

# PREAfoundation

Diversity Builds Better Futures

2018  
ANNUAL REPORT



# Contents

Message from the Chair .....4

About the PREA Foundation .....5

Treasurer's Report .....6

Board of Directors .....7

SEO Partnership .....8

Program Highlights.....9

Leading Investors Support Diversity .....10

Support Letter Signatories.....11

Lead Donors ..... 12-13

Mission Statement .....14

PREAfoundation  
Diversity Builds Better Futures



# A Message from the Chair



**DEBORAH HARMON**  
**CHAIR**

*Co-Founder & CEO*  
Artemis Real Estate Partners

At the PREA Foundation, we believe that investing in diversity drives better results. We partner with leading providers of diversity programming to develop a pipeline of talented students and young professionals prepared to enter our market. With your support, we have an opportunity to change the face of real estate and benefit from the valuable perspectives and talents of our youth that can only strengthen our industry.

We are excited to provide you with our 2018 Annual Report, highlighting our first summer of internship opportunities through the PREA/SEO Real Estate Track. We believe that talent is evenly dispersed, but not evenly developed and we are proud to partner with programs that are expanding diversity and inclusion. In 2018, our initial goal was to place 25 interns with 25 partner firms. Due to positive interest from the PREA community, we placed 47 interns with 33 partners, far exceeding expectations for our pilot program. We believe the program will only continue to expand its impact in the summers to come, and we look forward to providing an update on the 2019 internship program in early 2020.

The PREA Foundation is only possible because of a robust coalition of fund managers, owner-operators and developers alongside institutional LP investors, all of whom are responsible for enabling the Foundation to exceed expectations following a successful start. We want to thank our generous donors for making the PREA/SEO Real Estate Track a reality. The organizations that led as employers, and the institutional investors who authored the PREA Foundation Support Letter demonstrate the importance of our mission. Finally, the Foundation is deeply appreciative of our first program partner, SEO, whose infrastructure, network and expertise have been catalysts for our collective success.

Thank you to all of our partners and stakeholders for bringing sustainable change to the real estate industry. We look forward to expanding the PREA Foundation's impact as a leader in widening the circle of opportunity for those underrepresented in our industry.

A handwritten signature in blue ink, appearing to read 'Deborah Harmon', on a light blue background.

Regards,  
**Deborah Harmon**  
*Chair, PREA Foundation*

# About the PREA Foundation

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The PREA  
Foundation's  
first partner  
is SEO.

Established with the leadership support of the Pension Real Estate Association and its members, the PREA Foundation is an independent entity dedicated to fostering diversity and inclusion in the real estate investment industry.

The Foundation has teamed with SEO, an organization with decades of expertise in connecting talented students from underrepresented backgrounds with select educational and career opportunities. The result is the PREA/SEO Real Estate Track, which features first-in-class training and internship experiences through which students will develop the analytic and problem-solving skills necessary to be outstanding candidates for competitive positions in real estate and related fields.

In support of this and future efforts to expand the representation of diverse backgrounds and perspectives in high-level industry decision-making, the Foundation has raised a significant endowment and garnered the endorsement of leading institutional investor organizations.

# Treasurer's Report



**Dhvani Shah, CFA** *Treasurer*

PREA Foundation and  
CIO, Illinois Municipal Retirement Fund

The PREA Foundation, which was founded in 2017 by the Pension Real Estate Association, operates as an independent entity with program and financial oversight by a 13-person Board of Directors. With almost \$4 million in liquid resources, and additional donor commitments of close to \$7 million, the Foundation is able to continue to support its mission of *furthering the interests and values of the institutional real estate investment community by advancing industrywide diversity and inclusion.*

The PREA Foundation's Finance and Investment Committee provides stewardship of the Foundation's resources and maintains a prudent investment approach of its reserves; currently a short-term philosophy with 100% of investments in treasury bills. With the internship program being in its second year, the Foundation's focus is to support the development of the curriculum and those students entering into a real estate-focused career path.

