviously an AI will just do it a bit faster.

00;54;29;13 - 00;54;48;11 HOST

Real estate is an imperfect market generally, and people gain edges based on knowledge, insight, network underwriting to an extent, what you're talking about kind of takes the edge out of all of, oh, does it give the people who have it a superior edge over the others that don't, what happens when everyone has this?

00;54;48;13 - 00;54;51;15 GUEST I disagree with the idea that we're putting old people out of work.

00;54;51;22 - 00;54;58;07

HOST

I'm not saying that. I'm just saying in terms of the imperfect balance of, data across the market and decision making.

00;54;58;14 - 00;55;24;04

GUEST

Certainly today, knowledge is power, and those with the biggest data sets are going to, they're going to understand what's happening faster. So if you are a huge multi national property owner like Blackstone, Blackrock, Blackstone, they probably have such a big property portfolio. They have a better understanding than our own governments do of exactly what the property market is doing.

00;55;24;06 - 00;55;46;20

GUEST

And that is incredibly powerful. If you if you can if you can build up that data set. So I don't believe that, you know, we're I feel like this is augmenting people's skills that the people with 30, 40 years of property knowledge, we're just making them be able to see more, do more, and make make more decisions for us to make more intelligent decisions and faster.

00;55;46;25 - 00;55;49;05 HOST And is that why the big shops are getting bigger?

00;55;49;08 - 00;56;10;21 GUEST

I think, and my concern is I feel like this is what has happened with commercial banks, that there is a there's a winner takes all. And the accounting and audit firms concentrated into four winners, commercial banks. You know you've got Goldman Sachs, JP Morgan city. There's there's X of them. It's very difficult to break into that echelon of the biggest too big to fail institutions like I definitely see that happening with property.

00;56;10;26 - 00;56;26;02 HOST

So bringing this back down to I want see a lot of big shops getting bigger. There's also a start of a new cycle. Is is used a lot in terms of the press and the opportunity. There are a lot of senior kind of figureheads or prominent people who've left and spun out and set up their own business.

00;56;26;02 - 00;56;34;20 HOST How can those businesses that are at a very embryonic size scale capture some of what you're talking about to gain a competitive edge?

00;56;34;23 - 00;56;37;26 GUEST Get good with free software? I mean.

00;56;37;28 - 00;56;42;25 HOST Or higher data scientists outside of the industry or.

00;56;42;27 - 00;57;03;15 GUEST

If you if you're a startup business, you're not going to have the ability to get that manpower. So you're going to have to probably be quite multi-talented individual, and you're going to have to be good at utilizing software. Like, for example, next year it's reported that windows is going to embed Copilot into windows 12, and Microsoft is going to embed cobalt into windows 12.

00;57;03;17 - 00;57;17;01 GUEST

That's going to have an AI baked into it. Get good with that AI, because it'll make you far smarter and I think we're at a point now where those who engage AI the fastest will get it will get a, a competitive advantage.

00;57;17;01 - 00;57;21;08 HOST Even if you're a very small you you're not a platform. Well.

00;57;21;10 - 00;57;38;15 GUEST

Arguably very big companies, they've got processes they have to approve. What data can be put into the AI, what come. They have to sort of answer all these questions and, and set guidelines of how you know of accepted usage, like what are the rules of engagement of artificial intelligence. If I'm a one man band, I don't have any intellectual property to protect.

00;57;38;20 - 00;57;43;12 GUEST I can go hell for leather to just get the answers. I want to get ahead, to get ahead of the game.

#### 00;57;43;15 - 00;57;57;02 HOST

Can you just talk to me about how the partners and and investors have responded to the work that you've been doing when it comes to raising capital reporting and and making better underwriting and asset management decisions?

## 00;57;57;05 - 00;58;24;00 GUEST

Oh, that's a tough one. I suppose the way I what I can say is in my world, no news is good news. And generally for the last six years when we've gone to market and we've been speaking to credit rating agencies, raising debt, raising equity, showing banks exactly what we're doing, we've always been complimented on the speed and clarity with which we've been able to present the information.

#### 00;58;24;02 - 00;58;37;27 GUEST

And I know when we've worked with Lazards quite a lot in the past, and when we were approaching them with the big opportunity last time, they came back and said, is Chase doing the modeling? So I'll take I'll take it from that, that there hasn't been a complaint.

