

00;00;03;28 - 00;00;27;04

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;27;07 - 00;00;50;14

HOST

In this episode of The People Property Place podcast, I sit down with Linus Forsberg, founding partner at Turnover Real Estate, to explore the journey of building a successful real estate investment firm. Linus discusses how turnover was founded in 2009, admits the global financial crisis and has grown the business into a multi-sector investment management firm with over 1.5 billion in assets under management.

00;00;50;16 - 00;01;16;21

HOST

Key topics include early career lessons, the role naivety and energy play when starting a business deal by deal to club, to raising a dedicated fund, as well as building the firm's residential platform, risk mitigation strategies and Linus advice for budding entrepreneurs. Plus a lighthearted moment where Linus shares an LPs comment on Theresa may's dancing. Stick around. You're not going to want to miss it.

00;01;16;23 - 00;01;38;27

HOST

Linus, welcome to the podcast. It was ten years ago when we first met, when you had your office in Lime Street, and I was new to the world of headhunting, and I remember meeting you and a couple of your colleagues. Let's talk about a particular instruction. So that's when we first met. And it's great to come full circle and get you on the podcast.

00;01;38;27 - 00;01;40;29

HOST

So thank you so much for joining me today.

00;01;41;01 - 00;01;43;05

GUEST

Thank you for having me. Time has flown since then.

00;01;43;12 - 00;01;44;01

HOST

It has.

00;01;44;01 - 00;01;44;25

GUEST

A lot. Has happened.

00;01;44;28 - 00;01;58;08

HOST

A lot has. And I'm excited to hopefully unpack a little bit of that today in terms of our conversation. But a place that I always like to start these chats is if you can throw your mind back, can you tell me about how and why you got into to real estate in the first place?

00;01;58;10 - 00;02;19;29

GUEST

The I grew up in the north of Sweden and the city the size of Cambridge and my father and the family on that side had been in real estate for a couple of generations, so I unknowingly was probably influenced running around construction sites and buildings in my youth. I wasn't that focused on that, I must admit.

00;02;19;29 - 00;02;40;18

GUEST

Similar to what I've. A number of your other guests have said they I was more focused on sports during my early years, but, at some point, I think I was 17 or 18. My mother convinced me that there was no money in sports. This was the early 90s. So it's, times have changed. But, she encouraged me to focus a bit more on my studies, and I did.

00;02;40;18 - 00;03;00;29

GUEST

And, I think she wanted me to be a doctor, but I look the third, and I thought, that's probably not for me and my father. I got to spend a bit of time working for one of my father's companies, and I thought, real estate sounds interesting. Now that maybe matured a little bit. And, so I did a bit of time working there before and after my military service.

00;03;00;29 - 00;03;09;15

GUEST

And, decided to apply to, a program in Stockholm for real estate economics in the mid-nineties.

00;03;09;18 - 00;03;12;08

HOST

So what sports were you into growing up?

00;03;12;11 - 00;03;33;20

GUEST

And I tried pretty much everything. I think when I was nine, I wrote in you in school. You were asked, what do you want to be when you grow up? And I wrote, number one was formula one driver. Number two was ice hockey professional. And three, I think was golf professional. And I travel played football, golf, ski. But ice hockey turned out to be my, my, the thing I really want for.

00;03;33;20 - 00;03;53;10

GUEST

And I enjoyed that. And there was a sliding door. I think somebody, was talking about the on another podcast and it was, it felt very much like a decision I made then, when I was 17, 18 that I actually probably a professional career is, is a smarter bet than trying the world of sports.

00;03;53;10 - 00;03;59;29

HOST

And so you, you touched on the fact your family or your dad had been in real estate. Which part of the real estate space had he been in?

00;04;00;03 - 00;04;09;15

GUEST

So the family had, construction business, a real estate business. Infrastructure is a little bit of a few different parts of it.

00;04;09;17 - 00;04;17;05

HOST

So you got exposure, you know, around the dinner table growing up, talking about different deals or projects, or.

00;04;17;05 - 00;04;27;17

GUEST

I was forced to go in the car regularly on the way to the wherever we were going to look at a properties or sites. And, so I did get a fair bit of exposure.

00;04;27;19 - 00;04;31;25

HOST

And that was sweet. You know, in terms of the kind of the portfolio, the business it was focused on, Sweden was that.

00;04;31;29 - 00;04;34;06

GUEST

I was in the north of Sweden.

00;04;34;09 - 00;04;42;00

HOST

And so your mother convince you to go to university, focus on your studies. What did you say you studied at uni?

00;04;42;03 - 00;05;06;29

GUEST

It was the Royal Institute of Technology in Stockholm. So the I think the degree was called real estate economics. And, with maths. So I did that for four years. And, I was lucky in that I got to work for a large real estate company in Stockholm, internships over summers and alongside my studies, and is really useful because I got to sort of apply the things you read about in the books to real life situations.

00;05;06;29 - 00;05;31;23

GUEST

And I, I enjoyed that. And the one area that I was particularly interested in was finance. And, a little bit randomly, I ended up going to LSC to do a masters in Real Estate finance in the late 90s span, which was, an exciting experience coming to come from the north of Sweden to Stockholm was wow. And then coming to London was fantastic.

00;05;31;23 - 00;05;36;21

GUEST

It was a great city. And I met some fantastic people and it really opened my eyes to the world.

00;05;36;24 - 00;05;52;28

HOST

So you touched on your mum told you to focus on your studies. You're very occupied with sport, doing lots of different sports. In terms of your kind of academic background. We particularly academic, you just didn't necessarily focus on it. You just had more enjoyment in the sports piece or.

00;05;53;00 - 00;06;21;18

GUEST

I was certainly more focused on the sports. I remember a couple parent teacher meetings with my mother and my teacher, one of my teachers, where they were both looking at me. Shaking their head is like, I need to apply myself more and I, I it took. I was lucky in that it wasn't. Some of the subjects came quite easy to me, quite naturally, but it wasn't until I was sort of 16, 17, 18 that I started to spend more time on it, which was necessary.

00;06;21;18 - 00;06;37;22

GUEST

I remember a maths test in upper secondary school where I spent probably more time counting how many points I could possibly achieve on the test that I answered questions. So I'd realized at that point it's actually probably good to put a bit of effort in.

00;06;37;22 - 00;06;43;07

HOST

So you put a bit of effort, but you had a natural predisposition to kind of numbers in finance as well.

00;06;43;09 - 00;06;44;23

GUEST

Probably. Yes.

00;06;44;26 - 00;06;51;08

HOST

So you came over to, to London. Is that post your year of national service?

00;06;51;10 - 00;06;54;14

GUEST

Yes. You do that before university in Sweden. So you did that before.

00;06;54;15 - 00;07;04;09

HOST

Can you just give a bit of context to that? Because people over here in the UK obviously don't have to do a year of national service, but it is still quite common or has been common for a number of Europeans to do that.

00;07;04;09 - 00;07;28;20

GUEST

Still a yes, when I did it, it was probably the last or the penultimate year that that they had the mandatory national service. So the then with budget cuts and things and then the, view that the world was now safe, Sweden decided, actually, we don't need this anymore. And, and lived in Sweden for, for a long time now.

