



FINAL PROJECT INSTRUCTIONS

Objective

One of the primary objectives of this course is for you to gain practical decision-making experience by working through investment situations. The final project will expose you to as many projects (and perspectives) as possible to give you a head start on future real estate and non-real estate investment decisions.

Note: This is an ***end of term*** project, not a ***full*** term project. If each person spends four hours on this, that should be plenty!

Executive Summary

You will be forming teams of between **FIVE AND SIX** students to analyze, structure, and present a real estate investment project to the rest of the class with the goal of attracting lenders, equity investors, and entrepreneurial partners.

Your team will select a project from one of the **real life** investments assembled by the teaching staff. Presentations should include an executive summary, market analysis, discounted cash flow analysis, and sensitivity analysis and will last **ten minutes**. **Brevity and concision are key**. Your audience is familiar with discounted cash flow models so you should explain what the returns are and how they're structured (you can skip the basics of how the formulas are setup).

All students play the role of either a lender, an equity investor, or an entrepreneurial partner.

You will be assigned one of those roles and a quantity of capital to invest in one or more of the projects proposed (excluding your own). You will be investing your capital based on your assessment of the returns as well as your judgment of the sensitivity of the project to risk factors and the soundness of the plan.

For the first round (**Week of April 27th**), eight of the teams will present to the Tuesday class and the other eight will present to the Wednesday class. Regardless of which day *your* team's project is presented, if you are registered in the Tuesday class, you should attend / watch the Tuesday class as your investment allocations will be based on the Tuesday presentations. Likewise, regardless of which day *your* team's project is presented, if you are registered in the Wednesday class, you should attend / watch the Wednesday class as your investment allocations will be based on the Wednesday presentations.

You will be responsible for submitting your capital allocation choices online via Canvas within 24 hours of the presentations to your class. The students in the Tuesday class must submit their invest allocations by Wednesday at 7:40pm. Students in the Wednesday class must submit their investment allocations by Thursday at 7:40pm.

The three teams which attract the most capital from lenders, equity investors, and entrepreneurial partners during the first round, will present **a more detailed plan (20 minute presentation including questions) on the opposite day the following week**: The top three teams that presented on Tuesday, April 28th will present on Wednesday, May 6th and the top three teams that presented on Wednesday, April 29th will present on Tuesday, May 5th.

Important: your team should have at least one member who can present on the alternate day to present the following week in case your team is one of the top three.

There will be a debriefing session after the presentations from the audience.



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As with the first round, students from each class will have 24 hours from their assigned lecture to submit their capital allocation decisions for the second round.

Members of the team that attracted the most capital from lenders, equity investors, and entrepreneurial partners during the second round will receive a 5% bonus on their semester scores, members of the second place team will earn a 2.5% bonus on their semester scores.

Team Logistics

- Teams may include students from both the Tuesday class and the Wednesday class.
- Teams **MUST** have at least one presenter who can present on the assigned day for the first round and at least one presenter who can present on the assigned day for the second round (you do not – and probably should not - need to have the same presenter for both rounds).
- Teams can sign-up on a first-come, first-serve basis for whether their first round will be on Tuesday or Wednesday by e-mailing mgmte2035@dce.harvard.edu (a list of the teams for each day will be posted and updated on the Canvas site).
 - Again, if a team presents on Tuesday and makes it to the second round, their second round presentation will be on the following Wednesday.
 - If a team presents on Wednesday for the first round and makes it to the second round, they will present on the following Tuesday.
 - Only the **Presenter** is required to attend the second presentation. Other students are welcome to join if they would like.
- Ten minutes is a *really, really short* time to give a presentation – but real life investors and lenders are busy, so this is good practice.
- Presentations for the week submitted via PowerPoint and will be due by **12:00pm US Eastern on Tuesday the week of the presentation (regardless of whether you are presenting on Tuesday or Wednesday – no fair seeing other presentations)**.

Final Project Pre-Team Selection Discussion Board

A discussion board has been created which is designed to help facilitate the formation of teams. It is open (and visible!) to everyone in the course. Whether you're looking for a team to join or are trying to recruit people into a team-in-formation, please feel free to post to it.



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Working with Your Team Using *Canvas Groups*

The teaching staff will be establishing a “Canvas Group” for every investment project. A Group site is like a mini-course website **dedicated to your group**. It features a discussion board (really, really useful) as well as a place to upload and download files.

Groups will become available to join at 12:00pm US Eastern Saturday, April 18th at which point you may join the group of your choice.

To join a group, click on the new “People” tab on your left side of your navigation menu which will include a tab for “Groups” on which you will find the list of projects.

As long as there is space, you can join a group. Note: you can only join one group at a time. If you want to join another group, you will automatically leave the group.

Groups will be closed and any un-assigned students will automatically be assigned to groups at **12:00pm US Eastern on Tuesday, April 21st**.

Roles

One of the first items of business to establish everyone’s role on the team. While everyone is expected to contribute to the substance of the presentation, there are a handful of key roles which you will want to assign to facilitate the work of the team (note: you may decide – and are welcome - to create other roles):

<u>Roles</u>	<u>Responsibilities</u>
1. Facilitator	A.k.a. Chief Cat Herder. Lead the discussions and keep the group on task. Setup the schedule for any meetings and due dates for internally assigned tasks.
2. Recorder	Keep minutes of meetings and assignments. Follow-up with individuals with assignments to make sure they’re doing their job. Communicate with the teaching staff with regard to the presentation day preference.
3. First Round Presenter(s)	Conduct the ten-minute first-round presentation. <i>Must have video and audio capabilities.</i>
4. Second Round Presenter(s)	Conduct the twenty-minute second-round presentation on the opposite day of the first round. <i>Must have video and audio capabilities.</i>
5. PowerPoint Master	Produce the PowerPoint Presentation for your project. E-mail to mgmte2035@dce.harvard.edu .



