

JOHN C. GOFF REAL ESTATE INVESTMENT FUND UPDATE

DR. GREG HALLMAN | Professor of Instruction, UT Austin
Director of the John C. Goff Real Estate Investment Fund



The John C. Goff student real estate private equity fund is a \$10 million investment fund managed by McCombs School of Business MBA and undergraduate students. The PE fund is the private investment portion of the overall John Goff Real Estate Investment Fund, which includes a \$1.4 million publicly traded REIT portfolio along with the \$10 million private equity fund. McCombs MBA and undergraduate real estate students participate in the John Goff Real Estate Investment Fund class for one year, with the spring semester focused on the fund's public REIT portfolio, and the fall semester focused on the private equity fund. This report covers the PE fund. The REIT portfolio is covered in a separate REIT fund annual report produced each May.

FALL SEMESTER REAL ESTATE INVESTMENT FUND CLASS

McCombs MBA students interview for spots in the real estate investment fund class in the fall of their first year, and work as investment fund managers the following spring (REIT fund) and the fall of their second year (PE fund). McCombs undergraduate students interview in the fall of their junior year and work with the MBA fund managers as investment fund analysts in the spring of their junior year and the fall of their senior year. Fund professors source four potential real estate private equity investments in the summer for class consideration in the fall semester. In the fall semester class, student investment teams of 4-5 MBAs, supported by 4-5 undergraduate analysts, analyze and underwrite each potential private equity investment and make a presentation and recommendation to the fund's investment committee in the first two weeks of November. Investment sponsors come to class in September to present their deals, meet the students, and take questions from the student investment team during their class presentations and throughout the semester while students work on their investment analysis. Based on their analysis and underwriting for each investment, student investment teams recommend a fund investment in each deal between \$0 (no investment) and \$300,000. In Fall 2024, the maximum fund investment was lowered from \$500k to \$300k to ensure preservation of capital in a market with fewer exit transactions. Over the life of the PE fund through the fall 2024 semester, McCombs students in the fund class have analyzed 29 possible private equity real estate investments and made 15 investments totaling \$6,293,660 in capital commitments, of which \$5,365,308 has been called. The PE fund has completed one investment (19 months in 12% mezz debt on an Austin multifamily development) and has 14 active investments in the portfolio. The Fall 2024 class is evaluating four possible new investments for the fund.

FACULTY DIRECTOR'S NOTE, 11/1/2024

The John C. Goff Real Estate Investment Fund at McCombs has committed \$6.0 million of its total available capital of \$10 million across 14 separate active real estate private equity investments. Most of this commitment, \$5.3 of the \$6.0, has been called. One of the fund's early investments that is still active, a \$500,000 investment in Marble Capital, has returned over \$600,000, so our net capital invested is spread across 13 active investments.