00;07;28;20 - 00;07;52;26

GUEST

But my understanding is that they're starting to introduce it in light of the geopolitical tensions around the world. But, I wouldn't go back and do it. Like, if I had to do it now, I wouldn't be that excited about it. But it was formative and was a great way actually, to, teach a discipline and to deal with situations with people you wouldn't necessarily, hang out with on an average weekend growing up.

00;07;52;26 - 00;07;58;24

GUEST

So it was, people from all over the country and it was, yeah, it was. I'm glad I did it.

00;07;59;00 - 00;08;17;17

HOST

Looking back, you glad you did it? And it helped, no doubt, with your move to university and then to do, real estate finance that I say yes. So from there, what was the thought process having kind of graduated, you got your real estate kind of badge. What and how did you kind of actually land your first your first role.

00;08;17;20 - 00;08;46;16

GUEST

After, as you sort of halfway through. And it was interesting in Sweden, the whole infrastructure around applying for jobs and writing CVS and things like that, career days, it wasn't. And I still don't think it's such a developed concept. And the number of my friends in London when I moved there were from the US, and I was blown away by how focused they were on this and how good they were at CV writing and, and, preparing for interviews and everything.

00;08;46;16 - 00;09;10;25

GUEST

So I was said, okay, that's probably something I should, try. And so I managed to get a couple of offers from different companies in the UK. I had offers to go back to Sweden in the end, CBRE made me an offer to join their London office, but spend a bit of time in London and then go to Madrid.

00;09;10;28 - 00;09;29;15

GUEST

I try to get to Moscow as a third placement. They decided that was and why, so they sent me to Frankfurt instead and then I went back to Madrid. So that was, where I worked in fund management and capital markets team. And that was a very exciting time and, and fantastic experience.

00;09;29;15 - 00;09;36;07

HOST

So was at an on an advisory basis or were you kind of working on like CBRE Global Investors?

00;09;36;09 - 00;09;47;21

GUEST

So I worked in London. I worked for what was then CBRE investors. The in Madrid and Frankfurt. I worked for the advisory, the Capital Markets Investment Agency teams.

00;09;47;21 - 00;09;52;02

HOST

And did you get your letters? Did you qualify as a surveyor or was that not the route?

00;09;52;05 - 00;10;17;21

GUEST

No. It's it's I found it interesting when I started working back when I started working in London for CBRE investors, that, their ICS was a big thing. And not having come through that route in that background, it was something that I debated, but I because I was only going to be here for a little while and then for some eight, nine months and then move to, abroad, I thought, is probably not for me.

00;10;17;24 - 00;10;33;19

GUEST

And I remember the hay being a Swede. B not having gone through the traditional university route that most people in the market had. I was a little bit of a Admiralty, and I it's interesting to see how much the industry has changed since,

00;10;33;21 - 00;10;42;01

HOST

Since those days, just in terms of kind of international kind of students or individuals coming to kind of work out of London or London domiciled firms.

00;10;42;04 - 00;11;06;21

GUEST

I think there are great benefits to diversity of thought. And, the what I think the real estate industry in, in, in the UK has very much to open up. And, and I remember when I joined, there was also a gentleman that came across from Goldman Sachs who brought a very different perspective, and it was encouraged by CBRE Masters in Los Angeles, where the head office was at the time.

00;11;06;23 - 00;11;31;26

GUEST

And I think that, some of the great things about the UK and some of the great things about London is the rich sort of diversity of thought process and, educations experiences, professional backgrounds. And I think that the real estate industry is richer today for benefiting from that. And then having opened up a little bit from what I think people call it, used to call it a little bit of a boys club, maybe.

00;11;31;26 - 00;11;34;15

GUEST

And the I think that has changed.

00;11;34;23 - 00;11;48;26

HOST

And did you want to have a European or kind of European exposure in your own? Did you have to push for that, or was it kind of assumed, given that you'd come over from Sweden and, you know, you're the obvious candidate for it?

00;11;48;29 - 00;12;22;28

GUEST

If there were the I applied to CB, I can't remember if it was Keebler Park that I applied to at CBRE. At the time, they, the and out of the applicants, they picked myself and a guy called Michael recommended who was educated in the who's a Brit. Having come through the British schooling system for this European rotation, the idea was to encourage European integration and of give people a network around the offices around Europe.

00;12;22;28 - 00;12;42;05

GUEST

So I don't think necessarily it was just that I was a Swede. They maybe saw some other qualities that they thought would be, beneficial and help this, be a good idea. So. But it was when I spoke to them in the interview, they, I sort of said, I'm sort of very excited about being. London is a fantastic city and I love the UK.

00;12;42;08 - 00;12;58;16

GUEST

I would be interested in working places like Madrid. Yeah, Russia at the time, if that's an option. And I'm happy that it was Frankfurt. I would have been happy in Russia as well, in Moscow as well. But so it was probably a bit of a combination of them looking for somebody to do that and me being very excited about doing it.

00;12;58;19 - 00;13;03;19

HOST

And your role was investment advisory or is it kind of more analytical?

00;13;03;22 - 00;13;23;29

GUEST

So the first, part was with CBRE investors in London. So that was on the fund management side of and work with a great team there. It was a very exciting time for them for that part of the business. It was growing. And there was, a great leadership in London and a sort of strong, expansive leadership from coming out of Los Angeles.

00;13;24;01 - 00;13;48;17

GUEST

So that was a very interesting, fantastic learning. The investment advisory in Madrid and in Frankfurt was I joined the teams there and worked on the transactions, mainly by side transactions from and once again, lucky to have, had the opportunity to work on some very interesting deals with some interesting people.

00;13;48;19 - 00;14;01;25

HOST

You did a stint at Fitch Ratings as an analyst, where you did European structured finance. Why did you make that move? And I'm assuming you moved from kind of an equity investment to the debt side. Why was that?

00;14;01;28 - 00;14;28;16

GUEST

After Frankfurt, I moved back to Madrid and the idea was to set up CBRE Masters in Madrid, which I thought would be an exciting next step. The. That didn't quite materialize at the pace that I was hoping for. And so the as I was considering my options, I thought, London, New York might be a good next step for me.

00;14;28;16 - 00;14;38;08

GUEST

Having spent three years with, CBRE. The I it was a time when CMBS was starting to become a thing in Europe.

00;14;38;15 - 00;14;39;27

HOST

Commercial mortgage backed securities.

00;14;40;03 - 00;15;08;19

GUEST

Exactly. And the so and with my interest in finance, I sort of I was intrigued by how you could take what is a an asset class with somewhat limited liquidity and package it and, structure it and securitize it and create a liquid product. So I thought, where can I go to to see a bit more in detail and then, firsthand what, what this looks like.

00;15;08;19 - 00;15;17;11

GUEST

So I joined Fitch and their CMBS team in London and, which was interesting.

00;15;17;14 - 00;15;19;13

HOST

Why was it so interesting?

00;15;19;15 - 00;15;50;19

GUEST

I found I was a bit perplexed if I use that word with the incentive structures between the rating agencies and working with the banks and structuring and rating the tranches at different tranches of the securities, I thought that was, an imperfect set up. So, a it was really interesting to, to see that. But when my old boss from CBRE investors, Charles King, called and said, hey, we're about to launch our a new opportunistic fund here.

