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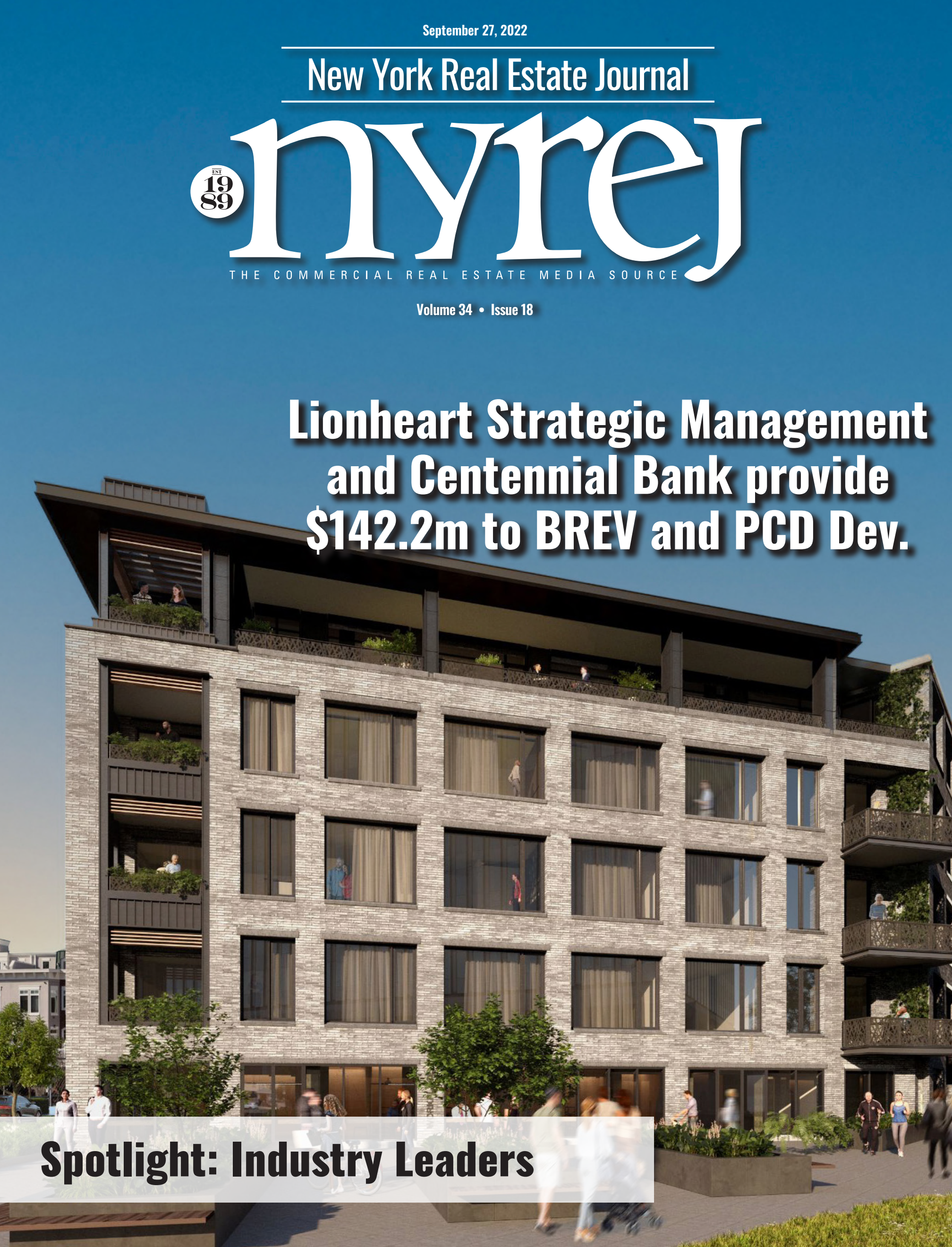
New York Real Estate Journal

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**Lionheart Strategic Management
and Centennial Bank provide
\$142.2m to BREV and PCD Dev.**

Spotlight: Industry Leaders



A look inside this issue:

September 27, 2022



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Taylor and Falzarano of M&T Realty Capital place two loans totaling \$24.3 million

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Deborah Smith**

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Leaders**

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Urbahn Architects and Citnalta Construction complete 48,000 s/f office renovations

Photo by Ota Wilk Photography/Wilk Marketing Communications

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WEEK 4

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EXECUTIVE OF THE MONTH

Deborah Smith of The CenterCap Group has built a reputation as a life-cycle advisor, providing customized, well-informed guidance to CRE operators, REITs and investment managers



Deborah Smith

NEW YORK, NY The *New York Real Estate Journal* (NYREJ) sat down with Deborah Smith of The CenterCap Group for a question and answer session. Smith is co-founder and CEO of The CenterCap Group and heads the firm's strategic capital and M&A and Execution efforts.