00;58;37;27 - 00;58;55;06

## HOST

You how how do you go about attracting and retaining talent? And where do you think the talent for your team and for other businesses looking to replicate what you you have done? Where does that talent come from and what should they be looking for as well?

00;58;55;08 - 00;59;16;20 GUEST

It's difficult to know where they come from. You've just got to get out there and meet people. There's no there's no easy way around that. I think it's easier for me to answer the question of how do you attract and retain the people and the do my job? And, you know, as I as I mentioned earlier, there can be a lot of repetition in it because you're collecting data, you processing it, you're making sure it's correct, therefore can be boring.

## 00;59;16;20 - 00;59;37;13

#### GUEST

And people like me, they don't want boring work, they want a new problem. So these like Stem graduates, these engineers, they want constant variety. Okay. And one of the ways that I read about that Google used to sort of combat this problem is what they call the 8020 rule. And that is over the five days that you were working for them or your core job.

## 00;59;37;15 - 01;00;01;15

## GUEST

And that last day should be spent with you, occupied entirely by some form of project. That is a personal passion, because one that allows you to be in complete control of that project that you want it to be, but also it means that you're not just doing this grind every week. The other mistake that I think a lot of employers are starting to make is there's this there's this theme that you're starting to read that they want everyone back in the office five days a week.

01;00;01;17 - 01;00;04;11 HOST Especially, especially in the big private equity houses and banks. Right?

## 01;00;04;11 - 01;00;26;16

## GUEST

I think it's a terrible, terrible idea. It's a it's a the pandemic showed the world there was another way to work. Right. And that was, you know, you had to trust your employees and no one is. I'm not saying that five days at home is the right way to do it, but there is a happy medium. And, you know, it's it's it's maybe three days a week or at least that's what pretax is really pushing is three days a week and you're in the office two days.

#### 01;00;26;16 - 01;00;52;07 GUEST

You're at home. Now, what I really want to say here is that human performance is not defined by a straight line between 8 and 6 p.m., five days a week. Human performance is a sine wave. Periods of like high intensity output followed by periods of recovery. Now the example I like to use is Roger Federer. When he wins his semifinal at Wimbledon, he doesn't immediately get back on the court to go practice for his final.

#### 01;00;52;12 - 01;01;12;12 GUEST

He rests, he recovers, he eats well. He does whatever he needs to do to mentally get back into a place that he can commit with 100% intensity, and that's the way you need to treat your employees. Okay? And with my team on a Monday, we sit down and we agree a set of very aggressive targets for the week ahead.

01;01;12;15 - 01;01;36;27

## GUEST

And even if we achieve 75, 80% of those, you know, I'd be thrilled because we're making good progress. I then leave my team to do it at their own time. We'll have constant check ups, will make sure the progress is being made, and you know, they're not struggling. But I'd let them be adults. I treat them as adults and it's amazing how much they respond to that, because he says to me, I've done my task.

01;01;36;27 - 01;01;47;00

GUEST

Do you want me to do something else? And I'm like, look, if you blitz your task a day early, clock off early. And they deserve that. Because he worked for an extended period of high intensity.

01;01;47;02 - 01;02;06;10

HOST

I like the fact you said earlier, you go back and you work really, really hard to give yourself the time back. Ten minutes, 15 minutes. You crunch on something to give yourself ten minutes back. I can just imagine you guys sitting around Captain Tri tax office, just kind of thinking, oh, I've got my time back now. Like, what is this next problem or project that I can kind of solver work?

01;02;06;10 - 01;02;17;09 GUEST

I wish so often. More often what happens is and people have joked about it in the office is that I have one computer here, I have a laptop here and an iPad here, and I just move from one device to the next. But anyway.

## 01;02;17;11 - 01;02;37;17

## HOST

Talk to me about models being wrong because they're never 100% right. Even if you can overengineering catch it and check it and you've got all these kind of systems working completely, like, I know we kind of we may have touched on it earlier, but real estate is imperfect. But few guests have been on this show that have been wildly successful.

## 01;02;37;17 - 01;02;44;16

#### HOST

Talk about the spreadsheet. Not 100% being right, and actually some gut and intuition and experience is really important to blend and work with that.

## 01;02;44;19 - 01;03;03;09

## GUEST

Absolutely. That's this, you know, I use my work to support the partners because they're the ones who have 40 years of experience in the property market. The most experienced guys have heard or seen analysis, not necessarily by me. Like, I just know there's a number wrong here.