00;15;50;19 - 00;16;06;12

GUEST

Are you interested in come back. It was, it felt like the right move. And I'm absolutely nothing against Fitch. It was, I had a good time there, but it felt that it wasn't quite for me. What I was saying. And, I would rather go back and sort of be on the real estate side.

00;16;06;14 - 00;16;15;11

HOST

Before we get on to that, move back to CBRE. If someone listening to this, can you just explain the relationship between a rating agency and a bank doing the CMBS piece.

00;16;15;14 - 00;16;39;09

GUEST

For those who enjoy movies? The Big Short is, covers this in great detail. And I, without naming names, a friend of mine was very central to developing the rating model for CDOs, which was collateralized debt

obligations, which was a step further complicated than can be. CMBS is not complicated in itself, but, there is a potential for conflict.

00;16;39;09 - 00;17;08;02

GUEST

And the way the the rating agencies are paid, if they get to rate the first, tranches that the CMS says they and, you've got three main rating agencies and Standard Poor's, Moody's and Fitch, and not all three are going to get the job. So, that there is a potential there for a conflict of interest between the desire to get the construction and the diligence, maybe.

00;17;08;05 - 00;17;21;29

GUEST

And I'm sure I've worked in this space for a long time now. So I'm probably speaking about old situations, but and I'd like to think that has been resolved. But there were a back then pre GFC there were misalignments.

00;17;21;29 - 00;17;30;20

HOST

Yes I think and the main thing is if it's Double-A rated, it's a better quality or lower risk product than something else. Right.

00;17;30;23 - 00;17;56;11

GUEST

Yes. You took theoretical mathematical formulas and applied probabilities situations and in theory over a great number of underlying loans. The probabilities could it could be perceived that, that that was a good assumption. But, and as time evolved and the market changed, probably the some of the stress tests could have been more stringent.

00;17;56;13 - 00;18;02;00

HOST

To put it politely or politically. So you went back to CBRE to join an opportunistic fund?

00;18;02;03 - 00;18;03;03

GUEST

Yes. That's correct.

00;18;03;05 - 00;18;07;23

HOST

What was the role there? What was the fund investing in? What were the target returns? What were the geographies you're looking at?

00;18;07;25 - 00;18;33;26

GUEST

So was, the second in the series of funds, that that opportunistic funds that CBRE investors in the UK was launching and the team had done a great job with the first fund that was being exited as I joined, second fund was materially larger. So we were buying it was 20 like many of its peers, it was a 20% IRR, fund.

00;18;33;29 - 00;18;59;07

GUEST

And we were looking hard for deals to make that work. I think the UK, from when I got here in 1999 through to post GFC, there was a great momentum, there was great positivity and there was great, growth and it was an exciting place to work. And we were in very sort of 2005, six were able to buy really well.

00;18;59;07 - 00;19;29;26



GUEST

And in more vanilla type deals. Not that they'd still need a lot of work, and it was repositioning, redevelopment and everything, but it was offices and industrial, predominant. And it got more challenging with the, the third fund, the market got more expensive and it became harder to invest the capital and so but it was still it was a lot of hard work and a very rewarding time in many ways.

00;19;29;26 - 00;20;01;13

GUEST

It was a really good opportunity to learn. And, to learn great things about how to drive performance, generate the IRR, the urgency, the importance of urgency and, and turning things around to deliver those IRR targets. It was a time when debt was, readily available. And our funds, like many others, were quite highly levered. So it was also a humbling experience.

00;20;01;13 - 00;20;07;16

GUEST

And, and the benefits but challenges that come from leverage and then the importance of timing.

00;20;07;19 - 00;20;23;21

HOST

You were with CBRE from oh 5 to 2009. Can you just talk about some of those lessons and those learnings that you just alluded to, just in terms of the humbling experience being heavily levied? And the market turning,

00;20;23;23 - 00;20;28;07

GUEST

Which part to the part you wanted to focus on there? Because there there's I'll.

00;20;28;09 - 00;20;39;08

HOST

Give you a couple of different examples, maybe of, of some situations where you took some proper learnings from that have maybe informed how you view risk and manage and mitigate risk today?

00;20;39;10 - 00;21;15;25

GUEST

Well, ample number of examples. One thing we bought a portfolio of secondary slash tertiary industrial estates, across the country. And the I'd say we were we had a very robust process in how we approach deals and we really challenged it. But the we looked at for several of them where we were unsure about that, the likelihood of the operator remaining in operation for us to be able to find an exit that would work on a and to restructure the lease and exit longer or better income, stabilized income.

00;21;15;25 - 00;21;44;04

GUEST

We looked at underlying land value, and I remember a deal where we had bought it, and we discovered that there was an opportunity that to use part of the land for landfill. And there was an adjacent recycling center, and they were keen to buy it. So we could have sold the property with a very healthy profit, particularly with the somewhat limited amount of equity we'd put in to that point.

00;21;44;07 - 00;22;04;29

GUEST

And we thought, actually, there's more more upside here. And then looking back at the timing to go through planning to get residential consent, to change of use, to work through that process, was when you look at the timing and our, our focus and number of assets in the fund, it would probably be a good idea to just sell it and take the profit.

00;22;04;29 - 00;22;24;29

GUEST

And I think that if when it's different, depending on the investment structure and the investment and return requirements you're looking for in the investment horizon. But if you're looking for IRR, the, trying to identify quick turnaround stock hits your target return is is not a bad thing.

00;22;25;02 - 00;22;40;11

HOST

Especially if you can cash out or trade out of something quite quickly at a super profit. You know, in a couple maybe, like, you know, a blended percentage will enable you to kind of maybe hit or exceed your target. So yeah, cashing in or knowing when to trade. Yes. And went to sell is important.

00;22;40;14 - 00;23;02;26

GUEST

And I think another one is another. Learning is particular when you buy things for sort of a higher return with higher risk or more moving parts. Another thing is to, that was very useful was to keep an open mind as you go through because you have a business case, business plan or a base case business plan, and you have a downside plan and you have an upside plan.

00;23;02;26 - 00;23;19;18

GUEST

But chances are that things are going to go differently. And to be able to have an open mind and to be able to react to that was also very helpful. And to to remember that, to be prepared, to think outside the box and then to make sure you reflect on the different possibilities that as you go through the planning.

00;23;19;18 - 00;23;28;15

GUEST

And then numerous of examples where we bought something with one plan and, ended up exiting with an entirely different route.

00;23;28;18 - 00;23;46;08

HOST

You'd been, you know, employed in the commercial kind of real estate space in the UK and across Europe for kind of eight years. At this stage, in the back of your mind, is there been, a case of, you know, family business back home? You know, I need to, to get some skills to kind of maybe take that on in terms of the future or was that not a thought, a consideration?

00;23;46;16 - 00;24;10;03

GUEST

It wasn't at this point. It wasn't because the, the family had sold out of, most of the businesses by the, second half of the, the noughties. And, they had looked at a couple of things, but for one reason or another, decided to not pursue them. So, so that that wasn't something that I was, that was on the horizon for me.

