

DEPARTMENT OF FINANCE
MCCOMBS SCHOOL OF BUSINESS
UNIVERSITY OF TEXAS AT AUSTIN

FIN 397.6 – Special Topics in Investments – REIT - 04095
FIN 366P – Finance Practicum - Security Analysis – REIT - 03780

Fall 2016
Tuesday 3:30 – 6:30, UTC 1.132

Professors: Greg Hallman and Sheridan Titman

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Class website: Canvas

Hallman Office Hours: Wednesday afternoons 2:30 – 4:00, Friday afternoons 2:00 – 4:00

Titman office hours – just knock; he’s usually in there

Course Description

This course is designed to train the fund managers of the McCombs REIT fund. The goal of the class is to train REIT fund managers in both the analysis of REIT stocks and in the construction of an active REIT portfolio designed to outperform the unmanaged Dow Jones REIT index of equity REIT stocks. REITs are an interesting and unique combination of real estate assets and financial securities, and provide a very good opportunity for student fund managers to gain analytical skills in core real estate valuation and analysis, security analysis, and active management portfolio construction.

The REIT Fund class is a two semester course, and this course is the second half of the class. In this second half of the course student managers will concentrate their efforts on analyzing REIT stocks to determine optimal portfolio weights in the McCombs REIT portfolio. Throughout the second half of the course student managers will work in teams consisting of both MBAs and undergrads and will present their analyses to the class for critique and debate to move to a consensus on the portfolio weights for the REITs in the portfolio. Students not presenting are required to read the posted analyst reports related to the REITs being presented and to come prepared for discussion of the presentation REITs.

In the Fall of 2016 we hope to analyze potential PE investments for the new real estate PE fund. At the time of this writing the new PE fund is finalizing paperwork and funds should be available for investment within the next 30-60 days. This PE work is hard to schedule – depends on deal flow – and will be handled as it comes in with the REIT work and presentations moving on the calendar as necessary.

Grading

<u>Assignment</u>	<u>date</u>	<u>%</u>
Pairs Analyses and presentations	Sept_20 – Nov_15	70%
Class Participation	ongoing for presentations	30%

Academic dishonesty will not be tolerated. Your responsibilities with regard to scholastic dishonesty are described in detail in the Policy Statement on Scholastic Dishonesty for the McCombs School of Business.

Course Materials

The required material for the course will be provided on Canvas. There is no textbook for the course, but I will be posting material throughout the semester on the Canvas site and I expect you to keep up with the readings that I post and read them before we meet.

Course Schedule

<u>meeting</u>	<u>DAY</u>	<u>DATE</u>	<u>TOPIC</u>
1	Tues	Aug 30	<ol style="list-style-type: none"> 1. Introductions for Prof. Titman and short descriptions of any real estate summer work anyone had; 2. Review of portfolio summer performance with Bloomberg charts and reports. Assign pairs analysis to present next week. 3. Brief discussion re: new PE fund and posted materials; 4. Go through research file on Canvas. Along with sector and name research that you will review in analyzing your pair performance, everyone is required to read the first Green Street piece listed, their August 22 Commercial Property Outlook. 5. Teach the new REIT model.
2	Tues	Sept 6	<ol style="list-style-type: none"> 1. Pairs reviews – all teams from last semester will review and present their pair-bet, explain their rationale when they made the pair-bet, present the returns, explain the reason for the returns, then make a recommendation re: the pair-bet, e.g., leave it alone or change it; 10 minutes per pair, or so. I expect groups to review and come prepared to discuss the analyst reports from BAML and RBC along with sector reports by Green Street, all

available on Canvas in the Research Reports folder.

2. Discussion of REIT landscape, general economy, sector comparisons or weightings, investment ideas and general discussion of the types of REITs we may want to focus on in this semester. A warm-up discussion to get some ideas flowing and be ready to pick pairs next week.

3 Tues Sept 13 **Choose REIT pairs and analysis groups and schedule pairs presentations; bring your calendar and an open-mind re: your schedule** - As we schedule pairs presentations, each pairs presentation will also have two designated reviewers, one MBA and one undergrad. The reviewers will be responsible for leading the questions, and I will expect the reviewers to have read the posted analyst reports for the pair and to have done at least an hour or so of independent research on the names involved. The two reviewers should touch base prior to the presentation to discuss their view of the pair and be ready to question the presenters. The designated reviewer system does not relieve the rest of the class from reading the posted analyst reports and coming to class prepared to ask questions, it simply insures that at least a couple of students will be well-prepared to question the presenters.

4 Tues Sept 20 Pairs presentations (3)

5 Fri Sept 30 REIT conference pairs presentation (2 short decks)

6 Tues Oct 4 Pairs presentations (3)

7 Tues Oct 11 Pairs presentations (3)

8 Tues Oct 18 Pairs presentations (3)

9 Tues Oct 25 Pairs presentations (3)

10 Tues Nov 1 Pairs presentations (3)

11 Tues Nov 8 Pairs presentations (3)

12 Tues Nov 15 Pairs presentations (3)

= sum total 25 pairs (with 2 short-decks at the conference)

= 2 presentations for each student

13 Tues Nov 22 Determine weights and trades

14 Tues Nov 29 Quick class meeting to finalize memo and any other class material; class finishes with REIT party somewhere.