01;03;03;14 - 01;03;03;28 HOST Yeah, it's.

01;03;03;29 - 01;03;21;21

Not know because there is that gut instinct and that is irreplaceable. Okay. And that's also why, you know, AI is not going to replace or replace like, you know, senior stakeholders. But, you know, when dealing with modeling and financial analysis, it's it's absolute paramount to ensure that the people who are using that are actually trained to do that.

## 01;03;21;23 - 01;03;38;27

### GUEST

And what I really don't agree with is there seems to be the sentiment around lots of businesses that because it's an Excel, I mean, everybody should be able to use this model. I often get complaints that, oh, someone in the business can't understand the model. And I'm like, well, no, of course not. It's not built for you. It's built to be complex.

## 01;03;38;27 - 01;03;59;16

#### GUEST

And to answer the question, you know, it's a scalpel for a very particular tool. You know, if somebody says to me, everybody should use a financial model, that's like saying everybody should fly a commercial jet or be a surgeon and perform an operation. The world doesn't work that way. But you've just reminded me of a of a quote, that I read years and years and years ago.

## 01;03;59;16 - 01;04;20;06

#### GUEST

And it was basically someone told me all models are wrong, but some can be useful. And that's the theme you've got to accept, is that your model is 95, 98 and 97% wrong, right? It's that 3% is wrong. You just got to make sure that it's not critical. And you can do that by building tests into the model.

## 01;04;20;06 - 01;04;40;09

#### **GUEST**

Everybody knows you should build, as any well trained modeler will know, to build, test and model. It can be as simple as does the balance sheet balance. Okay, we've taken that. And now the step further where there's hundreds and hundreds of tests, we have added in some of the most mundane tests into our models that you would think would never be necessary.

## 01;04;40;12 - 01;05;02;02

#### GUEST

Okay. But what happens is, is that as the model goes through hundreds and hundreds of iterations, you'll find that ridiculously simple to that test has caught something because somebody has structurally changed the model and the logic that you originally built with is no longer there. So really always push the test and push things forward. On on how to catch a mistake.

01;05;02;05 - 01;05;06;21 GUEST You won't get them all, but you can make sure they won't be big critical errors.

## 01;05;06;23 - 01;05;28;14

### HOST

For someone who is an analyst at a private equity firm, fund developer who has listened to what you said about being in that seat for three years and then transitioning and moving on to someone else, but who actually wants to become a career modeler or really own their craft? What what advice would you give them in terms of kind of skill stacking and kind of going on that journey?

## 01;05;28;14 - 01;05;47;07

#### GUEST

It's absolutely about learning as many languages and technologies as possible. So the way to think about it is I started with Excel and then I wanted to do something else, something slightly more powerful. So I

started learning Python. Then I realized that I needed to understand databases, so I learned MySQL. Then I wanted to learn about data science.

01;05;47;07 - 01;06;07;29 GUEST

So I learned R, and I learned that these other tools keep learning. All of these things that all of this knowledge is online. It doesn't cost much. It's like 50 or 60 pounds. A course takes three, three or 4 or 5 months, all self-paced, and you just keep doing them. And what you end up building internally is this picture of the breadth of things that technology is capable of.

01;06;08;03 - 01;06;31;28 GUEST

Because and this is what has made me relatively successful so far, is not just being a modeler. It's that whenever there is a problem, I'm architecting a solution in my head based on all of these technologies that I've seen in front of me. And that is what makes you a career modeler, because and I'm not even sure I actually like the term modeler, because it's actually it's quite limited on the scope of things that you're capable of doing.

01;06;32;00 - 01;06;46;01 GUEST

It's, it's it's everything from business operations to intelligence to financial analysis to to database and analytics. It's this whole field or subset of what I think is in the finance finance team.

01;06;46;04 - 01;07;01;18 HOST

And do you look to other sectors that are further advanced or tech platforms or businesses that, you know, real estate is quite antiquated still, there's definitely a journey and improvement. But do you look to other sectors and think, how can I apply those learnings within the confines of the built environment?

## 01;07;01;18 - 01;07;21;24

#### GUEST

I think you have to, but there are industries that, just by the definition of what they are or are more suitable to be revamped. And as you say, property, at its heart is still buildings and people. And I don't think that core aspect of the industry is going to change. What I want property to become is just more intelligent.