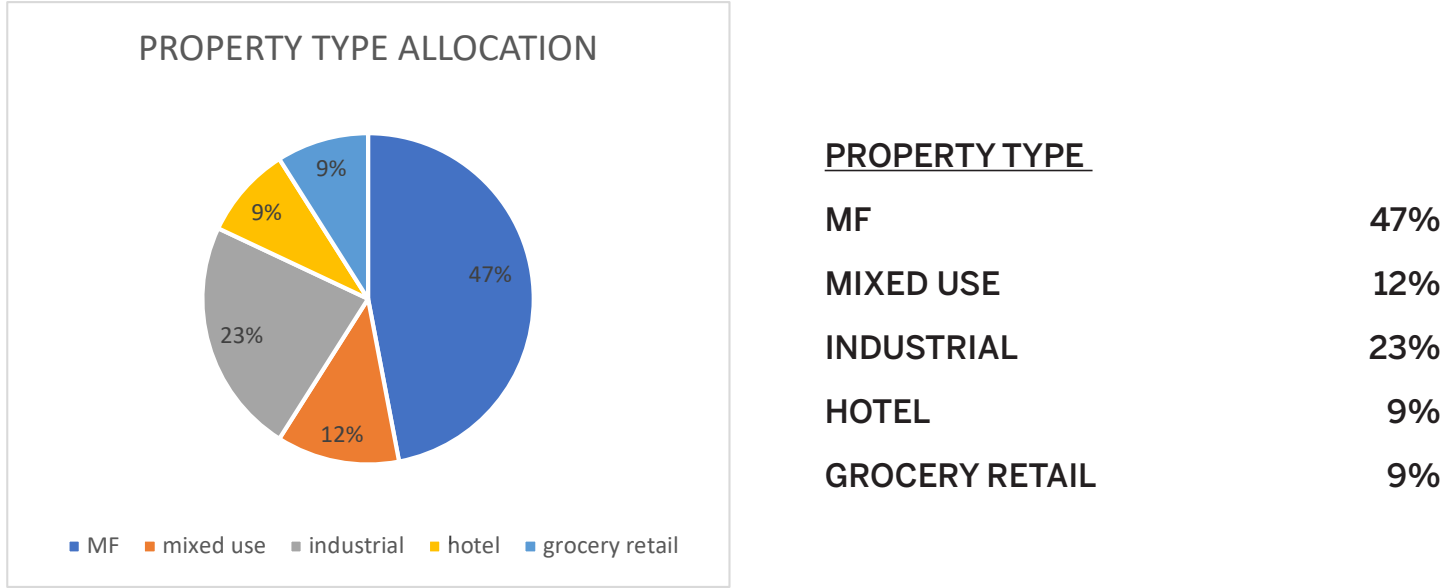
Five of the 13 active investments with net capital invested, representing \$2.4 million (53%) of the \$4.7 million total net capital invested, are multifamily development deals. Four of the five are in or near Austin, Texas; Millennium, Prose Buda, 415 Colorado, and 1700 South Lamar. Three of the Austin multifamily properties are essentially coming on-line now into a heavy supply market, and one of the Austin multifamily investments is still a few years from starting construction. We have a lot of exposure to multifamily in Austin. Our one multifamily development project outside of Austin, in Hanover, Massachusetts, is fully leased at 96%.

In addition to our five multifamily development investments, we also have two value-add multifamily investments, one with Advenir in a 1980s vintage multifamily complex in Marietta, Georgia, called Advenir@Winterset, and another with The Dinerstein Corporation in Chicago, Addison & Clark, that has 348 multifamily units along with substantial retail. With our investment in Berkeley Partners last fall we now have two light-industrial value-add fund investments, Berkeley Partners and Adler Investments, representing \$750,000 in committed capital but only \$191,968 in capital called. Light industrial can be a tight supply space, and both funds have been working hard to source favorable deals both on-market and off. In the industrial space we are also still invested with Hillwood in land in northern Mississippi that is well-suited for an industrial development, and waiting for supply conditions in the in the area to ease.

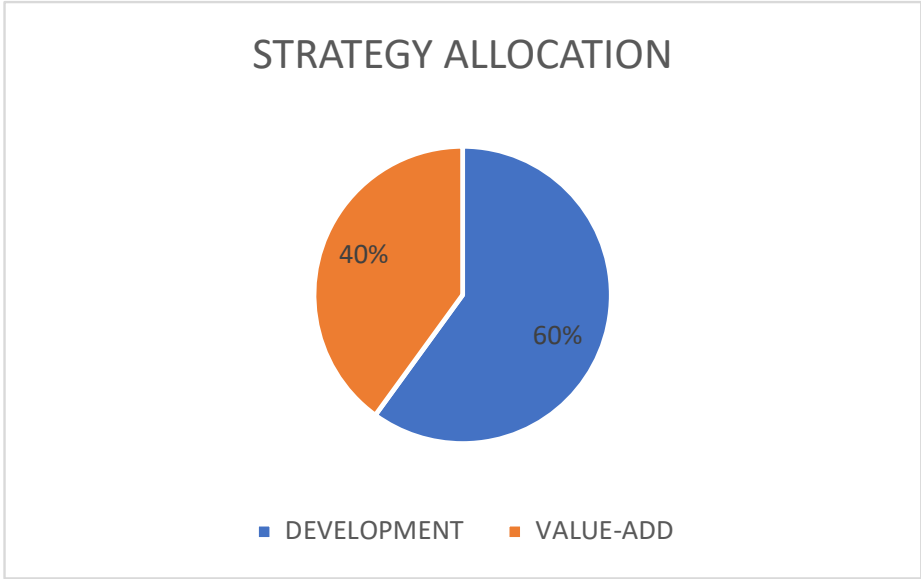
We have four truly interesting deals in the class this fall, and the students and the participating sponsors have enjoyed the experience of working on and helping with our student real estate investment fund. This unique real estate private equity fund for students continues to pay dividends to the school through attracting great MBA students and providing our MBA and undergraduate students on the fund with a memorable experiential learning opportunity, working together investing real money in real deals.

