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Dallas' Revere Capital launches $350M fund targeting commercial real estate debt

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Clark Briner does not want to own real estate, but the founder of Dallas-based Revere Capital does like to help source interim debt on behalf of commercial property owners and developers.

"We are the best in the business in sourcing, structuring and working through investment opportunities, particularly in real estate," Briner told the *Dallas Business Journal*.

Revere Capital Founder Clark Briner has launched his firm's third fund totaling $350... more

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"There are not too many people out there with the track record we have, with no losses during the downturn," he added. "If there's any chance we may take a property back, we don't do the deal. We do not want to own real estate."

That success has led Briner and his team to launch its latest $350 million fund – the Revere Credit Opportunities Fund III LP – targeting two- to five-year loans to real estate investors and developers in all aspects of commercial real estate, albeit land. Each loan is expected to range from $3 million to $30 million.

This fund comes on the heels of two other successful funds in the decade-old firm's history.

In 2013, Revere Capital launched a nearly $250 million fund, called High Yield Fund, specializing in bridge and mezzanine debt under 18 months. The High Yield Fund targeted loans from $2 million to $20 million.

The firm's initial fund was a $50 million fund for short-term commercial real estate borrowers, which opened in 2010 and closed in 2013 with all capital and profits paid back to investors.

With a ready market of real estate investors seeking debt, Briner said the timing was right to launch the firm's largest fund yet. We chat with Briner about the fund and what this could mean to the market:

What made you decide to launch a third fund? The market is terrific for what we do. Revere Capital buys and originates real estate debt and you have a confluence of debt from the CMBS bubble of 2006, 2007 and 2008 that is maturing in 2016, 2017 and 2018. We're seeing nearly $1 trillion of CMBS loans coming due over the next three to three-and-a-half years, of which some experts say 20 percent to 40 percent of the CMBS coming due will not be able to be refinanced. That's where the private debt funds will come in and play well.

How much competition are you running into in the industry? There's definitely an increase in the competition. People have seen the great risk-adjusted returns we are able to get and there are some Johnny-come-lately's from some large, legitimate firms to some small shops. Everyone serves a niche. There are only a few firms, like Revere, that serve nationwide and can write a $3 million to $30 million check size. Traditionally our peers don't have the footprint we have or the caliber of underwriting or geographic diversification.