Content of Written Memo:

The paper is designed to be similar to a memo to be written to an investment committee, highlighting your analysis and conclusions.

Start with an executive summary, briefly summarizing your findings and then backing it up with key elements of each component of the analysis. After the executive summary, support your analysis in the body of the memo. Avoid information that isn't relevant to your analysis and conclusions.

Each of these topics needs to be covered in the paper:

Company history (what type of REIT is it? When was it established? Which markets does it cover? What kind of asset types does it have? Include the distribution of properties it has separately by geography and asset type

REIT valuation analysis and pattern of returns (compute market value of the stock using NAV, FFO, the Gordon Discount Dividend Model, Debt to EBITA Ratio). Include amount of debt along with the underlying collateral for each property currently held by the REIT, if available (it should be in the 10K). Compare current returns measured to previous years, going 3 years back – 2021,2022,2023.

Relevant market analysis for the asset types and geographies, and discussion of new opportunities (e.g. if the REIT invests in industrial in the Northeast Corridor [Boston – Washington DC] , what are the findings / relevant news / challenges in this market as well as for the asset type?). *"An overview of market conditions for the asset types within geographies is appropriate."*

Consistency of Management, their portfolio strategy, and their track record for profitability – points to what experience the REIT managers have, their approach to managing the REIT's assets/portfolio, and whether you would be confident trusting your money with them.

Recent activities or changes within the REIT such as acquisition, disposition, merger, privatization that the REIT was involved in and talk about how it is expected to affect the REIT financials and also how it illustrates the practices of the management

Future plans and current adaptation to market shocks including but not limited to COVID, E-Commerce, AI, ever rising interest rates (fuelled by inflation). Include in this discussion is what those shocks are and the impact they have related to the asset types within the REIT, what the impacts are expected to be in the next 3 – 5 years to those asset types, how the REIT is expected to be impacted in the longer term, and how the REIT is responding to them (along with the levels of success it is having given these constraints.

Discussion of how this REIT compares to the S&P 500, corporate debt, treasury securities or other comparable investments (broad sense using "typical annualized benchmark returns").

Given your previous assessments, how well is the REIT is situated in light of market shocks? How stable is the REIT and what is the likelihood that performance continuing in the future? What recommendations would you make to improve the REIT's prospects, and what is the feasibility of the REIT making them? If you had money (i.e. $100,000) would you invest in this REIT?

Formatting Criteria

The project will include an approximately 8-to-12-page written term paper, Arial 10-point font (or equivalent), excluding graphs, charts, maps, tables etc. that you may include (so the total paper length can be more, including those devices).

You will include links (or downloaded pdf or other files) to sources used; in this way your sources will be "fully annotated." You can use Wikipedia as a starting point (which also needs to be documented) but any Wikipedia entry must be vetted at the source level, with those sources documented and "linked" as the primary sources for the entry. As with the Excel Project #1 (Proforma), blogs are not allowed as primary sources.

The language used in the paper needs to be factual "dry prose"- "Just the Facts." No inspirational quotes or other "flourished language" will be tolerated. Likewise, anecdotal information, or personal experiences alone weakens the rigor of your analysis, and in consequence, will affect your grade. If you use anecdotal information or personal experience, it needs to be documented by an outside source. Your analysis is "data driven" and needs to be factually based. You can use bullets and sections as instruments of clarity, but not as the sole means of delivery – a paper is not a presentation.

For extra credit (described in "Project Scoring"), you can also provide a Powerpoint presentation on your findings. That Powerpoint presentation cannot be a substitute for the written paper.

Real Estate/REIT Data Sources

At a minimum you need to access and utilize the following information:

Annual Reports for the last 2 years (2022/2023) plus first quarter reports (1Q 2024) if available. These are available on the REIT's website, and illustrate what the REITs are saying to / sharing with their shareholders and investors.

Securities filings 10K (Annual Report), 10Q (Quarterly Report) for the last 2 years. These are official legal filings that the REIT prepares for the US Government Regulators (Securities & Exchange Commission), and are ostensibly more complete and truthful than the Annual Reports. They traditionally include portfolio inventory and valuation, financial statements and an evaluation of incumbent risks to the REIT. If your REIT went private, or is defunct, please provide the two years most recent and available, prior to that event. They are accessed through:

https://www.sec.gov/edgar/searchedgar/companysearch

Also look at the REIT's website as well as its information available from the REIT trade association, www.reit.com. This information should be interpreted from the perspective of "how it views itself," noting that much of the information can be construed as "self-- serving marketing fluff." While it never should be relied on as a primary source. There are insights that can be gleaned from it.

You will need to research specific geographies asset types and market impacts – you can get information on these based on market reports from the big real estate brokerages (C&W, CBRE, JLL, CRESA, Avison Young, Marcus & Milichap,etc) - you register for their websites and access the information. These websites also have market sector special reports which can be quite useful.

An additional resource is Price Waterhouse Cooper's Real Estate Trends, which is on Blackboard's site for this course.**Demographic Data Sources**

When needed, demographics for specific regions can be obtained through the US Government's www.census.gov website. An easier tool (which Baruch has a license for) is www.socialexplorer.com, which should be available through the Baruch library's electronic resources. The 2020 census data and American Community Survey for Metropolitan Statistical Areas is sufficient. Relevant data points for this exercise include Population/population density, housing availability/cost, Median Household Income (how much money is earned/spent by people in the community), Age Distributions of Residents (demonstrating how old or young the people in a community are along with ancillary uses they may have for goods and services) and ethnic distribution / origin of residents.

Be general with this and limit analysis to overall trends within categories and regions – specificity to individual properties is not necessary and bogs down the analysis

Other Data Sources

General databases for newspaper articles etc. are below

https://remote.baruch.cuny.edu/login?url=https://www.snl.com (Instructions on Blackboard)

https://global.factiva.com/ (Baruch Library Database)

https://www.reit.com/what-reit/reit-basics (online source)

Use Google data searches for the REIT name and other relevant topics to see what comes of it.