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# Q+A: ActivumSG on German NPLs, Spanish hospitality and the next stage of growth

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**Maryland natives Saul Goldstein and Eric Lemer discuss special situations, distress opportunities and finally working at the same firm after 17 years**



Saul Goldstein and Eric Lemer

Saul Goldstein and Eric Lemer both grew up in the Maryland suburbs of Washington DC but didn't know each other at the time. They also both moved to Europe for their respective careers in the mid-noughties.

Saul Goldstein left his Frankfurt-based managing director position at Cerberus in 2007 to set up ActivumSG – splitting his

time between a Regus office in Berlin and what he calls “a mouldy basement” in London’s St John’s Wood area – Lemer was working within Credit Suisse’s real estate fundraising group. The latter got Goldstein’s mobile number to congratulate him and the two met for coffee.

That day, Lemer told Goldstein he wanted to work with him. While they kept in touch through the years, the timing was never right, but more than 15 years later the two Maryland natives have made it happen, with Lemer [joining ActivumSG in March 2024](#).

Lemer was appointed as head of global client solutions and capital formation, a newly created role at the pan-European investment management firm, after what he jokingly refers to as “a long hiring process”. ActivumSG has raised close to €3bn in discretionary capital from a mix of institutional investors since its foundation and has offices in Germany, Spain, the Netherlands and the UK.

*React News* sat down with Goldstein and Lemer to discuss ActivumSG’s growth plans following the appointment, special situations and opportunities in Spain, the UK and Germany.

## **Saul, how did you start ActivumSG?**

**Saul Goldstein (SG):** I literally dialled for dollars. At Cerberus, I never met with any investors. The capital was already there and it was just a chequebook I could use for good investments. When I left in May 2007 because I always wanted to set something up on my own, I thought: “I have some money saved. How hard can it be to create my own chequebook?”

OK, it was a little harder than I thought but that’s the benefit of being young. I was splitting my time between a mouldy basement on Loudoun Road in St John’s Wood, where my family and dog lived, and a Regus office in Berlin.





ActivumSG's first investment was Goldpunkt, a value-add office in Berlin's Prenzlauerberg area

I started meeting investors in the US and Europe, and when they asked me what I would like to do, I'd say: "There's an opportunity to buy a value-add office in Germany and there are no good operators. I'll be the operator and the fund at the same time. I'll be vertically integrated." I was calling and meeting different people and one person would lead me to another.

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SAUL GOLDSTEIN

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I started to build my team, initially asset managers, in the summer of 2007 and we had our first fund close – €45m – in August 2008. Then we got to €56m and suddenly the market collapsed, so I called for capital. The first call was for an office building in Berlin that we bought in the winter of 2008 for €500/sq m. We made over a 20% IRR and proved to investors and the market that we knew what we were doing.

### **Eric, why was 2024 the right time for you to move on from EQT Exeter?**

**Eric Lemer (EL):** I joined EQT from Delancey in 2019. It was 27 people at the time and about €1bn of assets under management. In 2020, we finished raising our second pan European fund and a significant amount of co-investment which took us to €2bn of equity under management.

*“While I am still close with the leadership team, it felt like I had done what I had to do there”*

ERIC LEMER

As head of business development for real estate, I introduced EQT to the owner of Exeter Property Group (and vice versa) and we ended up buying them for \$1.9bn in early 2021. That’s when we went from 27 people in Europe to 250 people in Europe and the US with €11bn of equity under management. Through some M&As and a strong period of capital raising, EQT Exeter reached over 450 people and €27bn of equity by the end of last year. While I am still close with the leadership team, it felt like I had done what I had to do there.

### **You and Saul have known each other for almost two decades but why join ActivumSG?**



**EL:** I wanted to work for a company at a different stage in its life cycle and Saul was at that interesting inflexion point in terms of wanting to continue to grow, albeit thoughtfully, while we both agreed that the market was coming back to where it was in 2007-2008, when he started the business: distress, NPLs, etc. While ActivumSG has executed in a number of sub-sectors of the European accommodations space, I liked the fact that the firm is not sector-specific and willing to take a contrarian stance to identify real estate and real estate-related opportunities with strong underlying fundamentals at compelling entry prices.


*“ActivumSG is one of the few remaining independent pan-European investment managers and it is exciting to be part of an opportunity, where the senior team can decide what they want to do”*

ERIC LEMER

At 53 years young, I wanted to try and do something else where I believed I could add a little more value to and have more of an impact. ActivumSG is one of the few remaining independent pan-European investment managers and it is exciting to be part of an opportunity, where the senior team can decide what they want to do.