NYREJ: What inspired you to start The CenterCap Group (CCG)?

Smith: I took an unusual path to entrepreneurship. I thought I was going to be a tax attorney when I finished university, but my career took off in another direction—investment banking. An interviewer at Morgan Stanley took a chance on an Australian girl with a dairy farming background, no finance degree, and a suit that didn't quite fit right! As life would have it, not only did investment banking turn out to be the right career, but it helped me realize what I really loved—analytics, strategy, and solving problems. Which is somewhat the genesis behind CCG.

During the 2009 GFC, I co-founded CCG, a boutique

investment bank, as a response to what we perceived as shortcomings of the investment banking universe. After many years working at bulge bracket investment banks, my co-founder and I moved to CBREI Global Investors and were co-heads of their global M&A practice. Shortly after we started, we were reviewing an asset portfolio that we ultimately decided to pass on, and a colleague of ours called us and said, “welcome to the buy-side. A lesson in transaction discipline and saying “no.” Not every transaction is a good transaction. We viewed the real estate sector differently after that. We believed that investment banking teams that covered us lacked that type of ‘boots on the ground’ understanding about the industry. We had also amassed a huge network of capital relationships, understood both public and private markets, were independent with no research or trading capability, and took no outside money. Unique. We took our knowledge, relationships, expertise, and experience and defined ourselves as “*All Things Real Estate*.” Time has allowed us to play our strategy out and here we are, 13 years later. It's been quite a journey.

NYREJ: How do you differentiate CCG from the competition?

Smith: I don't believe there is another boutique investment bank that does exactly what we do. We see other firms in one of our business lines or another, but our business is driven by an expertise that we understand real estate and corporates, what they do, and at a depth and level far superior to other advisors. After 15 years focused on the sector, suffice to



Photo credit: Kamara Photography

say, we also know a lot of people. Besides, how many women-owned real estate focused investment banks exist today? None that I am aware of! Sometimes that makes us contrarian, but we aren't afraid of taking on an opportunity that doesn't fit the standard mold or seems complicated; we recognize the opportunity. For example, during the pandemic, we closed on a shared office space transaction and also secured growth capital for our client. Same story in the retail sector, where we advised on the sale of a retail investment manager during the pandemic. We believe we were pack leaders in thinking about technology's role in the real estate space (and still are) as well as supply-chain oriented sectors such as cold storage and logistics—two more widely favored sectors now. We completed a \$3 billion joint transaction in the logistics space late 2021 and were out ahead on active adult living, the unique role insurance companies play in investment manager growth, and the role private capital can play for public REITs. Our knowledge translates into informed advice and ensures we can deliver customized, well-informed guidance as operators, REITs, and investment managers look to grow. Sometimes that can be achieved via a strategic transaction or a recap, but not always. We have the full suite of services to help companies think through all options.

NYREJ: How do you think the industry has evolved over the past five years? Where is it headed?

Smith: Over the past five years, mega-fund managers dominated headlines. Big deals, big fund raises; chasing scale. Today, two interesting trends have emerged—the refocus on smaller/mid-sized managers that offer a ‘personal touch’ and more customized services, and secondly, a desire by investors to get closer to the real estate. What that means is a migration trend favoring investment managers with a specific expertise—whether product, geography, or distribution channel and vertical integration. As a result, we're also seeing significant activity with first-time fund managers—many of which are specific expertise owner/operators. Bricks and sticks firms are in the spotlight of larger players, including insurance companies, alternative managers, and foreign players, looking for add-ons or players to build growth strategies around.

With that shifting mindset, we're well-positioned because the spotlight has shifted heavily to the middle market—the origins of our firm. It's all about strategy and access to the middle market, understanding real estate trends, where the market is going, and how to position companies for growth. But we have continued to invest in our bulge bracket banking overlay. For example, Lisa Beeson, came

onboard in 2017 and she previously ran real estate M&A groups for Wachovia Securities and Lehman Brothers after a long stint in Morgan Stanley's M&A group. Her expertise with public companies, including REITs, is pretty much unmatched. Bringing that combination and level of public and private expertise, capital raising, and consulting capabilities into one firm is very powerful.

NYREJ: What's up in the future for CCG?

Smith: We have three core business lines—mergers & acquisitions, capital raising, and a corporate advisory practice. Our goal is to continue with building success upon success in those practices. In the past year, or so we completed 12 assignments with all three business lines incredibly active. We will also focus on expanding our ESG consulting practice, fairness opinion, and REIT advisory services. Our objective is to consistently be the first name to come to mind for investment managers, REITs, investors, and owner/operators when seeking an advisor. Most of our business comes from existing clients, industry word-of-mouth, and people who have heard of us on the street. We've built a reputation as a life-cycle advisor for our clients, and typically complete multiple assignments with each client. We're in a nice place and excited about the future.



Photo credit: Kamara Photography