The Audit Committee reports that the 2018 annual audit was conducted by BDO in accordance to GAAP in the USA. The audited financial statements, the Auditor's report and notes to the financial statements are available on the website at [www.prea.org/foundation](http://www.prea.org/foundation).

## **Financial Highlights Year-end 2018:**

- Assets approaching \$11 million, include donor commitments of \$6.8 million
- \$500,000 grant was provided to SEO to fulfill the educational and career programs designed for students from underrepresented communities entering into the real estate career track
- 47 interns were placed with partners for work experience during the summer of 2018
- Supporting service expenses were 6% of total revenue

Pledged by PREA:  
**\$1 million**

Initial Fundraising Goal:  
**\$5 million**

Donor Pledges as of 12/31/2018:  
**\$12,176,750**

Individual and Corporate Donors:  
**106**

New Goal:  
**\$15,000,000**

## PREA Foundation Board of Directors

**DEBORAH HARMON** CHAIR  
*Co-Founder & CEO*  
Artemis Real Estate Partners

**KEVIN FAXON** PRESIDENT  
*Managing Director, Head  
of Real Estate Americas*  
J. P. Morgan Asset Management

**DHVANI SHAH** TREASURER  
*Chief Investment Officer*  
Illinois Municipal Retirement Fund

**YVONNE NELSON** SECRETARY  
*Head of Real Estate – Bureau  
of Asset Management*  
Office of New York City Comptroller

**KATHLEEN MCCARTHY** VICE PRESIDENT  
*Global Co-Head, Real Estate*  
The Blackstone Group

**JONATHAN DAVIS**  
*CEO & Founder*  
The Davis Companies

**MIKE DIRE**  
*Director of Real Estate*  
California State Teachers' Retirement  
System

**DAVID GILBERT**  
*CEO & CIO*  
Clarion Partners

**GAIL HAYNES**  
*President*  
Pension Real Estate Association

**SONNY KALSI**  
*Founder & Partner*  
GreenOak Real Estate

**ERIC LANG**  
*Senior Managing Director, Private Markets*  
Teacher Retirement System of Texas

**GLENN LOWENSTEIN**  
*Chairman & Chief Strategy Officer*  
Lionstone Investments

**RALPH ROSENBERG**  
*Member, Global Head, KKR Real Estate*  
Kohlberg Kravis Roberts & Co.



## SEO Partnership

The PREA Foundation partners with Sponsors for Educational Opportunity (SEO), an organization with more than 50 fifty years of experience connecting students from underrepresented backgrounds with educational and career opportunities.

SEO has a track record of creating and implementing successful programs that incorporate rigorous training, individualized coaching, and placements for students in its SEO Career division, ranging from law to finance. The organization has cultivated relationships with more than 170 colleges and universities across the United States, identifying more than 8,000 qualified candidates for targeted skill-building curricula, career development, and internship engagement. Its partnership with the PREA Foundation has enabled SEO to build a dedicated real estate track where students are introduced to industry-specific training, and exposed to relevant tools and skill sets.

As detailed in the following pages, the PREA/SEO Real Estate Track enjoyed extraordinary success in its inaugural year and is poised for continued growth. The beneficiaries are, and will be, legion: students whose career trajectories will be transformed, intern hosts who will gain from the insight and perspective of brilliant students, and the industry as a whole, which will reach new levels of vitality by embracing new ideas and problem-solving approaches.

### EDUCATION

- Career Exploration
- Real Estate Exposure
- Online Resources

### DEVELOPMENT

- Real Estate Role Knowledge
- Targeted Interview Prep
- Technical Competencies

### GROWTH

- Interview Practice
- Branding for Real Estate
- Coaching/ Feedback

### EXPERIENCE

- Pre-Professional Training
- Internships/ Externships
- Real Estate Clinics





# 2018 Program Highlights

The goal for the inaugural 2018 summer internships was to place 25 interns with 25 partner organizations and to expand gradually in proportion with the level of demonstrated interest from donors, partners, and students.



