Meet The Low-Profile Debt Whisperer Behind Boutique Powerhouse Brookland Partners

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Growing up in the tough East End neighbourhood of Leyton in the late 1970s and early 1980s, Nassar Hussain was careful about the route he chose to walk to school every day.

"As an Asian kid, for my generation it was a pretty hostile environment and you had to become street smart pretty quickly," he said. "Racial abuse was rife. Verbal abuse was a daily occurrence, coupled with occasional physical violence."

One of eight children in a family that arrived in the UK from Mirpur in Pakistan when he was a 1-year-old, with parents who did not speak English, Hussain grew up to found Brookland Partners, which operates as a reflection of Hussein: someone with a low profile, but a big reputation in the real estate industry.

In the wake of the last downturn, Hussain became the go-to guy for everyone from giant private equity firms to government bodies when they needed their real estate debt restructured. More recently, he has been involved in some of the most innovative debt financings in the market, including for the owners of the famous Pinewood film studios.

Over the last 10 years, Brookland has advised on more than €35B of transactions, successfully competing against global institutions and in many cases replacing industry beasts when they couldn't get the job done.

Bisnow spoke to Hussain about his views on how the crisis brought about by the coronavirus might impact the real estate lending industry, where distress will emerge, and the opportunities it might bring as he repositions Brookland for the future. He also discussed how a challenging childhood can drive success — but sometimes hinder it — and how it can still influence his business perspective decades later.

Impostor Syndrome

"The thing about a crisis like this is that it actually gives you the time for proper reflection, why you behave the way you do and what you need to change," he told *Bisnow* over Zoom from his North London home, with a signed picture of Arsenal playmaker Mesut Özil on the bookshelf behind him.

"A key issue for me during my professional career, and for many individuals with a similar background, has been dealing with feelings of impostor syndrome and constantly doubting the achievements you have accomplished."

That statement could seem bizarre given Hussain's career. After studying at University College London, he became a lawyer at Clifford Chance before leaving for investment bank Merrill Lynch in 2000 and setting up its European CMBS programme.

In 2009, as the last crisis was reaching its nadir, he set up Brookland, a boutique investment banking firm, which, inevitably at that point, focused on restructuring, particularly in the CMBS field.

Major transactions it worked on included the 2013 restructuring of the €4.3B of securitised debt held by German giant Vonovia, which needed to be refinanced to allow the business to float. It is now the largest owner of rental housing in Europe.

FMS, Germany's bad bank, appointed Brookland to sell a portfolio of Boots chemists it owned and advise it in the restructuring of highly leveraged hospital property owner BMI. It also advised on the debt negotiations that ultimately led to the sale of Plantation Place in the City of London, and the purchase of Royal Mint Court, which was later bought by the Chinese government for a new London embassy.

In the complex debt restructuring and sale of distressed care home company NHP, Brookland replaced global investment bank Deutsche Bank and completed a sale of the business and managed to get lenders who had previously opposed a deal to sign up.

"When you go into battle, he's the adviser you want to have by your side," former Capita Head of Primary Servicing Jim O'Leary said.

Capita was the servicer that represented bondholders on many of the securitised debt deals on which Brookland worked, and as such O'Leary hired Hussain on multiple occasions to work out complex issues. O'Leary is currently working in his native Dublin as a consultant.

"[Hussain] is more comfortable working in the background, in a field where there is a lot of big egos," O'Leary said. "He always made sure that he did right by the client. There are a lot of people who went on to become big players in the debt fund world who at that time behaved pretty badly, but he was never one of them."

His competitors developed a begrudging respect for him, said David Henriques, a former rival at debt advisory and asset management firm Cairn Capital, who now is chairman of Azur Group.

"If you ever lost a mandate to him, you knew the client would be getting good advice," Henriques said.

The Name's Bond, High-Yield Bond

Brookland's business has centred on having a small number of loyal clients, a situation exemplified by one of the most striking deals of the recent cycle: real estate private equity firm Aermont's purchase and refinancing of the Pinewood film studio company, which has two main facilities to the west of London as well as other smaller outposts around the world.

Famous franchises like *Star Wars*, *James Bond* and *Harry Potter* have been filmed at the company's studios in Pinewood and Shepperton. Aermont took Pinewood private in 2016 in a £365M deal in which the innovative financial structure put in place by Brookland proved to be crucial.

Brookland persuaded the company's existing leveraged finance lenders to allow a change of control, and it brought in a real estate mezzanine lender that agreed to have no security over the company's property assets. This meant that Aermont's debt was significantly cheaper than that provided by a new external lender, and helped the deal to a successful conclusion.

Once it bought Pinewood, Aermont refinanced its existing £195M debt with a high-yield bond in 2017, with Brookland advising it again on strategy.

Many investment banks were of the view that the planned £300M issuance would not attract investor interest, but the deal ended up oversubscribed. The unusual road show to sell the bonds to investors might have helped.

"A showfilm is played before each investor presentation about Pinewood's role in the film industry, with clips of some of the films that have been shot there," Hussain said. "They are the films people remember from their childhood, and it is impossible not to have an emotional attachment to these movies."

Following big deals with Netflix and Disney, both reported to have taken long leases at Pinewood and Shepperton, Aermont refinanced the business again in 2019, at the height of Brexit uncertainty.

Brookland advised on another high-yield bond financing, this time increasing Pinewood's debt to £600M with its value having grown from £365M to £1.15B in three years.

