

Real Estate Asset Program

Center for Real Estate, Marquette University

Summer 2021



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UNIVERSITY

College of Business Administration
Center for Real Estate

Executive Summary

WHAT

Marquette is starting a **real-world student-focused investment program in real estate**

HOW

Students (led by an experience program Director) would pair with a group of investors to **acquire commercial real estate properties and provide ongoing investment management**

WHY

Applied-learning is the **future of education** in real estate, and Marquette would be the **first program in the nation offering this at the undergraduate level**

NEED

Marquette is seeking both (1) experienced **candidates for the Director role** and (2) partners interested in sharing **deals for student evaluation and possible investment** by the REAP investment committee



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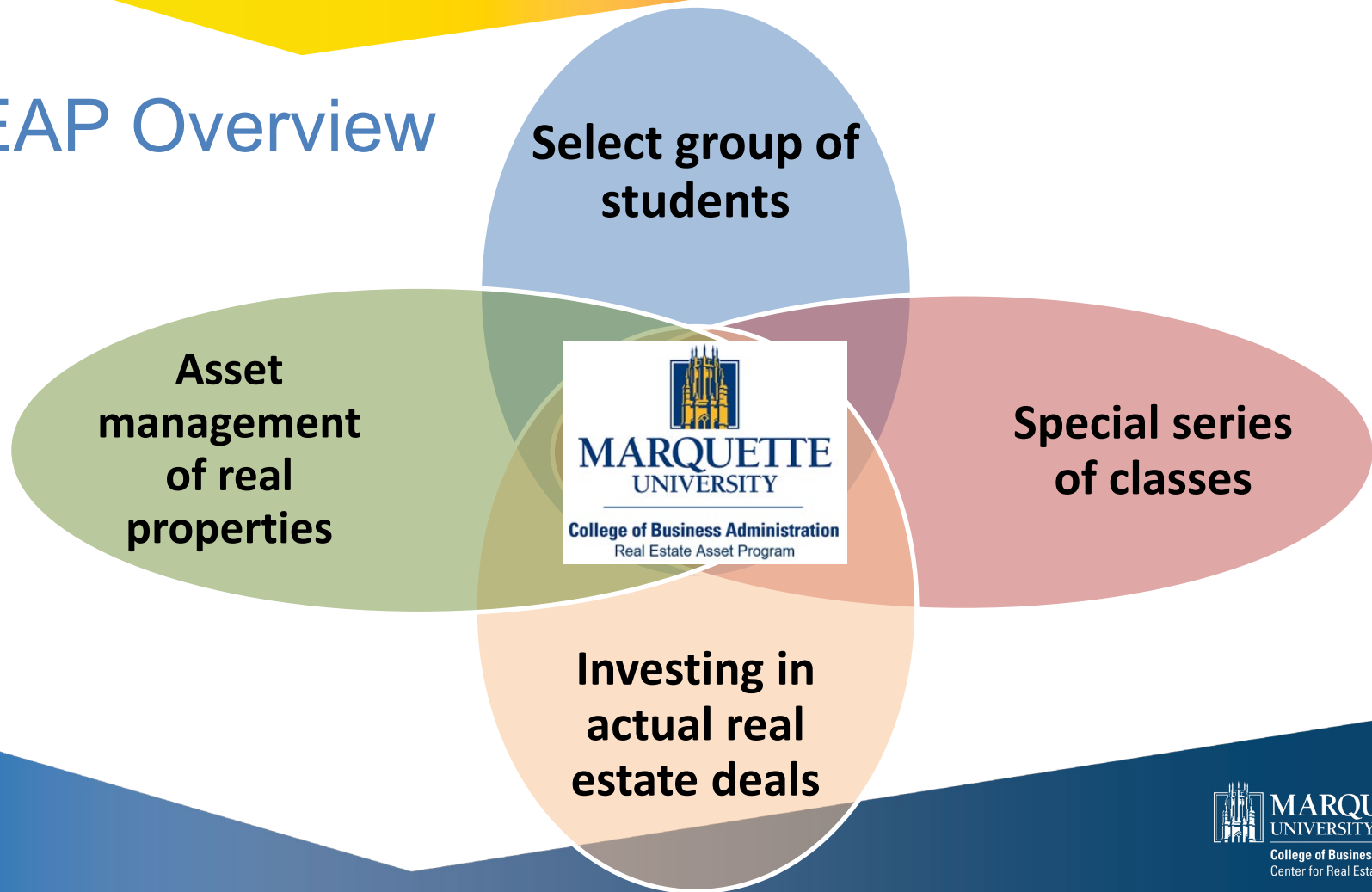
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REAP Overview