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The buy-in from stakeholders exceeded expectations, resulting in the placement of 47 interns at 33 partner firms across the country and a return offer rate of 80%.

The numbers tell an impressive story. These 47 talented interns, representing more than 30 colleges and universities, worked in various roles within partner firms, ranging from acquisitions to portfolio management. They worked within some of the industry's most highly-regarded organizations and gained immeasurable experience.



The program's success can be assessed not only quantitatively but also in terms of the quality of relationships formed. Students, and internship hosts alike, were impressed by the skills and positive attitudes evinced by their partners. One institutional investor host is interested in publishing the research developed by a 2018 SEO intern in the PREA Quarterly magazine, a testament to the value and esteem accorded to work produced under the program's auspices.

The student pipeline for 2019 is expected to expand in response to keen interest from SEO's next class of prospective student participants and from PREA's community of internship hosts. The program is well on track to meet or exceed the goal of having 125 students engaged and in training by 2020.

# Leading investors voice their support for diversity



"Diverse teams are not the quickest or easiest to build nor are they the most comfortable to manage which is why when done well they outperform. These teams are more likely to incorporate unique ideas and challenge conventional thinking while finding ways to mitigate risks. They find undercapitalized opportunities because they will have a differentiated view from the herd. In a world where markets are increasingly correlated, capital is abundant and flows to opportunities quickly and where return expectations are declining, diverse teams will be best positioned to outperform because they have more differentiated sourcing, more thorough due diligence and greater creativity. They choose the best choice over the easiest and most comfortable."

**Kim Lew**, *Vice President and CIO*  
Carnegie Corporation of New York



"What I have always said to my staff is you have to make the extra effort to go out and find people. We want to break groupthink. I don't want a bunch of people around that look like me and think like me. We want to have people with very diverse backgrounds that think about things in very different ways."

**Christopher J. Ailman**, *CIO*  
CalSTRS



"We need to prioritize coalition building toward stronger diversity in the institutional investor industry and real estate sector."

**Scott Evans**, *Former CIO*  
New York City Retirement Systems



"The group is often smarter than any one individual but only if diverse thinking and debate are fostered. Leadership means empowering different opinions and being open to being challenged."

**Vicki Fuller**, *Former CIO*  
New York State Common Retirement Fund



"I think we can do better in terms of drawing more diversity of talent into the investment office. We all know that. And we are committed to bringing as many different voices into the investment office as we can."

**Ted Eliopoulos**, *Former CIO*  
CalPERS



"I am excited that the PREA/SEO Real Estate track is addressing diversity at the root. We will be taking abstract diversity concepts and making them concrete by providing exposure to the investment management and real estate industry. Doors are being opened for the next generation during a critical period and they will see professional paths that were not visible before. The real estate industry is uniting and demonstrating through its actions that diversity and inclusion are mainstream and permanent."

**Dhvani Shah**, *CFA*  
CIO, Illinois Municipal Retirement Fund



"There is evidence that investment firms with employees of varied backgrounds perform better than less-diverse firms, and that has implications for the retirement accounts of teachers, police officers, and other city employees."

**Scott Stringer**, *NYC Comptroller*

# Signatories to the Investor Support Letter

*The PREA Foundation's ability to realize its mission and project its guiding principles is enhanced immeasurably by the enthusiastic endorsement of leading institutional investors that have signed the Investor Support Letter. To add your voice of support, visit [www.prea.org/foundation](http://www.prea.org/foundation) to endorse this initiative.*

Alameda County Employees' Retirement Association  
APG Asset Management US Inc.  
Boeing Company  
California Public Employees' Retirement System  
California State Teachers' Retirement System  
Carnegie Corporation of New York  
Commonfund  
Cornell University Office of Investments  
Employees' Retirement Fund of the City of Dallas  
Employees' Retirement System of the State of Hawaii  
Employees Retirement System of Texas  
Exelon Corporation  
The Ford Foundation  
Illinois Municipal Retirement Fund  
Illinois State Board of Investment  
Lockheed Martin Corporation  
Los Angeles City Employees Retirement Sysyem  
Los Angeles County Employees Retirement Association  
Los Angeles Fire and Police Pensions  
New York City Comptroller's Office  
New York State Teachers' Retirement System  
Regents of the University of California  
State of Wisconsin Investment Board  
Teacher Retirement System of Texas  
Virginia Retirement System  
The World Bank Pension Fund