#### 01;07;21;26 - 01;07;37;01 GUEST

I want data to be more transparent, more available in the way that Bloomberg made all stock prices available to everybody from a terminal that doesn't really exist in in property, property properties. Problem is, it all bit all information is quite a peek and it's siloed.

01;07;37;02 - 01;07;38;23 HOST That's what I mean about it being imperfect. And it's.

01;07;38;23 - 01;07;50;05

GUEST

Imperfect. And the people that are winning love that right. Of course. But I want the data and I want I want universal access to that data. Right. Because that's what makes an efficient market.

## 01;07;50;07 - 01;08;07;15

HOST

But do we want an efficient market anyway? Looks question for you as we bring, bring this conversation to a close is if I gave you Mr. Chase French, 500 million pounds with the capital, who are the people? What property and which place would you look to deploy that capital? And you can't ask your computer to

tell you.

01;08;07;16 - 01;08;31;13 GUEST

Okay, well, look, obviously I work at tri tech, so I'm biased, but I generally think and my personal opinion, I have to say that for compliance reasons is that logistics is the most exciting property sector. And I think the problem here is that a lot of people think when they think of logistics, they think of a shed, an old shed at the edge of a at the edge of a, you know, a town that storage stores things.

01;08;31;16 - 01;08;42;02 GUEST But to me, logistics is this huge universe of of data centers, cold storage, robotics, AI, compute centers, life sciences, all of these sectors.

01;08;42;02 - 01;08;42;22 HOST Charging.

01;08;42;24 - 01;09;12;19 GUEST

Are coming into coming into logistics space. I mean, we have a tenant now that uses the logistics space for filming film production, right? Because it's a big building. It's perfect for sets. So when you take that multiple use case, I think you want an investment that's got lots of different possibilities. Beyond that, why I love it is it's structurally it's got long term structural tailwinds from the growth of e-commerce, from this increasing need for businesses to have supply chain resilience, which was really shown up in the pandemic.

01;09;12;22 - 01;09;41;02 GUEST

There's a real big theme around on shoring of the industries that we've lost to, like the Far East, etc. and also there's globalization because of the need to decarbonize the planet. We can't we can't import goods in the way we did. And all of that, that those things require more building space, cleverer buildings, etc., etc. beyond that, I mean, for the the five, six years I've been a trade tax, I think we've averaged five 5% vacancy in the market.

#### 01;09;41;02 - 01;10;10;21 GUEST

And that low vacancy, it will support very nice rental growth hopefully. But also we live in a in a country that's got a very high population density and all of the good obvious land is kind of been taken out. Right. So you're not easily going to start increasing the supply of these logistics buildings, especially in areas which solve the people property in place problem, because you need the building in a place where there's educated talent and you need it with infrastructure and power and all these other things.

## 01;10;10;27 - 01;10;40;22

## GUEST

So I just see there's like a lot of positives to logistics as an industry beyond that. And I mentioned, data centers. But I love technology and data centers of the future. And it is always great to invest in and in an industry that is growing exponentially. Now, don't quote me on the statistic, but it's something like in the last two years alone, we've produced more data than the entire history of human civilization, and there's always some really grand statistic like that.

## 01;10;40;22 - 01;11;04;23

## GUEST

But if you think about it, like 20 years ago, there was the internet, ten years ago there were smartphones. We're now moving on to AI, and AI is going to consume data like you've you never understood before.

And a traditional data center has always been about data storage with some servers for for computing. An AI center is now completely, compute and very little data storage.

01;11;04;27 - 01;11;21;28 GUEST

So what a data center means is, is growing in scope as well. While the consumption of data is growing, you know, exponentially. Now, to me, that's just sounds like a wonderful investment. Now, unfortunately, data centers are not the easiest thing to invest in. But if I had 500 million pounds, that might make that a bit easier.

01;11;22;03 - 01;11;24;02 HOST Yeah, tiny little data center you have to do.

01;11;24;04 - 01;11;46;05 GUEST

I won't be, it won't be. It won't be a big one. But this was the final thing. And I'm going to bring up one that's not property related, but one that is a very, great interest to me is the growing theme of real world asset tokenization. Now, crypto has grown to an industry of 2.5 trillion in the last.