National Comparison Programs

	UNC-Chapel Hill	UNC-Charlotte	Michigan	Villanova	UW-Madison	Marquette
Started	2008	2016	2016	2017	2020	2021
Students	17	10	30-40	15	20-25	8-10
Format	Graduate*	Graduate	Graduate*	Undergraduate	Graduate	Undergraduate
Educational Setup	Outside class	Formal class	Outside class	Outside class	Formal class 12 credits	Formal class 6 credits
Fund Size	\$12 million	\$500,000	\$300,000	\$650,000	\$3 million	\$1 million
Fund Structure	Separate PE funds, currently on Fund IV, held by UNC Foundation, for-profit	PE fund structure, held by UNCC Foundation	Funds held inside UM endowment, part of series of student-led funds	Fund held inside VU endowment but earmarked for this program	Separate PE fund structure	Deal-by-deal fundraising from pledged investors/IC members

*Some undergraduate assistance in “analyst” roles

Marquette would be the first undergraduate program in the nation with a classroom-based student-run real estate investment program



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See Addenda 1 & 2 for “Why at Marquette?”

REAP Investment Structure

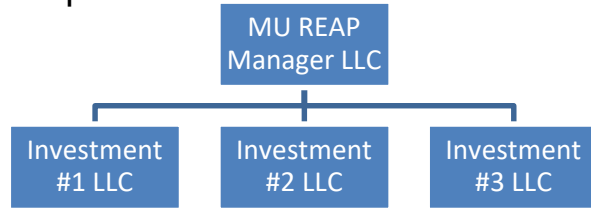
Overview

- Approx. 7 – 10 active investments over time
- \$100,000 to \$250,000 equity investment per project
- Goal of \$1 million - \$2.5 million equity invested portfolio-wide



Partnership Structure

- Deal structure type:
 - Limited Partner (LP)
- Distinct Entity (i.e. MU REAP Manager LLC)
 - Separate LLC for each investment
 - Controlled by Investment Committee (IC)
 - Managed by IC Chair
- REAP Director helps students evaluate (“pitch”) investments & manage existing investments with sponsors



Assets

- Targeted Asset Types
 - Residential (multifamily / apartments)
 - Industrial
 - Office
 - Retail
- Target Investment Types
 - Acquisition
 - Rehab/Redevelopment
 - Ground-up Development



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See Addendum 3 for more info

Investment Committee



IC Member Overview:

- 5-7 voting members
- ~\$1 million committed in Investment Funding
- \$35k/year committed to Operations Funding (\$5k/year/member)
- Assist in:
 - Sourcing deals
 - Overseeing the overall investment process
- Commit capital to all approved deals
- Final vote: deal approval or denial
- Meet at least 4 – 6 times/year

See Addendum 1 for team bios

See Addendum 4 for bios

REAP Operations Funding Continued

- \$ 35,000 – Michelle and Don Panovich
- \$ 30,000 – Christopher Hughes, Bus Ad '88
- \$ 15,000 – Walt Rebenson, Bus Ad '81
- \$105,000* – 7 Investment Committee Members
- \$ 15,000* – WiSLiM Foundation (Hughes)
- \$ 25,000* – Michael Klein Family
- \$ 15,000* – Robert Kuesel