'Taking The Next Deal Rather Than The Right Deal'

Hussain said much of his success has been driven by the experiences of his youth and a sense of being the underdog, even after he had established a hugely successful career in real estate.

"The experience you have when you are young stays with you for life, and it is in the background impacting the way you behave until you acknowledge its influence and then address it," he said. "Growing up in the environment I did, you tended to rely more on yourself, and it took you longer to establish trust in other people."

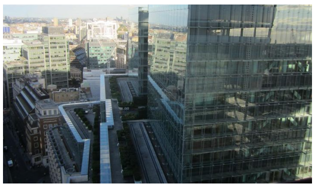
While he has a stable of loyal clients, sometimes that lack of trust can be justified. After one significant restructuring in the company's early days, the owner of a building who had just seen his debt restructured and the value of his asset increase substantially didn't pay Brookland its fee, citing a legal technicality and a duty to shareholders, Hussain said.

"I was just depressed that investors of that scale could turn round and do that, it really affects your faith in humanity," he said. "We were a young business and worked for months to achieve a very successful result. From then on, we ensured our contracts were watertight so people couldn't back out of paying their fee."

Growing up in a tough environment makes a person more aware of how precarious financial security can be, Hussain said. It drove him to work hard and to a high standard, but operating solely on survival instincts doesn't leave room for big-picture thinking.

"I think sometimes in the early years of Brookland I took the short-term view, taking the next deal rather than the right deal," he said.

"As a boutique business owned just by its senior employees, you face a lot of pressures. You are competing against global brands every day who have significant resources and significant client relationships. You may close a groundbreaking transaction one day, but then still worry whether there may be another deal around the corner."



His industry peers have taken notice.

“If he has an Achilles' heel, it is that he has never been able to scale his business up," Henriques said. “He runs a tight ship and likes to be in control, and hasn’t seemed to want to take the risks that come with expanding.”

“The trouble with having repeat business from loyal clients and relying on word-of-mouth is that it is a small pool and makes it hard to scale,” O’Leary said. “Nassar is very involved in everything the firm does, you get a very personal service, and that makes it difficult to have the bandwidth to take on more deals.”

“We have achieved some amazing successes for our clients but it has predominantly been on large complex deals and across multiple product areas,” Hussain said. “One day, we may be working on a restructuring, the next a loan portfolio sale and the day after a capital markets financing. As a boutique business you always believe you have to outperform and overdeliver. Whilst your clients are highly appreciative of your approach, it can prove difficult to fully delegate and scale up.”

The Distress Ahead

As the market moves into the next downturn, Hussain and Brookland’s services will no doubt be called on again, as real estate borrowers run into problems. But this time the distress in the debt sphere will be different.

Last time around, the distress was located in large complex deals, often securitised, where companies had been saddled with too much debt and values had dropped, meaning that if lenders wanted to force the sale of assets, they would have to take a loss.

This time, companies, not assets, are overextended, especially where their income has been threatened by the impact of the coronavirus. Hussain points to the debt travails of shopping centre REIT Intu and cinema chains like AMC Theatres.

The majority of expected distress will be in the corporate debt sector, he said. Should the lockdown continue for an extended period, it will undoubtedly impact real estate debt secured on hospitality assets in their widest forms, from hotels to serviced offices to arenas and student accommodation.

This will initially feed through as shortfalls in rent, and depending on the duration of the crisis, will result in increased vacancies, reduced rents and a material drop in capital values. He said that there has been little sign of distress among lenders so far, but it is coming.

“The next quarter day [when quarterly rents need to be paid] in June will be the starting point,” Hussain said. “That is when lenders will need to start determining whether this is just a temporary problem or if it is something long-term that needs restructuring.”

Retail is of course a major locus for issues with loans: The sector was struggling before the pandemic and with most stores closed, retail property owners are likely to be in breach of loan-to-value and interest cover covenants. And lenders will have some tricky decisions to make.

“A big part of the strategy has been to amend and extend, but when values drop below a certain level lenders may see a different response from owners,” he said. “A lot of owners of these assets may now be more than willing to just hand the keys back, or ask lenders to pay them to continue managing the assets.”

”It has proven to be very difficult to re-create value lost in recent years,” he added. “For lenders, some might now take this opportunity to take much bigger provisions on retail loans and any future losses are more likely to be associated with COVID-19, than perhaps excessive lending to the retail sector at the wrong time.”

Building For The Future

Whilst Hussain sees a need for Brookland’s restructuring services in the near term, his longer-term focus is on building one of Europe’s leading debt arranging firms.

“There has never been a more important time for real estate owners to have the right debt advice, especially as we enter a period of uncertainty and a highly fragmented debt market across Europe,” he said.

Hussain’s fellow partner in the business is Georghios Anker Parson. Another high achiever, he became an equity partner at the age of 30 within five years of joining Brookland straight from Cambridge University.

“By focussing more on one core product area, we hope to scale up the Brookland business and build a meaningful presence across Europe,” Parson said. “Whether it’s a £10M bridge or development facility, a £50M investment loan or a £500M high-yield bond together, we want to make Brookland the go-to firm for any real estate investors’ needs in Europe.”

One of the few positives from this crisis is the opportunity for reflection, on how to push forward one's business, but also oneself.

"Every single day I try to think about how I can improve," Hussain said. "How I can add more value to my clients and how I can give back more socially."

See Also: David Atkins' Time At The Hammerson Helm, Reviewed

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