00;24;10;11 - 00;24;20;28

HOST

So that wasn't an option. So that probably leads us into turnover. You know, when you set the business up, if my date's right, August 2009 ish.

00;24;21;01 - 00;24;49;22

GUEST

Yes. The discussion started earlier, between the three found the people who funded myself and so on. And, a friend called France Table, probably started, early oh nine. We and we were actually quite close to setting it up as a new department within CBRE investors. The negotiations sort of fell on the finish line, almost as we couldn't quite agree terms on there.

00;24;49;25 - 00;25;20;29

GUEST

So the it being something where we felt that not afraid to be contrarian in our thought process, the we thought there was an opportunity to a lot of people were running for the door in central London. People were blanket negative to charities or anything that had perceived risk or and understandably, the people thought that many people were feared that the future was had significant potential downside with what was going on in the financial world.

00;25;20;29 - 00;25;59;01

GUEST

And we felt that looking at if you're able to buy really good quality office buildings in good or great locations in London with long or medium term income for yields that haven't been seen in a very long time, there were some seven eight plus percent that the initial yields. That is an interesting thing to pursue. And from conversations we were having with investors, the appetite at the time was we felt more for sort of tailored, separate account mandates rather than commingled funds for a period.

00;25;59;04 - 00;26;19;10

GUEST

And we thought that was an idea that was we wanted to pursue. And as I said, it was we were close to setting it up within CBRE investors at the time. But, we as, three guys in our mid 30s thought, we can do this, let's do this on our own, which is where the journey started.

00;26;19;12 - 00;26;28;28

HOST

So is that where the name Trin over comes from? The three founders. And did you meet them at CBRE? Is it you work together or Sylvie France?

00;26;28;28 - 00;26;58;01

GUEST

I met at university in Stockholm and we remained France's close friend. The he came moved over to work at Bank of Ireland in 2008 and as return opportunities were eight or opportunities with offering potential for good returns were hard to find in the UK. We thought that's parallel businesses them both of them. To have Ed and Sam, it's our friends who work together and Bank of Ireland and myself.

00;26;58;01 - 00;27;26;22

GUEST

CBRE investors were decided to go to Ukraine because, we heard that, that was still in an immature market with lots of upside. And there were a couple of other international investors that had gone in there. So we we got to know each other. I got to know Ed, well, on the on that trip and around that trip, which was, a story in itself, but, not an we decided on, that leaving from the trip that we're not going to go there to invest.

00;27;26;25 - 00;27;29;06

HOST

And then where did the name turnover come from?

00;27;29;08 - 00;28;00;21

GUEST

And so as we were setting up the company, we were discussing names and we needed to get something on the presentation for for a potential investor meeting. This is autumn 2009. And we're debating what do we want to call ourselves. And we sort of looked at the history of London and all the history of London, and it turns out one of the old tribes that lived in, documented to have lived around here, whatever it was 2000 years ago was called Jenna Bantams.

00;28;00;24 - 00;28;07;06

GUEST

And we thought, try now. Sounds good. Works works internationally. Let's take that.

00;28;07;09 - 00;28;08;25

HOST

There's three of us. The trip.

00;28;09;00 - 00;28;12;06

GUEST

The three of us. Yeah. So? So it's, Yeah.

00;28;12;08 - 00;28;29;12

HOST

Nice. So you started the business off September autumn 2009. Did you have a business plan? Did you have a strategy? You kind of touched on the fact you thought offices maybe were oversold or there was an opportunity there. Outside of that thesis, how did you go from an idea to selling the business?

00;28;29;12 - 00;29;02;06

GUEST

Are a lot of hard work. But yeah. So the what we thought was the market has corrected quite dramatically in pricing. The we would like to offer investors a tailored service provision, a number of investors we were planning to target or that would that we thought would be good targets were overseas investors. Both institutions, Swedish institutions among others, and family offices and and high net worth individuals.

00;29;02;06 - 00;29;28;01

GUEST

And we felt that offices as a as an asset class or as a sector, translates well across borders. So we thought let's focus on that. It's also and one of the sectors where we as a team collectively have good experience and where we were able to find conviction around, what we thought when the of how the evolution of the the recovery cycle would look like.

00;29;28;01 - 00;30;10;01

GUEST

So we the plan was, hey, this is a great investment strategy. Hopefully will be appealing to investors. We wanted to build something that we shared was we wanted to build the business. That was exciting. And that was really took pride in delivering a great service and working. We were we thought about, do you want to set up a fund and or do we want to set up some start with separate accounts and a because we're funding this launch ourselves, putting 250,000 pounds or euros, I can remember with the FSA as it was then called to, to start raising money for a fund, wasn't necessarily how we thought our capital was best used.

00;30;10;01 - 00;30;39;03

GUEST

So we said, let's start with separate accounts and identify individual investors that that share our conviction around where things are going and the timing and the recovery. And it also allowed us to. One of the things we wanted was to work closely with a handful of investors, rather than trying to be everything to everybody. And we were lucky, and we met a handful of fantastic investors that we had been very lucky to work with over the years.

00;30;39;06 - 00;30;42;11

GUEST

So half of them we still work with from the early days.

00;30;42;14 - 00;31;11;03

HOST

Chicken and egg. Sounds like you've got the strategy, got the idea, got the conviction, and then the hard things going to for the capital. Was that really difficult just to identify the capital and was it sovereigns pension funds, high net worth, family offices? What type of capital were you ideally going to be paired with? Or is it a case of we've got to take any capital, on, on, on any fee basis, let's just get a couple of runs on the board and then we can kind of pivoting from here.

00;31;11;05 - 00;31;32;04

GUEST

It's a good question for us. We were looking back a bit naive. In our presentations. We say this is a great time. The market is very volatile. Values have fallen a lot. It's a great time to invest. And we went to see a number of investors, LPs, institutions who said, that's all fine and well, but I already own four buildings that are where the.

00;31;32;04 - 00;31;58;14

GUEST

So my house is on fire here. Yeah, I'm really sorry, guys. I'm not focused on, on adding to add new assets to the portfolio at the moment. So for us, we had to work hard to identify people who had enough capital to to meaningfully invest with us to, to get the business off the ground and who weren't in a situation where their existing assets were causing them too many problems.

00;31;58;14 - 00;32;12;29

GUEST

So it forced us to focus and think long and hard about who to target. And we got some ideas wrong about who would be a good target. And we got a few right. And we were found some very good investors. To start with.

00;32;13;03 - 00;32;16;08

HOST

I talk to you about the first deal that you did.

00;32;16;11 - 00;32;28;09

GUEST

The first deal we did was, 19 to 29 Street, which was a deal where we put some of our capital in alongside a Norwegian bank, and that's in Soho.

00;32;28;09 - 00;32;28;16

HOST

Right?

00;32;28;21 - 00;32;53;27

GUEST

That's in Soho. It was, I must admit, not the prettiest of buildings, but it was cheap, and we got it for the price that we felt that the downside here is a bit of a no brainer. The protection you have in the worst case scenario and the upside is very significant. And, it was a smallish deal, but it was one which is one that we cherished because it's, I can't buy it.