** Pledged over the first three years*

Goal (first 3 years of operating funds): \$240,000

Total raised to-date: \$240,000+

Long-term operations funding sources include: IC member annual commitments, sponsorships, alumni gifts, fees and investment promote structures

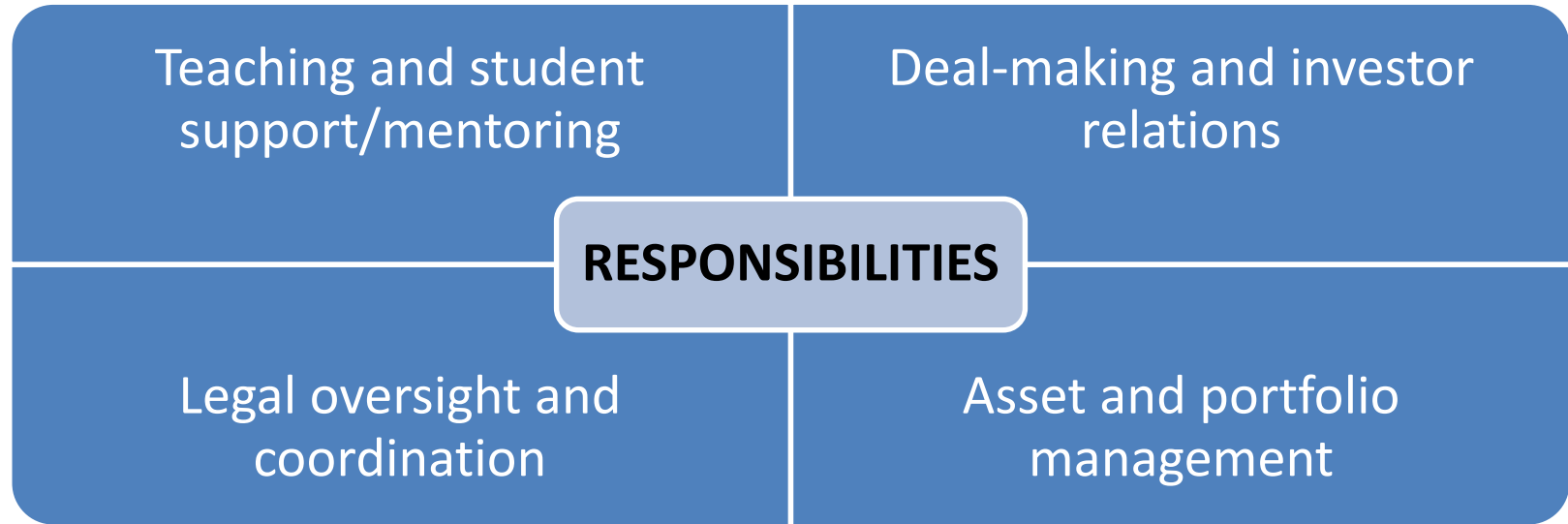
See Addendum 5 for more info



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REAP Director



The REAP Director will be a seasoned professional, providing oversight to all investment activities and continuity with investors and sponsors

See Addenda 6 & 7 for classes and structure



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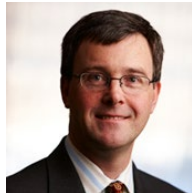
Next Steps: Milestones

- Fundraising commitments secured for years 1 – 3 operating budget needs ✓
- Obtain university approval for REAP and hiring the Director ✓
- **Hire Director (summer 2021)**
- Select students (fall 2021)
- Begin classes and making investments (spring 2022)

Target Start for First Cohort of Students: January 2022

Management Team

Contacts for questions about REAP



Anthony Pennington-Cross, PhD

Robert B. Bell, Sr. Chair in Real Estate and
Professor of Finance

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Michelle Panovich

Senior Partner and Principal

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Andy Hunt, Bus Ad '08, Grad '13

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ADDENDUM

1. Why Marquette is perfect for REAP?
2. Why REAP?
3. Raising Investment Capital
4. Team Bios (MU and REAP IC)
5. Program Funding Structure
6. REAP Academic Overview
7. REAP Investment Process



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Addendum 1: Why Marquette is perfect for REAP?

