

PUBLISHED: 12 NOVEMBER 2014

Hermes forms \$250m US partnership

Hermes has formed its first partnership aimed at acquiring offices in the US with Lionstone Investments, a Houston-based real estate firm. By Jonathan Brasse

Hermes Investment Management has formed an investment joint venture with Lionstone Investments, a Houston-based real estate firm, to buy offices in “high-growth” US markets.

The investment management business of the BT Pension Scheme, which manages \$45.2 billion of assets across asset classes has committed \$250 million initially to the partnership, called Lionstone-Hermes Real Estate Venture.

The vehicle to which the capital has been committed has been structured as open-ended, meaning it can hold assets for the long term.

The partnership is the first between Hermes, which manages more than £6.6 billion (€8.37 billion; \$10.43 billion) of real estate, and Lionstone, and is Hermes’ first US investment program focused exclusively on offices in the US.

Chris Taylor, chief executive, Hermes Real Estate said: “We have been actively acquiring US real estate since 2011 as part of our global real estate program and are delighted to have now identified a best in class office investment manager to complement our two existing platforms.”

Lionstone was founded in 2001. It is privately-owned and invests in real estate across the risk spectrum, from core to opportunistic. It has formed other “customized” investment programs with capital partners in the past.

Taylor said: “Lionstone shares our own occupier-driven approach to understanding the key performance drivers from office investment with a long term focus upon responsible and sustainable investment strategies.”

“We were thrilled to find a like-minded partner in Hermes Real Estate who places tremendous value on a research-based approach, executing real estate investments based on a firm understanding of market fundamentals and end-user demand,” said Glenn Lowenstein, chief investment officer of Lionstone Investments.

Hodes Weill, the New York-based placement agent, brokered the partnership.

Separately, Hermes has also appointed a new head of real estate debt. The firm appointed Vincent Nobel as a replacement for Marcus Palmer, who joined the company in the summer of 2013 before leaving a year later to join Royal Bank of Canada as managing director and head of committed lending.

According to sister publication, Real Estate Capital, the hire underlines Hermes’ continued ambition to be involved in senior lending in the UK, despite it becoming increasingly difficult to achieve strong returns over the past year due to heightened competition.

Nobel joined Hermes from M&G Investments, where he was a senior member of their senior real estate debt team for three years