00;32;53;27 - 00;33;15;12

GUEST

I think we bought it for like 7 million or something. And we were working. There was an interesting one, speaking of timing, and there was an IRR focused investment. And with this bank and we were having these ideas, you could extend it. You couldn't change the facade, which, as I said, wasn't necessarily the prettiest, to buy in the building next door to, to create better floor plates.

00;33;15;14 - 00;33;33;10

GUEST

And in the end, we, the market moved so that we were able to exit it with, without having had to do too much work. And we got a great result from that. So that was, a few years later, but that was, say, a dear memory for us. And then in terms of the first deal with that and, the performance from the.

00;33;33;13 - 00;34;08;00

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 present and enables us to keep doing what we do.

00;34;08;01 - 00;34;22;26

HOST

So if you haven't already, please follow or like on the platform you watch or listen to. Thanks so much. Amazing. How did you then start building the business from that first deal?

00;34;22;28 - 00;34;57;11

GUEST

It was so we did follow on investments with the same Norwegian bank, which worked very well for us and them and yes, that was a useful start. We secured our first large separate account mandate in which is the real estate, the international real estate arm of Stena, the shipping group, started a realty they were called, which sort of allowed us to take a big step in terms of the size of the assets we're buying and the growth of the portfolios.

00;34;57;11 - 00;35;23;02

GUEST

And they were very professional investor, and it worked well for us with our tailored service offering approach, where we said we we're very happy. We're we're keen to work. Is your serve arm here in the UK? And they had, a team in Amsterdam as well as in Gothenburg and Sweden and that we worked very closely with, and that was a very fruitful and successful cooperation that.

00;35;23;04 - 00;35;29;04

HOST

The three partners. How did you split your roles and who did what?

00;35;29;06 - 00;35;35;29

GUEST

When you start as three people, you are the head of, photocopying, waiting coffee,

00;35;36;01 - 00;35;37;29

HOST

Deals, underwriter financing.

00;35;38;05 - 00;36;01;21

GUEST

We had slightly different background, so I was more on the, asset management, with my background for an opportunity fund, where we was responsible as both for sourcing deals and doing deals and then managing them the with the way things with structured, ad was, very much a transaction focused where they an accounting and finance background as well as investments.

00;36;01;23 - 00;36;28;00

GUEST

And France at the time was focusing more on the investor relations equity racing side alongside with me. So a were but when you start out you get to do a lot of everything and it's still remember when we, went to pick up the camera to record ourselves to prepare for the first investor pitch with that, and then

somebody is responsible for funding a printing shop back in the day and running down with a USB stick.

00;36;28;00 - 00;36;33;11

GUEST

And so that was the roles fell fairly naturally, but it was very overlapping.

00;36;33;13 - 00;36;39;02

HOST

Worlds, apart from a big international global investors platform that you'd come from. Right.

00;36;39;02 - 00;37;04;05

GUEST

So very different, very different, but exciting at the same time. It felt very meaningful. And it's, we shared a view and, and plan and for where we were going and it was, so, I don't think any of us minded doing fucking the tickets flying on the cheaper Easyjet flight. Earlier in the morning.

00;37;04;05 - 00;37;09;18

GUEST

That would you would normally have liked to book does it because we were when you were building towards something.

00;37;09;20 - 00;37;14;04

HOST

What was the personal cost at the time of setting up the business?

00;37;14;06 - 00;37;36;03

GUEST

Well, it was a meaningful time without salary. And then, things slide. I remember balking at paying 700 pounds for the photoshoot, for our photos, for the presentations, when we were, and there were said there were lots of costs that were small. And then they actually we rented an office as well, serviced office behind Royal Exchange, which.

00;37;36;03 - 00;37;40;12

GUEST

So I think we chose not to look at the burn rate.

00;37;40;15 - 00;37;41;28

HOST

It was just ignore it.

00;37;42;01 - 00;37;44;17

GUEST

Blake. Yeah. So let's we can do this.

00;37;44;20 - 00;37;47;10

HOST

Just let's go for it. Only focus on the new deals.

00;37;47;10 - 00;37;50;07

GUEST

Yes. And, yeah.

00;37;50;10 - 00;38;04;18

HOST

So you transitioned from kind of being an advisor, to to doing deals on, I guess, on a fee basis to then

kind of moving through and start co investing and becoming a bit more of an investment manager with some participation.

00;38;04;21 - 00;38;32;12

GUEST

Yes. We were as we co invested in the very first deals as well. But as the company grew with some over a separate account managers didn't want commitment capital. They wanted full have full control of the capital structure. But as we grew the it was an interesting journey to go from three people to creating our first employee who's still with us, back in 2010.

00;38;32;15 - 00;39;07;05

GUEST

And then as we started buying more, we grew the team gradually. And, we continued to focus on separate account mandates, for some time. And we were busy buying for the third best part, up until 2014, we toyed with the idea of raising a fund as we served 2012. 2013 saw the regional office market open up, which had been sort of, in our view, paralyzed for a few years because they realized that it was to uncomfortable to admit where the actual values were.

00;39;07;05 - 00;39;29;04

GUEST

So they just said prime yields are this and everybody said, okay, but no transactions happened because, passed in the same degree. But when the market starting started to thaw, the, or we said, should we, should we set up, is this the time to set up a fund, a commingled fund. And we decided against that.

00;39;29;04 - 00;39;54;27

GUEST

We went for a club structure instead because it was easier and faster to get to the market because we thought 2013, if we spend two years raising a commingled fund, the market opportunity might not be there. And I think looking back, one of the things where we were scarred by the previous, the sort of 2007, 2011 journey, so we now are underwriting forward looking.

00;39;54;29 - 00;40;17;04

GUEST

One of the things we probably got a bit wrong was that we were too cautious about where we think because we said, okay, average yields in any given market is this. And then if we're not the best property and and we're like, let's add a little bit on as our exit assumption. And what that meant was that with those exit assumptions, it limited your buying window quite meaningfully.

00;40;17;04 - 00;40;43;06

GUEST

And what we since realized was actually, whatever the average is, is going to be distorted by what the yield was, because typically it's not weighted by transaction volume. It's sort of what my year 2009, the yield was whatever it was, 2007, it was meaningfully different. But they were given equal weighting even though the majority of transactions happened 2005 six seven.

00;40;43;09 - 00;40;53;19

GUEST

So it was probably lucky that we didn't go out with our underwriting assumptions back then, didn't go out and and raise a fund. Took two years to that because, that that window closed quite quickly.

00;40;53;20 - 00;40;55;02

HOST

You'd miss the we would.

00;40;55;02 - 00;40;56;13



GUEST

Definitely have missed that window.

00;40;56;17 - 00;41;01;19

HOST

So rather than doing separate accounts with individual investors, you did a, a club structure.

00;41;01;21 - 00;41;29;26

GUEST

Exactly as we got our first more LP type investor to anchor that together with a family office in our capital, and were able to pursue that and do some good investments in their really good investments, taking a very low asset level risk. But then the window closed as, one of the UK institutions came and paid a, a very different yield from what we had been targeting as an, price and that reset the market.

00;41;29;26 - 00;41;30;05

GUEST

So.

00;41;30;10 - 00;41;31;13

HOST

And what year was that?

00;41;31;16 - 00;41;43;08

GUEST

1314. So second half of 2013, early 14 I'd say the regional office yields moved by 100 basis points in, in the six months may.