Top ranked program | Ethical, self-aware students | Midwest work ethic

IN-DEMAND GRADS

100%

2012 - Present

*Job placement
within 6 months of
graduation*

TOP RANKED PROGRAM

#12



2016
2017
2018
2019
2020

Best Undergraduate Real Estate Programs in the U.S.

TALENT VS OTHER PROGRAMS

8

*Championships - Regional
case competition 1st place
finishes since 2009;
5 since 2016*

GREAT PROGRAM SIZE

159

*Undergraduate Real
Estate Majors*



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Addendum 2: Why REAP?

National Leadership

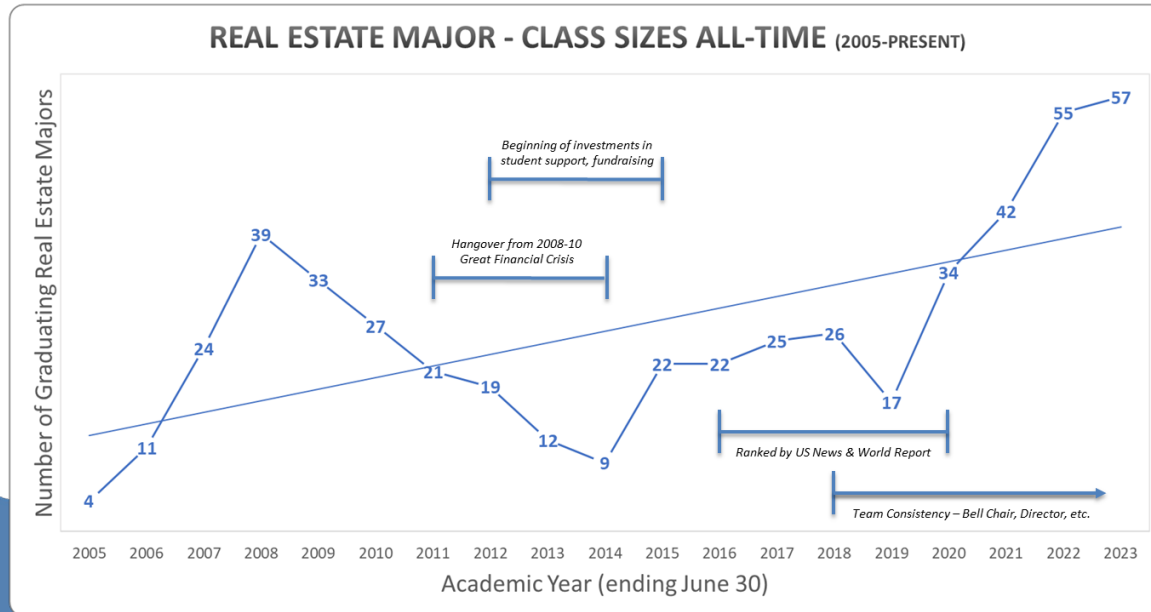
- Would be the 1st undergraduate offering like it in the nation

