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Real Estate Firm Looks To Be A Slam Dunk For Institutions

Daniel Bassichis isn't naïve. He knows that partnering with NBA Hall of Famer David Robinson has created immediate awareness for their real estate firm Admiral Capital Group—aptly named after the nickname of the retired San Antonio Spurs center, who is a graduate of the U.S. Naval Academy

"If we were just a couple of guys starting a real estate fund, no one would care about what we are doing," he said.

But Bassichis also knows that a name only goes so far. And ultimately, it is the results of Admiral that will create sustained awareness for the fund and its efforts in the community.

To help solidify its initial efforts, the firm has partnered with USAA Real Estate Company, which committed \$50 million and significant back office and deal generation resources to Admiral, such as access to its legal, accounting and reporting infrastructure, as well as access to the organization's due diligence and acquisition team.

"For any emerging manager to have to recreate that would cost a lot of money," Bassichis said. "We instantly had a well-oiled machine."

Bassichis said he and Robinson had begun working together about 10 years ago on various projects, including the The Carver Academy, a San Antonio-based school founded by the Hall of Famer in 2001, and the relationship evolved into discussing avenues to combine the duo's interests in real estate and education in low-income communities.

Ultimately, the pair founded Admiral Capital Group, which will donate a portion of the firm's carried interest and management fee income to support Robinson's charity work.



The firm focuses on value-add opportunities in four sectors—office, hotel, multi-family and retail—across the top 25 major domestic markets in the U.S., with a goal of achieving 15-20% returns and a target of 60% debt.

Ultimately, the fund anticipates completing 15-20 deals.

The fund also has a goal to positively impact communities through its work, with the firm donating a portion of its carried interest and management fee income to support Robinson's charity work, which includes The Admiral Foundation, Living Cities and The Admiral Center.

Bassichis said the focus on strong investments and

its support of communities makes Admiral a "very unique partner. We are coming in with the capital like any real estate partner, but we are bringing much more to the table," he said.

The relationship with USAA-which both Robinson and Bassichis are members of-stemmed from Robinson's work with the organization, including having served on the board of the USAA Federal Savings Bank.

"He knows the company from the inside," Bassichis said. "He knows their senior management team and knows they always do the right thing."

Bassichis said he agrees there are some obvious comparisons between Admiral and the real estate joint venture between fellow NBA Hall of Famer Magic Johnson and Canyon Capital Realty Advisors, but believes the main difference between the two firms is that Admiral has a goal to move toward independence.

"We plan to leverage USAA and specifically their back office and their capital markets team, but we have this multi-fund path to be relatively independent," he said, adding that the firm plans to start hiring its own professionals and conduct more of its own deal sourcing as it grows.

Along with the USAA partnership, Admiral was also able to raise an additional \$50 million from high-net-worth and family office investors, as well as one university endowment and recently received a \$15

million investment from the Teacher Retirement System of Texas.

Stuart Bernstein, investment officer at the Texas Teachers' plan, said the fund has had a long relationship with USAA and found the partnership with Admiral compelling because it provided an opportunity to access deals smaller than what USAA typically invested in while also aligning the goals of the firm with the principles of Admiral to help grow and shepherd the new firm.

"That is a great opportunity for a group not only to be successful in Fund I but also grow their business for decades," he said.

So far, Admiral has made five investments: a hotel in Las Vegas, two office buildings in Austin, Texas, an office building in El Segundo, Calif., and a hotel in Houston.

Bassichis said that the five deals show that Admiral's partnership with USAA is working smoothly and both organizations' incentives are aligned.

"USAA saw this as an opportunity. We can be nimble but we have the process and infrastructure of USAA," he said. "Although we moved rather quickly, we had to go through an investment committee of three people from USAA and the two of us... We still have that oversight that for a pension to look at us as an emerging manager, they can say ok they are still not investing money unless the three senior folks of USAA are approving the deal."