PORTFOLIO SUMMARY MEASURES

ALLOCATIONS BY ASSET TYPE (as % of 'net commitments' = commitments – capital returned)



ALLOCATIONS BY STRATEGY: DEVELOPMENT OR VALUE-ADD



STRATEGY	
DEVELOPMENT	60%
VALUE-ADD	40%

John Goff Student Private Equity Real Estate Fund at McCombs						
accounting for capital commitments, capital calls, and 'net capital'						
date = Sunday, Nov 3 2024						
						'NET CAPITAL' =
count	investment name	sponsor	capital committed	capital called	capital returned	called - returned
1	Marble Capital Fund II	Marble Capital	\$ 500,000	\$ 490,113	\$ 658,913	\$ -
2	Advenir@Winterset	Advenir	\$ 200,000	\$ 200,000	\$ 57,167	\$ 142,833
3	Millennium East Side	The Dinerstein Company	\$ 500,000	\$ 500,000		\$ 500,000
4	HW MTC, LLC - Marshalltown Trade Center	Hillwood, a Perot Company	\$ 500,000	\$ 500,000		\$ 500,000
5	Adler Real Estate Fund V	Adler Real Estate Partners	\$ 250,000	\$ 75,000	\$ 8,521	\$ 66,479
6	The Crescent Fort Worth	Crescent Real Estate	\$ 318,660	\$ 318,660		\$ 318,660
7	Hyatt Lost Pines	Divco West and Ohana	\$ 500,000	\$ 500,000		\$ 500,000
8	Hanover Crossing	Hanover Company	\$ 500,000	\$ 500,000	\$ 23,082	\$ 476,918
9	Prose Buda	Alliance Residential	\$ 500,000	\$ 500,000		\$ 500,000
10	Essential Growth Properties Fund II	EGP	\$ 500,000	\$ 500,000	\$ 38,292	\$ 461,708
11	415 Colorado	Stonelake	\$ 400,000	\$ 400,000		\$ 400,000
12	Berkeley Partners Value Industrial Fund VI	Berkeley Partners	\$ 500,000	\$ 48,000	\$ 2,831	\$ 45,169
13	Addison & Clark	The Dinerstein Company	\$ 300,000	\$ 300,000		\$ 300,000
14	1700 South Lamar	Stonelake	\$ 525,000	\$ 483,000		\$ 483,000
			\$ 5,993,660	\$ 5,314,773	\$ 788,806	\$ 4,694,767
	completed					
15	Southshore Highline	Trinity Investors	\$ 300,000	\$ 300,000	\$ 360,000	
TOTAL	Total Invested (committed and called)		\$ 6,293,660	\$ 5,614,773	\$ 1,148,806	
				89%		

INVESTMENTS UNDER CONSIDERATION | FALL 2024

Investment Name:	Trinity Golden Triangle Investors LLC
Investment Amount:	TBD \$0 – \$300,000
Investment Sponsor:	Trinity Investors raises equity and debt capital from primarily high-net worth investors and invests with experienced operating partners in value-add and opportunistic investments. Trinity’s real estate investing track record includes 71 exited investments over an average 47 month hold period, earning an average IRR of 22.3% and an average equity multiple of 1.83x. The developer, Crow Holdings, has successfully executed the construction and disposition of 60 industrial developments over the last ten years.
Investment Description:	<p>Trinity Golden Triangle is an industrial ground-up development by Crow Holdings in which Trinity Golden Triangle Investors LLC will provide a \$43.3 million junior capital investment including \$35.3 million in equity and \$8 million in mezzanine debt. Total project cost is \$105.7 million including Trinity’s \$43.3 million and a \$60.1 million senior construction loan (57% LOTC) from PNC Bank, along with a \$2.3 million co-investment from Crow Holdings.</p> <p>When completed, the project will have 535,624 rentable square feet and 83 dock doors and trailer spaces. The location in the Lower Hudson Valley of New York features proximity to dense population centers including ~52 million people within a day’s travel in New York, New Jersey, Pennsylvania, and Connecticut. The Partnership closed on the land in May 2024 and site work has started, with a projected development time of 16 months.</p>