## Lead Donors

The following generous contributors to the PREA Foundation's endowment are at the vanguard of support for diversity and inclusion in institutional

# Game-Changing Opportunities

### FOUNDING GOVERNOR \$500,000 AND MORE

Artemis Real Estate Partners  
The Blackstone Group  
Green Courte Partners, LLC  
Kohlberg Kravis Roberts & Co.  
Starwood Capital Group  
Pension Real Estate Association

### FOUNDING BENEFACTOR \$250,000–\$499,999

AEW Capital Management, LP  
Beacon Capital Partners  
Brookfield Asset Management  
CBRE Global Investors/CBRE  
Clarion Partners  
Colony NorthStar  
The Davis Companies  
DWS/RREEF  
Eastdil Secured  
Greenfield Partners  
GreenOak Real Estate  
H/2 Capital Partners

Harrison Street Real Estate Capital  
Heitman  
Invesco  
J.P. Morgan Asset Management  
LaSalle Investment Management  
& JLL  
Lionstone Investments  
Morgan Stanley  
PGIM  
Pritzker Traubert Foundation  
UBS Asset Management  
USAA Real Estate Company

## Other Lead Donors

Anonymous  
Dr. Thomas Arnold  
Barker Pacific Group, Inc.  
Basis Investment Group  
Callan, LLP  
Capstone Development LLC  
Chartres Lodging  
CRES Real Estate Partners I, LLC

Cruzan  
CTR Partners, LLC  
Gerding Edlen  
H. N. Gorin Inc.  
Griffith Properties  
Hawkeye Partners LP  
Hillcrest  
Huntington Industrial Partners

real estate investment. The Foundation thanks these industry leaders and invites all interested organizations and individuals to consider a gift that will help open doors and extend opportunity further.

We have gifts/pledges in progress of **\$12,176,750**

**FOUNDING PATRON**  
**\$100,000–\$249,999**

Almanac Realty Investors  
American Realty Advisors  
Angelo, Gordon & Co.  
ARES Management LLC  
Capri Investment Group  
Cushman & Wakefield  
EDENS  
GCM Grosvenor  
HFF  
Madison International Realty  
Northwood Investors  
Real Capital Analytics  
Related Companies  
Rubenstein Partners  
Stockbridge Capital Group  
TPG  
Wheelock Street Capital

**FOUNDING SPONSOR**  
**\$50,000–\$99,999**

American Real Estate Partners  
Linda Assante & Marc Carrasco  
Bentall Kennedy  
Berkshire Group  
Bridge Investment Group  
DivcoWest  
Ellis Partners  
Kevin Faxon  
Gaw Capital Advisors Ltd.  
Green Street Advisors  
Jamestown  
Jonathan Rose Companies  
Landmark Partners  
LBA Realty Charitable Foundation Fund  
Park Madison Partners  
Rockpoint Group LLC  
Sol Raso  
Torchlight Investors  
Waterton

Innovo Property Group  
International Realty  
IRA Capital  
Jair Lynch Real Estate Partners  
Eric Lang  
Lazard  
L&B Realty Advisors  
Chuck and Rose Leitner

Long Wharf Capital  
MCB Real Estate  
Mesa West Capital  
National Land Tenure Company  
Newport Capital Partners  
Olympus Property  
Paul Hastings LLP  
Pillar Commercial

Pollack Shores Real Estate Group  
Primestor  
Railfield Realty  
Square Mile Capital Partners  
Swift Real Estate Partners  
TA Realty  
Talon Private Capital LLC





## PREA FOUNDATION MISSION

To further the interests and values of the institutional  
real estate investment community by advancing  
industrywide diversity and inclusion





# PREAfoundation

Diversity Builds Better Futures