

## REIT Financial Modeling: Course Outline

**Description:** The REIT Financial Modeling course teaches students and professionals how to analyze and value real estate investment trusts (REITs), including M&A deals and leveraged buyouts involving REITs. It's ideal preparation for real estate investment banking and buy-side roles that are related to REITs, and it includes 6 practice case studies, a 150-page written guide, study plans, and a certification quiz.

**Objectives:** By the end of the course, students will be able to build 3-statement models, valuations, merger models, and LBO models for REITs; they will also understand how to use these models in real life to advise clients and make investment recommendations.

**Target Audience:** Bankers and corporate finance professionals who know “standard” financial modeling and want to specialize in REITs (the course assumes intermediate Excel and modeling skills).

**Duration:** 10 – 20 hours (various study plans are available).

### Outline:

- **Module 1: REIT Overview and Short Case Studies/Modeling Tests (5.0 Hours)** – This module introduces students to REITs via several conceptual lessons on the financial statement and business model differences and then presents two short case studies (90 minutes each) based on Park Hotels in the U.S. and Colonial SA (an office REIT in Europe). Students with limited time can get the crash-course version of REIT financial modeling via this module.
- **Module 2: REIT Valuation Modeling Test (AvalonBay) (7.5 Hours)** – This module teaches students how to build a 3-statement model and valuation for AvalonBay, an apartment REIT based in the U.S.; features include a detailed Net Asset Value (NAV) model, DCF analysis, and comparable public companies and precedent transactions. Students also get examples of a hedge fund stock pitch, equity research report, and investment banking pitch book based on this model.
- **Module 3: REIT Debt vs. Equity Case Study (SPH REIT) (2.0 Hours)** – Students complete a debt vs. equity financing model for SPH REIT (based in Singapore) in this lesson; they'll analyze the key credit stats and ratios and make a financing recommendation that satisfies the company's targets for distributions, gearing, and interest coverage.
- **Module 4: REIT M&A and Merger Model Case Study (Digital Realty / DuPont Fabros) (4.5 Hours)** – Students complete a quarterly merger model for Digital Realty's acquisition of DuPont Fabros in this case study, including support for REIT-specific line items such as above and below-market leases and intangibles based on tenants' relationship value. They also build a contribution analysis and value creation analysis, and they use REIT-specific metrics such as FFO and AFFO accretion/dilution to make a deal recommendation.

- **Module 5: REIT Leveraged Buyout and LBO Model Case Study (Blackstone / Pure Industrial Real Estate Trust) (3.0 Hours)** – In this final case study, students complete a leveraged buyout model for a Canadian REIT based on segment-level projections and ongoing debt and equity financing during the holding period; features include a management rollover, employee options pool, and a multiple-based incentive fee scheme for one of the equity investors.

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