Investment Name:	PG Dallas Uptown Investors, LLC
Investment Amount:	TBD \$0 – \$300,000
Investment Sponsor:	Peachtree Group – Founded in 2007 and headquartered in Atlanta, Georgia, Peachtree Group is a vertically integrated investment company with \$3.6 billion in capital under management including \$1.8 billion in 49 development investments. Since its founding in 2007 Peachtree Group has a successful record of constructing premium-branded hotels, realizing an average gross IRR of 25.5%.
Investment Description:	The opportunity is an equity investment in a 264-room dual-branded hotel now under construction in Uptown Dallas. Total project cost is projected to be \$114 million (\$432/ key) including a \$54 million equity piece and a \$60 million senior construction loan. The project is under construction.

Peachtree believes the project offers an opportunity to develop with two award-winning brands, AC and Moxy, in one of the highest income, activated and desirable sub-markets within the Dallas market. The sponsor is projecting an accretive gross IRR of 24.82% (Net IRR of 18.62%) off a five-year hold period inclusive of two years of constructions and three years of operation, with a sale at the end of five years at a 7.25% cap rate.



Investment Name: West Anderson Plaza

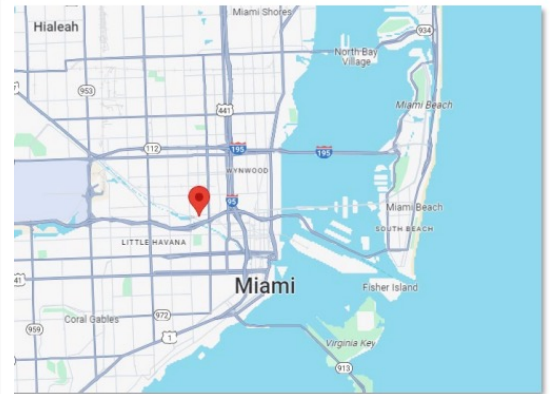
Investment Amount: TBD \$0 – \$300,000

Investment Sponsor: Pennybacker – Founded in Austin, Texas in 2006, Pennybacker has grown to four offices, 62 employees, and \$3.9 billion AUM. Pennybacker has created significant value for its investors, including 112 full realizations at an average realized gross IRR of 24.2%, Net IRR of 18.6%, a realized gross multiple of 1.74x and an estimated realized net multiple of 1.66x

Investment Description: In 2019, an affiliate of Pennybacker acquired the currently ~89% leased, ~3.4 years of WALT, 117,095 SF, multi-tenant retail center located in Central Austin known as West Anderson Plaza in an off-market transaction. Pennybacker believes the property represents a compelling risk-adjusted opportunity to acquire an income producing asset in a strong infill location with significant long-term re-development potential. In many ways, West Anderson Plaza is a call option to redevelop into a larger product with a positive ~7.5% carry from current retail NOI. The site size is almost 10 acres (9.79 acres), the asset has five years remaining on fixed-rate financing at 3.79%, and the general partner estimates that future zoning and current entitlements could allow for a significant increase in density and a fully entitled, mixed-use development that could have an opportunistic return profile.



Investment Name:	River District 14
Investment Amount:	TBD \$0 – \$300,000
Investment Sponsor:	Forman Capital – Founded in 2004 and based in South Florida, Forman Capital provides private commercial real estate debt and equity financing with a focus on short-term construction financing, bridge loans, mezzanine debt, and preferred equity across a variety of real estate classes and geographies. Since its founding Forman Capital has funded over \$2.8 billion across 170+ transactions.
Investment Description:	Forman Capital is offering the fund participation in a \$77.8 million, 48% LTC construction loan on a \$161 million total cost project to develop a 283-unit condominium building on 1.26 acres in Miami, Florida. The project is not yet under construction. Forman's loan terms specify that construction can start once the borrower achieves presales of 72%, and the project is currently 62% presold. Total project sources of capital include Forman's \$78 million first mortgage, usable buyer deposits of \$56 million, bonded usable buyer deposits of \$10 million, sponsor cash of \$3.3 million, and deferred fees and commissions of \$13 million. Forman will borrow \$48 million (Forman pays SOFR + 350bp) of the \$78 million offered loan (Forman charges SOFR + 750) and will fund the remaining \$30 million from Forman investors.