Program Growth

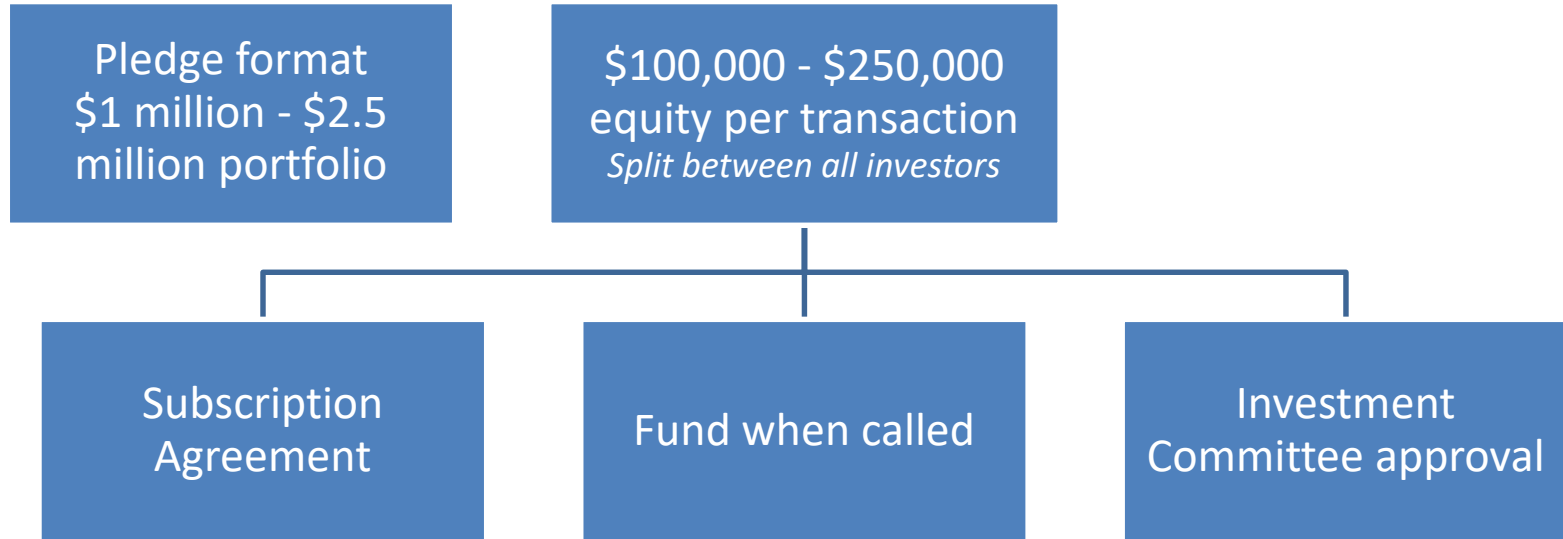
- 39.5% Y-o-Y growth 2018-2023

Applied Learning

- Compliment to AIM Program, Commercial Banking Program, Sales Program



Addendum 3: Raising Investment Capital



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Addendum 4: Team Bios



Anthony Pennington-Cross, PhD
Robert B. Bell, Sr. Chair in Real Estate and
Professor of Finance
Marquette University



Andy Hunt, Bus Ad '08, Grad '13
Director, Center for Real Estate
Marquette University



Michelle Panovich
Senior Partner and Principal
Mid-America Asset Management
Chair, Center for Real Estate Advisory Board
Member, REAP Investment Committee



Pat Biernacki, Bus Ad '08
Principal
Millennial Residential, LLC
Member, REAP Investment Committee



Trisha Connolly, Arts '07
Managing Director
Ackman-Ziff Real Estate Group
Member, REAP Investment Committee



Steve Disse, Bus Ad '86
Principal and Executive Managing
Director, Investment Services Group –
Central Region
Colliers International
Member, REAP Investment Committee



Molly McShane
Chief Executive Officer
The McShane Companies
Member, REAP Investment Committee



John Petrovski
Senior Advisor, Commercial Real
Estate Lending
BMO Harris Bank, N.A.
Member, REAP Investment Committee

Addendum 5: REAP Funding Structure



Addendum 6: Academic Overview

Typical Path

Real 3001 – Introduction to Real Estate

REAL 4002 – Commercial Real Estate Finance

REAL 4061 – Real Estate Modeling

REAL 4100 – Real Estate Development

REAL 4120 – Real Estate Cases

REAL Elective (Internship for Credit, Case Competition, Construction Management, Topics in Real Estate)