01;11;46;07 - 01;12;08;24 GUEST

What's a it's been around ten years now. Believe me when I say 95% of all of it is rubbish. It's vaporware. It's never going to commit to anything. But what crypto has demonstrated is that assets can be traded extremely efficiently on a distributed ledger. Okay, now real world asset tokenization means I will take an asset such as a stock or a bond.

01;12;09;02 - 01;12;40;05

GUEST

I will wrap it in a digital wrapper. I will trade that on a blockchain. Now, what that means is, is that I've got permissionless liquidity. I've got open access, I've got far reduced, trading friction. And I've got much better transparency for risk management. Now, in layman's terms, what that means is any time of day, anywhere in the world, if I have an internet connection, I can log on and trade something and have it instantly settled with no counterparty.

#### 01;12;40;12 - 01;13;08;00 GUEST

Okay. And I don't have to trade through an asset manager or a bank or anything like that. Now imagine if you compare I've got the numbers here. So if you compare the 2.5 trillion value of crypto, the global stock market is 90 trillion real estate, 280 trillion. And the global derivatives market is over 1 quadrillion. Now, I can't even picture how big a number that is, but it is currently unclear which protocols are going to win this race.

01;13;08;00 - 01;13;29;08 GUEST

But because the world exists in standards, there's going to be 1 or 2 protocols that is the universal access or let's call it framework that we are trading all of this value. Right. So can you imagine the value of a network that's trading could trillions of derivatives and the trillions of real estate. That would be a really exciting thing to do.

01;13;29;10 - 01;13;33;00 HOST So how does how does real estate become tokenized then?

01;13;33;02 - 01;13;46;01

So I don't know if you've heard, but for guite a few people over the last 20 years have been trying to come up with, let's call it a real estate exchange, where they take a business, they take a building, they break it into shares, and they create an exchange IP.

01:13:46:03 - 01:13:47:09 HOST Right. And there've been others as well.

01;13;47;09 - 01;14;25;03 **GUEST** 

And I don't know, and perhaps I'm wrong. I don't think they've ever been particularly successful because the problem that exists is they can't create liquidity. Right. And also who's creating these shares. How does how do the legal structures work. It's essentially the same kind of concept with tokens, except I take a building. I take the legal documents that show where the owner of that building will fractionalized the ownership of that building into tokens, and then I can immediately put those tokens onto something as simple as Ethereum and Ethereum, then creates global liquidity for anyone on the planet to buy and sell things using the existing infrastructure that already exists.

01;14;25;10 - 01;14;45;05

#### GUEST

So when I say tokenization of assets, it's literally simple as as representing any asset in the world in the form of a digital token or an NFT. Because if you own that NFT in your wallet, you are the legal owner of that of that building. And it doesn't just have to be, you know, Canary Wharf. It can be a house.

01;14;45;07 - 01;14;53;19

#### GUEST

So whenever you buy a house, you're literally buying the NFT. And that can happen in weeks rather than the three months it takes solicitors to do all of that.

01:14:53:22 - 01:15:03:04

## HOST

So bringing this back to people, property in place, who are the people that you bring on the journey when it comes to your spending spree?

## 01;15;03;07 - 01;15;13;04

#### GUEST

What's to spend the 500 million? Yeah. Oh, there's definitely a few people that friends are trying to bring along. So, but, you know, I'm not sure I'll ever be lucky enough to have 500 million in my life.

#### 01:15:13:08 - 01:15:32:22 HOST

Well, I don't know about that. I think, you're certainly on the on the path to do that. Maybe I should rename this podcast the People property place Power podcast, especially with, kind of the need for data centers and, the insatiable appetite that, we're all going to need when it comes to that. Well, look, Chase, I've had, you know, phenomenal career.

## 01;15;32;22 - 01;15;55;00

## HOST

I think come. Yeah. The kind of the, the transition into real estate is certainly benefited Troy tax hugely. And I think that, you know I've certainly learned a huge amount from being on its call. A lot of it's gone right off its top of my head. But I'm hoping that the people listening to this movement learn a few things as well and give them some further thought to go and apply to their business and, and how they can kind of improve or take some of the learnings.

01;15;55;00 - 01;15;58;06 HOST So thank you. And I'm excited to see what you and the team gone today.

01;15;58;08 - 01;16;00;18 GUEST Thank you for having me. It's been great fun.

01;16;00;21 - 01;16;23;04 HOST

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01;16;23;07 - 01;16;50;11 HOST

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01;16;50;13 - 01;16;58;07 HOST

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