INVESTMENT COMMITTEE AND FUND TEAM

The John Goff Real Estate Investment Fund is very thankful for the participation of experienced real estate investors on the fund's investment committee. Fund students conduct investment due diligence and analysis throughout the fall semester and present their analysis and investment recommendation to the fund's investment committee, typically in the first two class meetings in November. Investment committee meetings provide an opportunity for the students to get insightful feedback from experienced investors, and each presentation ends with a lively discussion and investment committee vote on the students' recommendation. An investment is approved, sometimes with conditions, by a majority vote of the outside investment committee members. Not all investment committee members attend all investment committee meetings.

The fund also owes a very special thanks to Jeff Matthews of Winstead PC for his pro-bono work as fund counsel. Jeff has worked with the fund since inception and reviews and advises on investment contracting for all the fund's investments. The fund is extremely grateful for Jeff's help and counsel with the contracting for this unique, student-run, university-owned, investment fund.

INVESTMENT COMMITTEE MEMBERS

Scott Ingraham – Co-Founder, Zuma Capital

John Kiltz – Co-Founder and Managing Partner, Stonelake Capital Partners

John McKinnerney – Founding Principal, Castle Hill Partners

Mukund Joshi – Managing Director - Real Return, UTIMCO

Kenneth Aboussie – Co-Founder and Managing Partner, Stonelake Capital Partners

Patricia Gibson – CEO, Banner Oak Capital Partners

Mary Hager – Executive Director, Greystar

Garret House – CEO, Evergreen Real Estate Partners

FUND COUNSEL

Jeff Matthews – Shareholder and Chair of Business and Transactions, Winstead PC

FUND PROFESSORS

Dr. Greg Hallman – Professor of Instruction in Real Estate and Finance

Joshua Brown – Lecturer at McCombs, and Senior Advisor at First Washington Realty

The Fund's Advisory Board includes fund supporters who made significant donations to the fund, and incumbent Advisory Board members from the previously established McCombs REIT fund. The fund holds an Advisory Board meeting each November where students present condensed versions of their PE fund investment committee presentations and the results to-date of the REIT over/under pairs investments made in the spring semester. Following the students' presentations, Advisory Board members meet and mingle with students over drinks and dinner. The fund is grateful for all the donations that made this unique student-run real estate investment fund possible and is particularly grateful for the very generous contribution made by John C. Goff, who donated the majority of the \$10 million in total fund donations. Last year the fund was officially named for John and his significant contribution, and the combined public and private student fund is now named the John C. Goff Real Estate Investment Fund.

JOHN C. GOFF REAL ESTATE INVESTMENT FUND ADVISORY BOARD MEMBERS

John Goff – Chairman, Goff Capital Management

Kenneth Aboussie – Stonelake Capital Partners

Beau Armstrong – Stratus Properties

Christian Bernasconi – B&I Capital

David Busker – TPG Angelo Gordon

Doug Chesnut – StreetLights Residential

Paul Curbo – Curbo Advisors/Flourish Fund

David Deutch – Pinnacle Housing Group

Bob Faith – Greystar

Gary Farmer – Heritage Title

Jamie Feldman – Wells Fargo

Ben Friedman – Abacus Capital Group

Greg Friedman – Peachtree Hotel Group

Garret House – Evergreen Real Estate Partners

Erik Johnson – White Point Partners

Andy Lusk

Murray McCabe – Montgomery Street Partners

Terry Montesi – Trademark Property Group

Rich Moore – Lionhead Capital Management

Ben Moreland – Crown Castle International

Chaz Mueller – Progress Residential

Keith Oden – Camden Property Trust

Don Reese – Riverside Resources

Steve Rogers – Viceroy Investments

Robert Sessa – Employees Retirement System of Texas

Jeremy Smitheal – Riverside Resources

Patrick Starley – Legacy Star Capital Partners

Lenore Sullivan – RREEF America REIT II and RREEF Core Plus Industrial Fund

John Thompson – PinPoint Commercial