

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

FIN 397.6 – Special Topics in Investments – REIT and RE-PE – 04010
FIN 366P – Finance Practicum - Security Analysis – REIT and RE-PE – 03685

Fall 2017
Tuesday 3:30 – 6:30, UTC 3.112

Professors: Greg Hallman and Sheridan Titman

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Class website: Canvas

Hallman office Hours: Monday 1:30 – 3:00 and Wednesday 2:00 – 3:30 or later by request

Titman office hours – just knock; he’s usually in there or will be back soon

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.

This semester we will also work on an analysis platform for the soon-to-be-approved (at the November 10 MSB Foundation Board meeting, god-willing) real estate private equity fund. The generous gift from John Goff in April 2017 provided us the necessary liquidity to start the investing process into private deals and assets, and if we are approved at the November 10 board meeting we want to be ready to look at deals at that time. To that end, I am going to find a live “dry-run” deal for this class to analyze, and through this “dry-run” we will create a process and model – much like the REIT model we have and use now – for analyzing private deals. This exercise will also prepare this class to analyze deals in the spring as the new class trains up in the classroom and with the REIT portfolio.

Grading

<u>Assignment</u>	<u>date</u>	<u>%</u>
2 Pairs Analyses and presentations	TBD	60%
Participation in PE analysis	Oct 10 – 24	20%
Class Participation	ongoing for presentations	20%

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

meeting	DAY	DATE	TOPIC
1	Tues	Sept 5	<ol style="list-style-type: none"> 1. If you worked in real estate this summer, tell us about your summer, what you did, what you learned, what seemed interesting, what seemed boring 2. Review of portfolio summer performance with Bloomberg charts and reports. 3. Brief update re: new PE fund 4. Go through files on Canvas.
2	Tues	Sept 12	<ol style="list-style-type: none"> 1. Pairs reviews – all teams from last semester will review and present their pair-bet and make recommendation to hold or fold; email 5 or 6 slides to my TA, Kellen McColl. 2. Prof Titman on REIT investing; discussion of general real estate landscape, REIT landscape, areas of concern or opportunity 3. Choose REIT pairs and analysis groups and schedule pairs presentations; bring your calendar and an open-mind re: your schedule.

3	Tues	Sept 19	Pairs presentations (3) = 6 MBAs, 6 analysts
4	Fri	Sept 22 9 - noon	REIT conference pairs presentation (1)= 2 MBAs, 2 analysts <i>This meeting replaces pre-Thanksgiving class Nov 21</i>
5	Tues	Sept 26	Pairs presentations (2) = 4 MBAs, 4 analysts
6	Tues	Oct 3	Industry deep dive and a triplet = 3 MBAs, 4 analysts (one analyst per name and one analyst on industry research directed by MBAs); full class will read supporting industry reports and be ready to contribute
7	Tues	Oct 10	new private equity fund – fund structure review, fund legal document review, Denver office example (1 st dry run), review new “dry-run” deal for analysis, Everyone works on the dry-run deal so everyone gets some training and contributes to the process. Before we leave class we’ll assign jobs
8	Tues	Oct 17	in-class work on PE deal; all students will come prepared to present/discuss/contribute a little on their area of the deal; <i>this class follows OU weekend.</i>
9	Tues	Oct 24	Group Presentation of PE deal as-if to investment committee; presentation team TBD
10	Tues	Oct 31	Pairs presentations (3) = 6 MBAs, 6 analysts
11	Tues	Nov 7	Pairs presentations (3) = 6 MBAs, 6 analysts
12	Tues	Nov 14	Industry deep dive.2 with industry triplet analysis = 3 MBAs and 4 analysts (one analyst per name and one analyst on industry research directed by MBAs)
	<i>Tues</i>	<i>Nov 21</i>	<i>No-class – this class was replaced by attendance at the REIT conference on Friday, September 22</i>
	<i>Thkgvg</i>	<i>Thur</i>	<i>Nov 23</i>
13	Tues	Nov 28	Draft memo pages submitted for review; Final trades submitted in class; portfolio tracking error calculated; trades will be executed by Friday Dec 1; memo to be finalized by final class, December 5
14	Tues	Dec 5	Quick class meeting to finalize memo and any other class material; class finishes with dinner at Pluckers, 5:00 – 7:00.