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Meeting Online

This project is designed to be completed entirely online. It is suggested that you arrange a time to meet online via Google Hangouts, Skype, or any other web-conferencing software of your choice. Meetings should be short with an emphasis of parceling out the work.

You should also make use of your group's **private Discussion Board**. This can be used for coordinating meetings as well as throwing out proposals or giving feedback on the project.

Technology Check-ins

Presenters will be required to attend a brief "Technology Check-in" on Monday, April 27th. The check-in will take approximately ten minutes during which you will get experience turning on your web cam, using your microphone, and operating a PowerPoint Presentation.

A sign-up sheet will be created on the course website.

Grading

Your final project grade will be determined according to the following rubric:

<u>Item</u>	<u>Weight</u>
Project Criteria:	
Analysis of Location (Metro area, city, neighborhood)	5%
Market Analysis (Demand drivers for this project)	5%
Analysis of Comparable Properties	10%
Discounted Cash Flow Analysis	
Unlevered Cash Flow and IRR Analysis (Operations and Investing)	10%
Debt Financing Structure: Levered Cash Flow and IRR Analysis	10%
Equity Investor Structure : Investor's Cash Flow and IRR Analysis	10%
Entrepreneurial Partner Structure: Cash Flow and IRR Analysis for the Entrepreneur	<u>10%</u>
Project Criteria Total:	60%
Individual Participation Criteria:	
Investment Allocation for Round 1	10%
Investment Allocation for Round 2	10%
Completion of Reviews for Peers	15%
Results of Your Peer Review	<u>5%</u>
Individual Participation Total:	40%



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Key Deadlines

Week of April 13th

Sat. April 18 @ 12:00pm Groups become available for joining

Week of April 20th

Tue. April 21 @ 12:00pm Groups are finalized. Any un-assigned students will be randomly assigned. Groups that haven't assembled a sufficient number of members may be combined.

Thu. April 23 @ 12:00pm Deadline for signing up for First Round presentation time slot.

Week of April 27th

Mon. April 27 Mandatory 10-minute technology check-in for presenters
(Sign-up available online)

Tue. April 28 @ 12:00pm All Power-Point Presentations for Round One are due via e-mail to mgmte2035@dce.harvard.edu.

Tue. April 28 @ 7:40pm ***Tuesday Section:*** Round One Presentations

Wed. April 29 @ 7:40pm ***Tuesday Section:*** Round One Investment Allocations Due
Wednesday Section: Round One Presentations

Thu. April 30 @ 7:40pm ***Wednesday Section:*** Round Two Investment Allocations Due

Thu. April 30 @ 9:00pm Announcement of Round Two Teams Sent Out

Week of May 4th

Tue. May 5 @ 12:00pm All Power-Point Presentations for Round Two Due via e-mail to mgmte2035@dce.harvard.edu.

Tue. May 5 @ 7:40pm ***Tuesday Section:*** Round Two Presentations

Wed. May 6 @ 7:40pm ***Tuesday Section:*** Round Two Investment Allocations Due
Wednesday Section: Round Two Presentations for Wednesday Session

Thu. May 7 @ 7:40pm ***Wednesday Section:*** Round Two Investment Allocations Due

Fri. May 8 @ 11:59pm Peer Evaluations Due



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Frequently Asked Questions

What should go into our PowerPoint Presentation?

The goal of your presentation is to raise money from lenders, equity investors, and entrepreneurial partners. You'll want to briefly explain what the project is, what market it's in, and the basis for your discounted cash flow model. You'll also want to share the key deal terms for each group for example:

For Lenders: Loan-to-value, loan-to-cost, and debt service coverage ratios, proposed amortization schedule, etc.

For Investors: Preferred or look-back return (if anyway), reversion cash splits, etc.

For Entrepreneurial partners: How much equity will be needed, when repayments can be expected, etc.

The lecture during the Week of April 20th will feature a sample presentation.

I am in the Wednesday session of the course, can I join a group made up primarily of Tuesday students?

Absolutely. The make-up of the teams is independent of you assigned lecture day.

How do we find out if we are presenting on Tuesday or Wednesday?

Your team's Recorder or Facilitator should e-mail mgmte2035@dce.harvard.edu with your preferred day. Days are assigned on a first come, first serve basis.

I am in the Tuesday class but my group is presenting on Wednesday, do I need to attend the Wednesday session?

As a Tuesday student, your job is to watch the Tuesday Presentations and make your capital allocation decisions based on the Tuesday Presentations. Your team's presenter is the only one from your group required to attend on Wednesday.

I am in the Wednesday class and understand that I will be responsible for evaluating the Wednesday Presentations....but can I watch the Tuesday session anyway just for fun?

Sure thing! That's entirely optional though.

How will I know what role I play (lender, investor, or entrepreneurial partner) as an audience member?

We will e-mail you in advance (and it will be clear on your Canvas assignment).

I am a graduate student, what is the response paper assignment?

We will be sending out additional information on the response paper shortly.



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Frequently Asked Questions

I'd like to be my team's presenter, but I can't be there live on the day I'm supposed to present. What should I do?

Presenters must be able to attend the session during which they are scheduled to present. If you are not able to make it, you'll need to find someone else on your team who can.

Is the link for joining the Tuesday session different from joining the Wednesday session?

Yes. We will be publishing those in advance.