

**INTERNATIONAL REAL ESTATE – The Emerging Markets**  
**BUS 236f (2)**  
**Fall 2012**

Monday & Wednesday, 11:00 am – 12:20 pm  
Sachar, International Hall

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**OVERVIEW**

The course serves as a follow-on to BUS 235f, *Real Estate Fundamentals*, and looks at the analysis, financing, marketing, and management of income-producing real property in the Emerging Markets. Using case discussion, we explore how developers and investors identify projects, determine value, design marketing strategies, and obtain financing.

**LEARNING GOALS & OUTCOMES**

**Recognize and evaluate the determinants of value:** individual property characteristics, market conditions of supply and demand, capital market influences, public policy effects

**Be familiar with the legal and regulatory environment in various markets:** property rights and limitations, leases and other contracts, land use regulations

**Understand the roles and responsibilities of the “players” in the marketplace**

**Estimate the value of income-producing properties** via a direct capitalization approach and a DCF

**Understand the sources of capital and the basics workings of the real estate capital markets**

**Determine a basic capital structure for a property acquisition** including the amount, cost, and other market terms for debt

**Explore societal challenges and opportunities** that result from the inherent tension of individual versus communal rights and responsibilities

## COURSE REQUIREMENTS

### **Required Reading**

I have created a set of 10 HBS cases and notes (plus 2 spreadsheet supplements) at the Harvard Business Education web site. In addition:

- (a) I will distribute by hand two new cases that may not be posted on the site until next year.
- (b) I will post on the site an additional 2-3 cases which will be the basis for the final project.

To access the Harvard site, follow this link: <http://cb.hbsp.harvard.edu/cb/access/16153018>

If you have not registered with the site, it will be necessary to do so now. Once you have completed the brief registration process, you will be able to log in. Once logged in you will be able to access the material I have assigned for the course. Most will be available in PDF and can be viewed with Adobe Acrobat Reader. A few materials may require that a hard copy be shipped to you. For subsequent access, you will need to login at [www.hbsp.harvard.edu](http://www.hbsp.harvard.edu) and go to My Library->Courses.

For assistance, please contact Harvard Business Publishing Customer Service at [1-800-810-8858](tel:1-800-810-8858) or [617-783-7700](tel:617-783-7700) from 8am-8pm. Customer Service can also be reached at [techhelp@hbsp.harvard.edu](mailto:techhelp@hbsp.harvard.edu).

**Prerequisite:** BUS 235f

### **Attendance and Participation**

Class attendance is required. For most classes, there will be a case assigned and every student is expected to come prepared to discuss it in detail. You are expected to place name cards at your seat at every session.

### **Academic Honesty**

You are expected to be honest in all of your academic work. Instances of alleged dishonesty will be forwarded to the Office of Campus Life for possible referral to the Student Judicial System. Potential sanctions include failure in the course and suspension from the University. For the University policy on academic honesty, please see section 5 of *the Rights and Responsibilities Handbook*.

### **Disabilities**

If you are a student with a documented disability on record at Brandeis and wish to have a reasonable accommodation made for you in this class, please see me immediately. Please keep in mind that reasonable accommodations are not provided retroactively.

### **Grading**

You will be graded on your class participation, written assignments, and a team project. The first written assignment, *Equity International*, is to be done **individually**, *with no assistance from other students*. **All other assignments, including the final project, must be done in teams of 3-4 students.** Grades on team assignments are assigned to all members of the team although I reserve the right to alter individual grades in certain circumstances, e.g., when it is clear to me that an individual clearly did not contribute to the assignment in a consistent and meaningful way.

## Grading, continued

### **CLASS PARTICIPATION 30%\***

Please keep a record of your participation, as I will ask for a written self-assessment at the end of the course.

\* You are entitled to **one** absence. After that, each absence results in a one-step reduction in this grading element (B+ to B, and so on). Excellent attendance with minimal participation will result in a “class participation grade” of B-. Class participation during the final class on 12/19 will be weighted more heavily than prior sessions, counting for 10% of the 30%.