00;41;43;11 - 00;41;45;09

HOST

Not not in your favor.

00;41;45;11 - 00;41;47;26

GUEST

Well for what we bought, yes. But for what.

00;41;48;02 - 00;41;49;13

HOST

What were you looking to buy?

00;41;49;13 - 00;41;51;23

GUEST

We were hoping to buy and not as helpful.

00;41;51;29 - 00;41;55;01

HOST

How big was the team at that stage?

00;41;55;03 - 00;42;06;27

GUEST

We were probably. We had set up the in-house property management arm, so we were probably 12 people at that point.

00;42;06;29 - 00;42;11;04

HOST

And how much under management roughly.

00:42;11;06 - 00:42;25;07

GUEST

From memory, maybe 359 at the time, yes, that way. But yep, it was. We were on one hand, we were happy about it. On the other hand, we were at set our targets, higher than than that.

00:42;25;14 - 00:42;45;22

HOST

But yeah, but by this stage, you know, profitable prove the business, done some transactions, given some good returns to investors, kind of moved it on to a bit more of a club structure. You you pivoted away from just offices. Can you just talk to me about when and how and how maybe the strategy is as evolved as well.

00:42;45;25 - 00:43;11;24

GUEST

The strategies evolved in that we we started by central London core and then sort of staying ahead of the curve as we got more confidence around the the recovery and we, moved into a central London core place. And then now you add and then into the regions. So the, the we adjust the strategies depending on what we, what we felt offered the best risk adjusted returns.

00:43;11;26 - 00:43;56;12

GUEST

And we often joke in and call ourselves real estate nerds and that we love analyzing information and data and, identifying trends or change, be that from a macro urban landscape perspective, or be that pricing change and then sentiment change in there or, or other, changes that we can identify. But the so we were able to adjust to that by 2014, we started seeing some of the investments we had done early on were we felt that there was started to be more risk on the downside from holding it longer, as opposed to what upside potential they had.

00:43;56;12 - 00:44;28;25

GUEST

And we started exiting, a few deals. And by 2015, we had exited a meaningful number of our tactical investments that we had done to that point. We looked around and we thought, okay, we this is worth well, although as one of the investors had told us, we would rather you had done twice as many deals for us and got half the return, because you our return that we delivered was significantly higher than the target return.

00:44;28;27 - 00:45;11;17

GUEST

And then maybe your underwriting was a little bit conservative and said, that's fair. If we could go back, we would be probably do that slightly differently. But hindsight is, always easier than forward looking the. So by 20 1516, we saw offices are exciting. They are a great asset class and great sector. But myself and another member, a senior member of the team, had quite extensive experience in residential real estate and I actually gave my my presentation in 2020 CBRE.

00:45;11;19 - 00:45;31;24

GUEST

Pick a free topic. I picked the topic of why the UK should develop a rented professional rented sector, a real estate sector. And so we've been toying with that idea for some time and spoke to Alistair, one of our separate investors, about doing it. So 2016, we started, pivoting a little bit our focus towards the residential.

00:45;31;24 - 00:45;51;25

GUEST

We added the residential sector and that a combination of reasons, we thought it from a business point of

view, it made sense to diversify. From a return risk return perspective. We felt that it was a good complement. There were different drivers for the residential side as compared to the commercial side, and we felt that it made sense.

00:45:51;25 - 00:46:12;18

GUEST

So we had started slowly positioning ourselves in the residential sector, which now out of the 1.5 billion that we have under management, we were 0% residential in 2016. We're now 40%. So it's, it's been a great, growth part of the business for us.

00:46:12;21 - 00:46:29;16

HOST

You touched on you had residential experience, and there was clearly capital and LP interest in doing residential. Did you have to hire someone specifically to front and lead that strategy, or was the capital comfortable enough with your business planning, conviction and in-house ability to execute it?

00:46:29;21 - 00:46:52;16

GUEST

We we did not have to hire somebody was a combination of myself and one of our colleagues who had experience in the residential sector. And, the in in so one of the mandates was a Swedish mandate where the they had at the time, I think, 28,000 apartments around, Europe assets that it was a sector that was very familiar to them.

00:46:52;16 - 00:47:23;00

GUEST

So we that was a good combination for us. And then we were able to, grow from there. We expanded into student housing, and it's sort of been a steady growth. We supercharged it a bit in 2021. When we felt that we prefer to invest when we are, we have conviction that the downside scenario, what we do is you break even if your base case is that you hit your target project to return, and you're upside is is on top of that.

00:47:23;02 - 00:48:00;25

GUEST

And we started becoming less and less. We struggled to find conviction. We spent a lot of time trying to figure out where the office market is going, what the different dynamic sort of dimensions of change that that was happening in, in the office market and occupational market in the, the world, how that would play out. So it worked well for us that when we looked at the residential side, we identified and subsets of the residential sector in the UK where we saw great value, a lot of, low hanging fruit, often get kicked by the members of team.

00:48:00;25 - 00:48:37;01

GUEST

We actually have to do the work. But I from my perspective, it it's a great way to invest. You can buy from landlords that have often owned these for a long time. Some of the things we buy and in in the HMO space, for example, where we had very impressive portfolios, owners that have built it up over a long period of time to very impressive sizes of portfolios, but they have perhaps not had to in all instances, drive them so hard because when they bought in so we find that you can come in and you do a lot of work upfront as you buy it, and then you the yield on costs you can

00:48:37;01 - 00:48:56;21

GUEST

achieve with the repossession you need to do to because there have been changes to licensing requirements and so on that, that some of the owners, let's say a gentleman in his 80s might say, do you know what I've done well, out of this? I've had a great cash flow. It's time for me to sell out rather than take on the work of repositioning this massively.

00:48:56;21 - 00:49:06;15

HOST

So they've built it to a particular size tax legislation of things that changes to to trade out, as you said, having taken a very good income stream for the family. So I pay.

00:49:06;17 - 00:49:07;12

GUEST

30 years.

00:49:07;14 - 00:49:14;26

HOST

Big lump sum at the back end, and then you can drive your returns through active granular asset management, which I guess is what you're listening to your team.

00:49:15;03 - 00:49:15;13

GUEST

Yes.

00:49:15;13 - 00:49:16;26

HOST

So you do the heavy lifting.

00:49:17;03 - 00:49:38;01

GUEST

Out of 55 people in the group. I think, something like 20, work with the on the operational side and, add to their brilliant job and, and, the CEO for that part of the business, she's the one who often kicks me when I say, this is so great. It's like, if you buy it for X, you only have to spend Y and then look.

00:49:38;01 - 00:49:38;13

HOST

At the Uber.

00:49:38;14 - 00:49:50;27

GUEST

Cost. It's amazing. Yeah, there's a lot of work that goes on behind the scenes but is so that is work well and and there's so the real is the residential pivot was it was fortuitous.

00:49:51;00 - 00:50:14;03

HOST

Yeah quite because 2016 I remember you know Rosie wasn't necessarily a sexy was definitely not as sexy as it is now. And there's a lot of managers right now who, and have been over the last couple of years looking at their business, thinking, how can we access the residential market and to the partners of the founders, do they have the ability to do it because the capital's there, they find themselves maybe passing the mandates onto to other platforms, and they're thinking about that.