REAP Path

Real 3001 – Introduction to Real Estate

REAL 4002 – Commercial Real Estate Finance

REAL 4100 – Real Estate Development

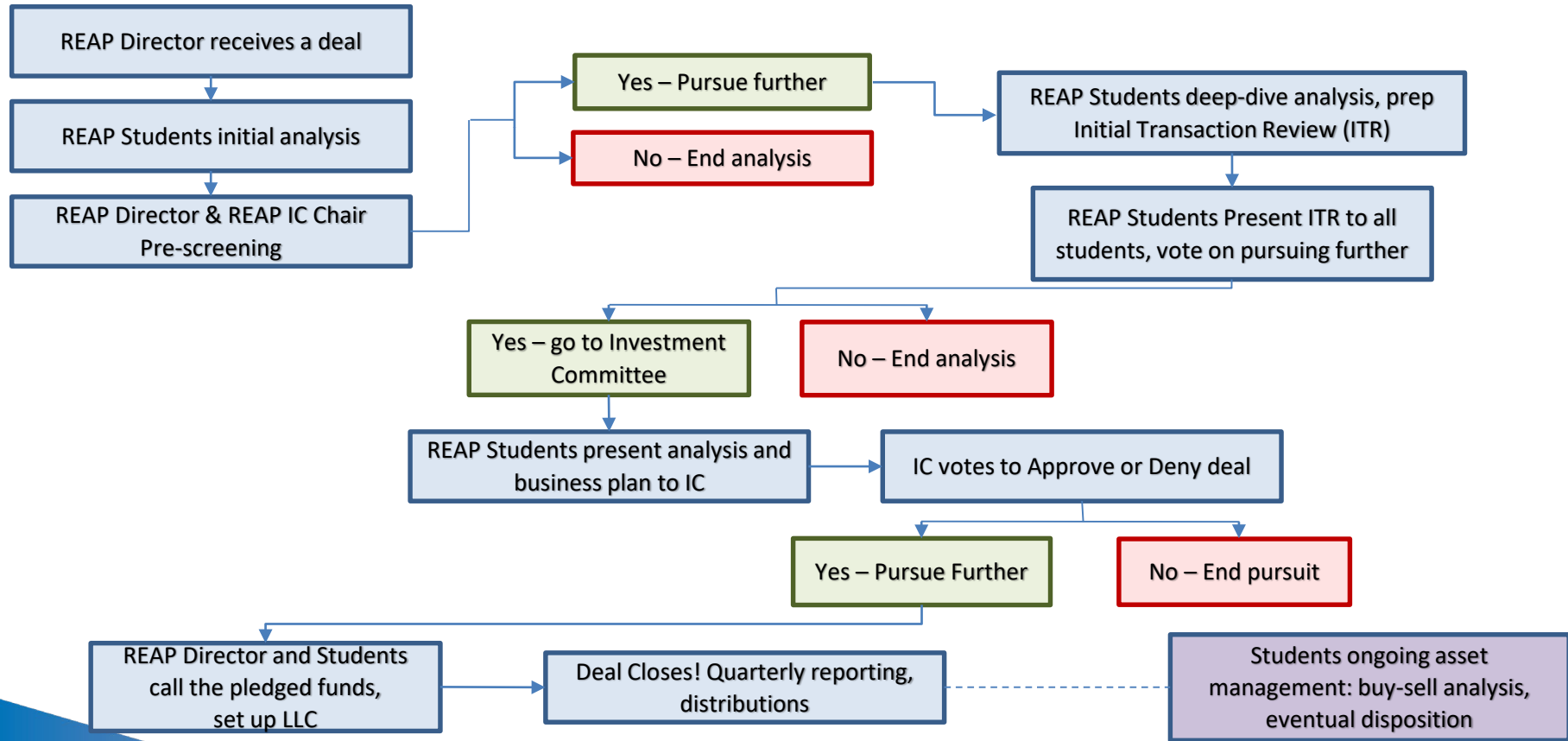
REAL 4120 – Real Estate Cases

REAP Class 1 – Applied Real Estate Asset Management and Modeling
Junior Year - 3 credits

REAP Class 2 – Intermediate Real Estate Investing
Senior Year – 2 credits

REAP Class 3 – Advanced Real Estate Investing
Senior Year – 1 credit

Addendum 7: REAP Investment Process



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