

View from the top: Keith Breslauer, managing director of Patron Capital

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This interview was initially pencilled in for an hour, but as we start the Teams meeting, it is clear I won't have that much time.



Keith Breslauer, managing director of Patron Capital

A slightly frazzled-looking Keith Breslauer tells me he is in the US for personal reasons and that in 35 minutes there will be an announcement on whether the country will be added to the UK's "red list", making it impossible, or very expensive, for him to make it back to the UK, where he has been based for nearly 30 years.

The founder and managing director of European private equity firm Patron Capital bemoans the lack of clarity from government over Covid. He is not a fan of homeworking either.

“I think the concept of working from home is a joke,” he says. “It doesn’t work. It might work for a day; it might help to avoid mass travelling for one meeting, I get that. [But] if you have a company that has very different people, does that culture thrive or get worse when they’re not around each other? I’ll tell you that our culture, where we have 23 different cultures and languages has definitely got worse.”

Fortunately, it doesn’t appear to have affected Patron’s financial performance. This January, it closed Fund VI after raising €844m, which, as with previous funds, it intends to invest in distressed or undervalued assets across Europe.

So where does he see the big challenges and opportunities?

Over the last 21 years, Patron has raised circa €4.3bn from investors and closed 87 investments in 16 different countries. While the numbers are impressive property investment is often a means to what Breslauer regards as a more important ends than a commercial return on that investment. The firm is known for its focus on charitable giving, something that Breslauer is particularly passionate about. “It’s not just [about] me writing a cheque,” he says. “It’s me working with a disabled veteran or working with school teachers.”

Gender-lens fund

Last year, the firm launched the world’s first gender-lens property fund with social-impact investor Resonance. The Women in Safe Homes fund was created to tackle the lack of affordable, safe and secure homes for women who are experiencing homelessness, survivors of domestic abuse, involved in the criminal justice system or have other complex needs. The first closing of the £100m fund included a £1m investment from Breslauer himself.

He says it has been hard recently to tie down investment for this type of worthy initiative due to Covid-19. Another issue he has had to grapple with is managing the group’s existing assets during a pandemic. “How do you manage individual assets in the context of an opening and reopening scenario, and what about in the context of different European countries having different regulations?” he says.

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It is not just existing assets that have been giving him pause for thought. He is also acutely aware that investors plugging new money into a fund will expect a return, but it is difficult to predict what that will be given the current market uncertainties.

“How long will it take for an economy [to] rebound?” he asks. “What do you think about hotels? Will they reach historical activity levels in three years or two, or four? What does that mean [for] pricing?”

Although he has lingering concerns about some property sectors, he is relatively positive about the outlook for offices.

“No one’s really going anywhere,” he reasons. “Every one of our tenants, including ourselves, could probably do with 10% to 20% less space. People have discovered that it’d be pretty nice to have an office that’s closer to where people live.”

He adds that when the company reopened its own office it was 80% to 90% full during the week, and around 50% full on Fridays. “I think that’s probably a pretty good sign of what’s to come.”

What about what’s to come for Patron? Breslauer says a key priority will be to get the firm’s Punch Taverns pub business back on track. “We’ve got to bring [the pubs] back to life,” he says. “We have to get our weakest assets to perform better.”

The recent relaxing of lockdown restrictions should help in this regard. And with other sectors poised to fully re-open over the next few months Breslauer is optimistic about the future.

“There is believed to be more than £230bn of savings in the economy, of which more than £140bn is defined as excess savings, and I’m bullish on how this will impact the markets as it comes into the economy and powers the UK,” he says.

“Needless to say, this will evolve again when international travel re-opens and the significant amount of growth that has accrued in China and the US, which has already started to come into the market to some degree, will drive further activity.”

He’s particularly keen to see offices fully open up as he believes they are “imperative to the development of any business” – and it means he won’t have to work from home again.