00:50:14;06 - 00:50:30;27

HOST

Do we hire someone to fund it to give capital confidence or how do we structure it? Just interesting to find out how you did it back in 2016. You've also set up special assets, part of the business. Can you just talk to me about the rationale and the thought behind doing that? And you've also got an asset management and property management side to that.

00:50:30;27 - 00:50:32;01

HOST

You did it earlier.

00;50;32;03 - 00;51;05;15

GUEST

That's correct. It's widely documented that there was a lot of stress in capital structures around Europe and many parts of the world. Where the availability of senior debt, or solutions for the debt side of the capital structure, aren't always readily available. So what we thought was we, started working with a couple of investors credit funds and talk to a couple of our existing LPs about exploring that area.

00;51;05;15 - 00;51;35;15

GUEST

And, we spent a lot of time, working with that, and we, I think and they're bigger funds that do this on, on much bigger scale. And a lot of funds have been raised to solve the situation in Europe and elsewhere. For us, it was one of my colleagues, spent a bit of time with, one of the investment banks, not least on the credit side, and we thought it would be a good opportunity where we could bring combination of an understanding of the real estate with the credit side, with the debt side.

00;51;35;15 - 00;52;04;20

GUEST

And, it hasn't come through as quickly as we and many others, I think, expected. But we've been able to, successfully place a good amount of capital over the past little while into this space. It's we have had many stop and start situations, but, it's working well. It's working well there. There's some really interesting opportunities out there, but there's growing competition and there's some great people doing it.

00;52;04;20 - 00;52;25;12

GUEST

And then you have a number of people that are in most situations more suited probably than we are. But we do have situations where we we find we can add real value and be a great partner to somebody who wants a place capital. And we can bring some interesting situations that we sort of see from the direct real estate side and where we have conversations that have opportunities.

00;52;25;14 - 00;52;41;26

HOST

You mentioned you decided not to pursue a fund in 1314 and do a kind of a club deal instead. You have subsequently raised a dedicated fund. Why did you decide to do that and when did you do that? And what is that fund's kind of parameters or themes and focus?

00;52;41;29 - 00;53;17;20

GUEST

The in 2016, we took a decision as a business that we'd been doing really successful work investing and then exiting. And, we thought as we were planning for the future, with the first step with the plan was to build a, a company that was exciting, that worked closely with its investors and had great relationships and the great work we realized to build a business, you were buying, repositioning and selling out at high frequencies is, works well for everybody.

00;53;17;20 - 00;53;40;10

GUEST

As long as you do well and you get promoted and all that. But actually, if we want to build grow the business, we need to take a slightly different approach alongside our current approach. And, so we thought it was a good time to set up a fund to launch a fund Co-Mingle fund. And, we decided to get FCA regulated, which was quite the undertaking.

00;53;40;12 - 00;54;26;04

GUEST

And we did so sort of 16, 17 to 16, 2017. We then started the equity raise. We had a couple of target geographies for our LPs, the weighting of the LPs. We spent a lot of time doing that, and it was a long exercise. And we were looking, talking to both institutions and to family offices. And there were the UK plc as a target market with after Brexit and then with political uncertainty and I remember 111 investor who balked at watching Theresa May dance on TV and genuinely gave that as a reason for not wanting to pursue because he wasn't convinced that was the leader the UK needed that.

00:54:26:04 - 00:54:51:23

GUEST

Simon, I'm not giving my opinion on that, but just to give you a flavor of the challenges and in the end, we got to a first close in November 2019 a bit. Well, really excited about the first close, keen to get the second close institutions and because they got two of them said they can't be first close investors, particularly not in the first fund.

00:54:51:26 - 00:55:12:13

GUEST

So that was fine. We were cautiously optimistic about the market. We were seeing interesting buying opportunities in the value add segment of the office market. It was not as fun. So we started 2020 excited and optimistic about, being able to, pursue by.

00:55:12:13 - 00:55:13:12

HOST

Some value our offices.

00:55:13:12 - 00:55:37:28

GUEST

By some value at offices. We had the first deal under offer grade office deal I believe it would have been under different circumstances in Scotland. And then we'll know what happened in, Q1 2020, which, was of course, a big challenge. And we so the two large institutions pulled out, they said we were, not investing at the moment.

00:55:37:28 - 00:56:02:15

GUEST

We need to understand where the world is going. So what we did was we found, having found conviction around, that the world was not going to come to an end, that there was still a future for offices. And, we and that it was actually an even better buying opportunity. We, found a JV investor who'd come alongside our fund to to grow it, to make it a bit bigger.

00:56:02:15 - 00:56:26:21

GUEST

And we subsequently were able to invest in for office buildings around the UK, in the regions which at the time thought were very good acquisitions. They fundamentally really good real estate, great potential. The recent past has been I think very few people would say that the past year and a half has helped what were the geopolitical situation, has helped the asset with inflation and all that.

00:56:26:21 - 00:56:54:24

GUEST

But we're able to and actually over the last six months, it's been really encouraging to see the the sort of the positivity come back and a bit of particularly after the summer did that animal spirit, as it seems to be hopefully returning. We're we're certainly seeing signs of it and wearing we're seeing great things happening. And then we were able to in these buildings offer tenants great space solutions and occupational, solutions that we feel that we're getting back to where we want it to be.

00:56:54:26 - 00:57:04:17

HOST

You need some luck in in the kind of investing game. I guess you're pretty pretty lucky that you didn't raise the fund 69A year earlier and start start deploying the capital.

00:57:04;17 - 00:57:08;21

GUEST

That venture. So you should thank Theresa may for some examples.

00:57:08;25 - 00:57:24;10

HOST

Yes. And, you're not the first person that said, investors have looked at that video and said, we're not going to be allocating capital to the UK based on that. I've definitely heard that before. You touched on Animal Spirit post Summer, and I think that leads us perfectly onto your views just in terms of the wider landscape.

00:57:24;10 - 00:57:29;11

HOST

Right now, where do you see the opportunity set and what's your take on the market?

00:57:29;13 - 00:58:02;06

GUEST

I think the residential sector has, very good fundamental drivers. Underpinning it certainly is some subsections of the residential market more than others. We see great opportunities there. I think you have a structural demand supply imbalance that in in much of the residential sector, there's a little bit of uncertainty created by some of the regulatory discussions and communications from the government.

00:58:02;09 - 00:58:28;25

GUEST

I think it's our view is that going through it, which we do continuously, we think much of the concern is misplaced. Some of the concern for certain segments of the residential sector are fair, but we do still see great, great opportunities by fundamentally good real estate that sits very comfortably in the demand supply, equation going forward for a long time.

00:58:28;27 - 00:59:09;15

GUEST

So we're excited about that. And then we, we we certainly will continue to invest in that space. We are optimistic about the journey ahead for for offices. The there's such a disconnect between what we're seeing in the occupational market from good office buildings where we see strong occupier demand. We see great rental developments, great rate, great rental growth and I think there's a there's certainly situations where something has fallen a lot in value.

