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# Asacred trust

Keith Regan learns how TVO Groupe sees opportunities to grow and adapt even in today's harsh real estate and financing climate

Chicago-based TVO Groupe has been in the property services and investment marketplace since 1978. Along the way, the company, through TVO Groupe, TVO North America and TVO Development, has built a robust platform by working with partners such

as pension funds, institutional investors and high net worth individuals to identify and acquire income-generating properties across a wide range of specialty areas.

The firm's core has long been in the residential multifamily space—its portfolio has included some 150 such properties representing some 50,000 individual housing units—but the platform has grown to include medical office and specialty healthcare, mixed-use developments, hotels (including an award-winning Hilton Garden Inn on the campus of the University of Texas at El Paso) and more than three million square feet of industrial logistics space in the Texas region.

Today, the TVO footprint extends from Philadelphia south to Florida on the East Coast, across the major Midwest and Rocky Mountain region to Texas, Arizona and New Mexico in the Southwest, with deals in the works to extend that to the West Coast and the Pacific Northwest. TVO also has a growing international presence, with both operations and partnerships in European markets such as the United Kingdom, Ireland, Poland, Czech Republic, Slovakia, Hungary, Bulgaria, Germany and the Netherlands. Chairman and co-chief executive officer Wayne Vandenburg says additional opportunities are being vetted and explored in places such as the Middle East/Gulf Region as well. "We've built and refined over the years a very dynamic platform that we've been able to bolt opportunities onto as we've grown and expanded," he says.

Along the way, not every transaction has worked out exactly as hoped. But the firm has managed to keep mistakes to a minimum. "I would say that 90 percent have worked out to our satisfaction, and there just haven't been many of those that we've looked back on and thought of as a mistake."

The current economic and financial situations are bleak and without precedent in many ways, Vandenburg says, though the late 1980s calamity that started with the failures of many savings and loan institutions and resulted in the Resolution Trust Corporation being formed is often overlooked when comparisons are made. "That eventually spread to the whole country, but it was devastating in the Southwest in particular," he adds. "This is similar, but

different for a lot of reasons. This is something like none of us has ever seen. We didn't get into it overnight, and we're not going to get out of it overnight. We don't run from this type of

Vandenburg was asked by a local reporter what TVO would teach the locals about property management and ownership. "I told them nothing, that we expected to learn from them. I



**“In our business, you're on call 24/7 because you're being entrusted with someone else's money. To us that's a very sacred trust, and we do everything we can to live it up to that trust and expectation each and every day”**

challenge because for every coin there's one side that's all bad news and the other side has opportunity written all over it.” TVO is planning for rents and revenues to be down for a while, followed by a period of stagnation and stabilization before growth finally returns.

TVO is responding by being flexible and scouting for opportunities. “We try to re-engineer ourselves every day. We are not a static organization.” In fact, though TVO primarily managed the investment properties in which it had a stake as a principal, more recently TVO has been approached by third parties, including its institutional partners and pension funds, seeking to turn over the property management responsibilities to the company in properties where TVO is not an investor or principal. “We've never been operating in the 'third-party' property management business as a business platform, but today we are in a very big way. We've earned that expertise, discipline and focus from our longevity in this business.”

As it grows, TVO knows that as valuable as its platform is, the new markets it enters and the new partners it forges working relationships with bring much to the table as well. While announcing a new partnership in the Netherlands, for instance,

think the answer blew them away because they initially thought, 'Here come the ugly Americans again, ready to teach us how to do our business.' But the fact is that we're not the experts in their market, and the knowledge and experience we bring is what has worked extremely well in the US market. They're the ones with the local knowledge who have been doing this for a long time. We bring that humble approach to all our new endeavors. We're always ready to learn.”

Several new partnerships in Europe are in the works, including close-to-being-consummated deals that will dramatically increase TVO's footprint on the Continent. One in particular is the acquisition of the property and facility management business from a large stock market-listed real estate investment and development company operating in Central and Eastern Europe, where TVO now adds another six million-plus square feet of commercial and residential properties under management as a high quality, well-educated team of professionals. Meanwhile, new deals are in the advanced stages within the US as well, with a focus on parts of the Far West where TVO has yet to have a significant presence. “We see a lot of opportunities, and some properties that are being priced at distressed levels represent good bargains.”

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TVO is always poised to grow in all possible ways. Even amid the downturn, TVO is constantly seeking to find potential new recruits for all levels of its workforce—from the property management staff on the ground level all the way up the ranks to senior managers and executives—who bring value.

“We’re recruiting all the time,” says Vandenburg. “You never stop looking for the best people, because they are what drive our overall success.” The company uses its TVO University, an online learning platform, as a method of training property

and facilities management employees and others, enabling them to earn advanced certifications at their own pace through the online schooling. “You can’t be serious about this business if you’re not providing training all the time.”

The best formula for success in the property space remains a simple one, the CEO adds. “We have good people, a sound operating plan, a good strategic plan, sufficient capital, and we’re not afraid of getting our fingernails dirty. We’re in the trenches every day of the week. In our business, you’re on call 24/7 because you’re being entrusted with someone else’s money. To us that’s a very sacred trust, and we do everything we can to live it up to that trust and expectation each and every day.”

– Editorial research by Joe Louis ■

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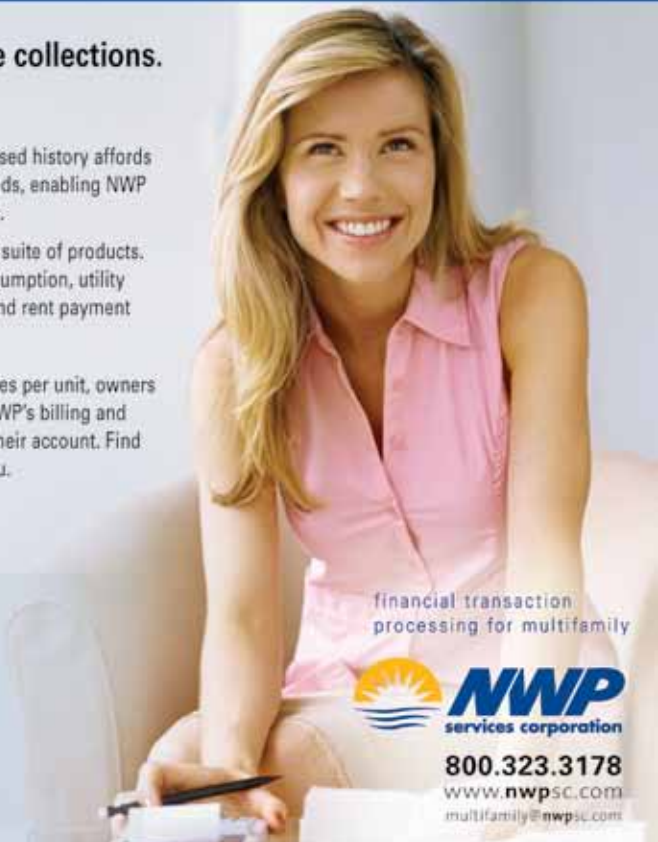
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