### **How will Eric's hiring help bring you to the next stage?**

**SG:** It is a people business, with a lot of trust involved. The same way that investors look at us when they decide to work with a manager. It's not just some corporate entity that they're investing with.

 of what Eric is looking at is different ways to slice the pie in terms of the return profiles and product types. We're



at a good inflexion point in the business where we can be sensitive to it, whereas in the past we didn't have time to look at it.



In July 2022, ActivumSG set up UK senior living developer and operator Opus

**EL:** The ActivumSG senior team has been working together for 15 years. What I believe I can bring to ActivumSG is someone who has worked at a public company, at private companies as well as a family-owned entrepreneurial business, like Delancey, and I have seen what works and what doesn't work when it comes to scaling a business and how to raise capital in today's market.

What's interesting is that our funds own or control a number of vertically integrated operators. For example, one of our funds owns Carestone, Germany's largest developer of senior housing, so we can ask our investors if they are interested in an ActivumSG German-focused senior housing vehicle. We don't execute with joint venture partners and we try to do everything on a direct basis, which provides a much higher degree of control.



## Last year, you didn't deploy any capital. Will it be different this year?

**SG:** The last transaction we did was to buy a number of mispriced corporate real estate bonds in the fall of 2022. Since then we haven't seen anything we felt was interesting enough. Everything is constantly being repriced. We had periodic updates where we'd say: "We'll do stuff if it's compelling," but nothing felt compelling. Cap rates were still moving, residential developers were still finding it challenging and land prices were still dropping. The sales figures in the residential sector were atrocious pretty much everywhere apart from the Netherlands.

*"We're now seeing opportunities to deploy more than €100m this year but we do not have a specific pacing plan"*

SAUL GOLDSTEIN

We didn't deploy but we focused on the portfolio. We have a lot of investments in corporate entities, including residential and commercial developers in Germany, the Netherlands and Denmark so we had to do a lot of work to make sure that the management teams were focused on the right things too.

We're now seeing opportunities to deploy more than €100m this year but we do not have a specific pacing plan.

## What are those opportunities?

**SG:** There's a huge opportunity in the middle market space in the UK, Germany, the Netherlands, Denmark and Spain. In all these geographies, we do direct investments, corporate platforms and special situations. We like the living sector, including residential, care homes and hospitality.

We're at a point in the cycle where special situations is interesting. You're buying a loan from a bank and selling off some of the collateral you don't want to only keep the assets you like. That's great.

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And then you have corporate platforms, with opportunities where groups really need capital very quickly. That tends to be a segment you have when the market is back in a growth phase.

But fundamentally at this point in the cycle, it's more of an asset play where you're buying from their existing book of assets at an attractive price. You're buying it for the land value or something else that you really have visibility on.

### **You've been very active in Spain recently. What are you looking at in the country?**

**SG:** The hospitality sector is interesting because the hotel stock is a bit old, with limited service, and a lot of it is mom-and-pop-owned. There's an opportunity to take lower-star assets that need a lot of capex and improve them.

The Tech-Stone hospitality development team along with the ActivumSG team built approximately 1,600 rooms across a handful of hotel projects. We're working directly with the d. There's no other developer that's disintermediating the



capital from the construction and I think that control is really valuable in these complex projects.



ActivumSG recently sold the four-star Palacio Solecio hotel in Málaga for €51m

We've also done investments in what we call powered land in Spain, which is either logistics land or land that can bring power to data centres. We're looking at that a little more seriously now. I don't think we'll necessarily be operating these assets as it's a whole other business, but there is certainly a lot of opportunity.

### What other European markets are interesting?

**SG:** Germany is interesting from the distressed angle on developers in the residential, nursing home and elderly care sectors. In Germany, we're also looking at some NPL-related liquidation in the financial sector. I hadn't looked at NPLs in Germany since 2005, when I was still at Cerberus. Banks that are owned by private equity or capital that can move a little more quickly want to recognise losses, push them out and move on. The faster they move, the more they can get back to business.

*“The office sector will reprice to a level that becomes interesting at some point”*

SAUL GOLDSTEIN

In the UK, there are three interesting segments – refinancings; capital needs where the banks aren't there; and people who have to dispose of products – all of which lead to opportunities across sectors. We've seen a lot of available office product. We've shied away from it because we don't want to be a lender of last resort. But the office sector will reprice to a level that becomes interesting at some point.

**As Eric said, you're one of the few remaining independent pan-European investment managers but how often do you get approached to sell the company?**

**SG:** Often, but the reality is I'm perfectly happy. We're institutional. Everybody has come from a big company environment and we like to think we are quite nimble. There's a space for groups like us. I'll talk to a large institutional investor or family office and they'll say: "We've got an allocation with one of the big guys and but we also like working with you."