00:59:09;17 - 00:59:54;23

GUEST

It might look cheap because the price is low, but actually it's not cheap. It's there are situations are assets in certain type of buildings, certain type of locations that are cheap for a reason or the price is low for a reason. I should say, but it feels like there there's been a broad brushed approach in many situations where people have said, well, this building here of, of of I'm concerned about the future, but we're from so much of what we're seeing from so many of our discussions with tenants, with other companies and the I do our view is that the it is important to be much more, specific asset specific location specific tenant situation

00:59:54;23 - 01:00:26;07

GUEST

specific in the analysis. And we see great opportunities in finding things that are, finding ways to continue to drive performance from existing assets that we have, through hard work. And I think the there's a long chart about the as a lot of talk about the offices becoming more of an operational asset that, than it was if

you go back to the 80s, huge, many leases were 25 year leases and, and, and is, not required to be a proactive landlord.

01;00;26;07 - 01;00;51;20

GUEST

In many cases that is changed. But we find that by being a proactive landlord and we we're it's a business. We're vertically integrated business. So we have as many touch points as we can have with occupiers with front desk staff in the buildings, with the people working on the building and, and speaking to the tenants and understanding how we can help drive their enjoyment of the building and improve their enjoyment of the building and then drive performance.

01;00;51;22 - 01;01;01;29

GUEST

So I see really interesting opportunities there, both in successfully, delivering on business plans of existing assets, but also buying going forward.

01;01;02;02 - 01;01;17;27

HOST

Doing the work. It's doing the hard work to screen the deals rather than just casting a particular sector with, with the same brush. Has your definition of success changed from 15 years ago, when you set the business up in terms of what your aspirations were or or not?

01;01;17;29 - 01;02;03;18

GUEST

It's a good question. I think fundamentally now we want to be a business that is a great partner to our investors. That is an exciting place to work, where people buy in to a corporate culture of delivering, getting things done and sort of looking around, being proud of the person to your left and to your right, then knowing that you're part of doing excellent work that hasn't changed the I'm 15 years older than when we set up the business, so the perspective perhaps has changed, but I think so in terms of the day to day, the essence of it, it hasn't changed our my view of where we're going with the business and where the

01;02;03;18 - 01;02;29;00

GUEST

partners are driving the business has changed somewhat. Yes, over the years, as we've expanded geographically with it, expanded the sectors we look at. But I'm optimistic about the the next phase of the journey. I think the last four years, for many reasons have been tough, but I'm positive about that. We're in a good place to embark on the next stage of the journey.

01;02;29;02 - 01;02;47;22

HOST

They've been a there's been a lot of movement in the market and a lot of new businesses set up, and there'll be a lot of entrepreneurs who are six, 12, 18 months in into the journey who would look at someone like yourself and the partners and go, if I could just have a tiny bit of his success, that would be amazing.

01;02;47;29 - 01;02;54;20

HOST

What advice would you give to a first time founder embarking on the entrepreneurial journey? Looking to set up a new platform?

01;02;54;23 - 01;03;31;28

GUEST

I'd say patience is sometimes things that you want to have and take meaningfully longer than you want them to happen. And sometimes change happens and you have to react quickly to it. But I think that real



estate is not a tech. It's not an AI app or, the technology company said that. So it's it takes time. I'd say make sure to have people on the journey to join people on the journey to that, share your corporate values and the drive.

01;03;32;00 - 01;04;04;10

GUEST

And, I'd say it's it is a very exciting journey to go on. But it's not easy. It is hard work. And I think the speaking to other people in similar sessions to me, it's been hard for the past four years in particular and on many levels to be that dealing with changing interest rates, environment and valuation tools and things, but also corporate culture and then the dealing with lockdowns and things have been taxing.

01;04;04;13 - 01;04;14;22

GUEST

And I think if for some it is coming now, if they're fresh in and then excited about taking that on, I think it's a really interesting time that.

01;04;14;25 - 01;04;25;10

HOST

As we draw to a close, line as the question I ask everyone on the podcast is, if I gave you 500 million pounds worth of capital for the people, what property in which place would you look to deploy that capital?

01;04;25;13 - 01;04;28;08

GUEST

I would happily back ourselves.

01;04;28;10 - 01;04;30;01

HOST

So such that, no surprise there.

01;04;30;02 - 01;05;17;14

GUEST

No surprise. I would say the residential sector. As I mentioned, I think that is a good risk adjusted return. And there are different parts of it that there's some really interesting changes happening that offers value, add potential, opportunistic potential, and then require repositioning round as certain regulatory changes that would come through. I think the affordable segment of the not technically affordable housing, but are priced residential priced in an affordable price range, I think is a very good sector to be in because you've got you catering for your normal, average household and your, the able to as long as you're able to buy in at sensible level, you should have a resilient demand

01;05;17;14 - 01;05;47;15

GUEST

there. And I would say offices where you buy well in the right locations. I do think we have seen for some time for and it's accelerating the change. And I think the bill calls for refurbishment costs, and it forces rental rental levels to be set from a different perspective. An historically it is. There's a new dimension to it in terms and that which affects demand and supply and where rents go.

01;05;47;17 - 01;06;27;28

GUEST

So I think if you're able to navigate that wisely and if you're prepared to roll up your sleeves and be an active manager, I think there are some really interesting opportunities there. So we would I would happily invest with the team part of the money there. We also do think there's still interesting credit situations, available where you have for one reason or another, fundamentally good real estate, fundamentally solvable situations, but where the capital structure doesn't have the, duration to, to see through to the other side and where you can go in and provide that solution to the capital structure.

01;06;28;01 - 01;06;34;08

GUEST

So I would spread it. Depending on the risk appetite of the capital, I would spread it between those three buckets.

01;06;34;10 - 01;06;52;23

HOST

Well, Linus, you, you've had a phenomenal career. You've done what many aspire to do, and I'm really excited to see what you in the team going to do to this next cycle. And if I cast my mind back to ten years ago, when I was in your office on Lime Street, I remember sitting there and I can't remember if it was you, if it was one of your partners.

01;06;53;00 - 01;07;08;24

HOST

But I remember you. You bought the building from David Pearlman of Pearl Ancoats, and I think you just found out that there was a hidden wall or area in the building that you didn't know or he didn't know was lettable space. And, can you just recall.

01;07;08;26 - 01;07;32;06

GUEST

The, we bought the building in 2012 and, it was not being proactively managed at the time. And as we put it, very for a very attractive entry price, we as we went through it, did the, bid the building survey, we and we were walking around the building when one of my, partners. So, like, this doesn't make sense.

01;07;32;08 - 01;07;40;29

GUEST

What what is this sporting here? This can't be looking at the rest of the building. There's got to be something behind her. So we did discover, additional space.

01;07;41;01 - 01;07;52;00

HOST

Additional value add space that you could let out. Well, look, you've hunted out deals and returned great value. And I'm excited, as I said, to see what you're the team going to do through this next cycle. So thank you so much for joining me today.

01;07;52;06 - 01;07;54;26

GUEST

Thank you very much for having me. It's been a pleasure.

01;07;54;28 - 01;08;17;13

HOST

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01;08;17;15 - 01;08;44;20

HOST

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01;08;44;23 - 01;08;52;16

HOST

Or feel free to drop me a message on LinkedIn. Have a great day wherever you are and I look forward.  
Catch you next time.