<b>WRITTEN ASSIGNMENTS</b>	<b>45%</b>	<b><u>CASE</u></b>	<b><u>DUE</u></b>
		<b>Equity International (10%)</b>	<b>11/12 (individual)</b>
		<b>Waltz on the Danube (15%)</b>	<b>11/19</b>
		<b>Toward Golden Pond (10%)</b>	<b>12/3</b>
		<b>Xander Group (10%)</b>	<b>12/10</b>
<b>FINAL PROJECT</b>	<b>25%</b>	<b>PPT Deck + Analysis</b>	<b>12/17*</b>

\*Your team PPT deck and written analysis are due via email by **11 pm** on Monday, Dec 17.

**The final class will meet from 9:30am to 12:30pm on Dec. 19.**

### Final Project (3 or 4 students per team)

I am excited to have John Macomber from HBS as our discussion leader for the class on 12/19; he is the author of the cases that we will analyze for the final project. John is a seasoned industry veteran and an author a rich body of HBS cases, many of which look at big picture issues in the emerging markets. His link is: <http://www.hbs.edu/faculty/Pages/profile.aspx?facId=92011>

Here's his on-line bio:

John Macomber is a Senior Lecturer in the Finance unit at Harvard Business School. His professional background includes leadership of real estate, construction, services, and technology businesses. At HBS, Mr. Macomber is engaged in the Business and Environment Initiative and Social Enterprise Initiative. He teaches Finance, Real Estate, Urbanization, and Entrepreneurship courses in the elective curriculum and in Executive Education. He is the former Chairman and CEO of the George B H Macomber Company, a large regional general contractor; and a principal in several real estate partnerships in Massachusetts. In the community, John is active with Young Presidents Organization (YPO), Boys and Girls Clubs of Boston, the Appalachian Mountain Club, and Mount Auburn Hospital. He serves on the board of Vela Systems and is a past director of Boston Private Bank.

Depending on final enrollment for our class, we will look at 2 or 3 of his cases. Teams of four students will analyze one of the cases and prepare both a PPT deck (for presentation in class) and a paper that addresses questions that we will pose. John will lead the discussion and provide additional background to make the session lively and informative. Students will be expected to read all the cases for class, so everyone can participate in Q+A. Of the 30% allocated in the final grade for class participation, **10%** will be based on your comments and questions (posed to student presenters and to the guest instructor).

As we get closer to the final project, I will distribute the names of the cases and the specific assignment.

## COURSE OUTLINE

*See LATTE for study questions and assignments*

Day	Date	Case or Topic	Assignments
Wed	10/31	Course introduction and discussion of RE in emerging markets	None
<b>Region 1: Latin America</b>			
Mon	11/5	Cinco de Mayo	see study guide
Wed	11/7	Hines Goes to Rio	see study guide
Mon	11/12	Equity International: The Second Act Structuring Real Estate Deals: An Investor's Perspective	HW #1
<b>Region 2: Eastern Europe</b>			
Wed	11/14	North Goes East	see study guide
Mon	11/19	Waltz on the Danube	HW #2
<b>Region 3: China</b>			
Mon	11/26	Chongqing Tiandi	see study guide
Wed	11/28	Corporate Avenue	see study guide
Mon	12/3	Toward Golden Pond (A)	HW #3
Wed	12/5	SOHO China	see study guide
<b>Region 4: India</b>			
Mon	12/10	The Xander Group and the Chennai Warehouse	HW #4
Wed	12/12	Bardhaman (A): Shrachi and the West Bengal Housing Board	see study guide
<b>Final Project (during exam week)</b>			
Wed	12/19	<b>Case analysis and presentations (9:30am – 12:30 pm)</b>	see study guide

## COURSE MATERIALS

*(available on HBS website, with the possible exceptions of "SOHO China" and "The Xander Group", which I will distribute by hand)*

Cinco de Mayo	9-206-115
Hines Goes to Rio	9-805-001
Equity International: The Second Act	9-209-110 + spreadsheet supplement
Structuring Real Estate Deals: An Investor's Perspective	9-208-066
North Goes East	9-208-136
Waltz on the Danube	9-804-021 + spreadsheet supplement
Chongqing Tiandi	9-207-019
Corporate Avenue	9-812-056
Toward Golden Pond (A)	9-210-045
SOHO China – <i>as revised in fall 2012</i>	<i>see above</i>
The Xander Group and the Chennai Warehouse	<i>see above</i>
Bardhaman (A): Shrachi and the West Bengal Housing Board	9-210-062

**In addition, I will assign two (and possibly 3) cases for the final project.**