

**Assignment: Draft Final Report**

**Due date: Lecture 11**

This exercise is an important part of the learning process. The idea is for us, the instructors, to work with you on the final report. We will review your drafts over the weekend, to make suggestions to improve your understanding of the application of real options to Real Estate and Infrastructure Development. Think of this assignment as preparation for a tutorial with us.

You will only get marked down if you fail to give us a draft. This is your opportunity to have us help you resolve questions and concerns.

Team effort: Each team should prepare a joint report that should thus contain

- Executive Summary, with list of team members.
- Identification of the case, including a brief description of the project, and of its major uncertainties you have analyzed in the report.
- Brief description of the approach which, in summary, involves an assessment of the possible profitability of the product according to a “base case” business plan, considering likely uncertainties; the examination of possible forms of flexibility that would permit the developers to adapt their development and deployment to possible futures; and your recommendation of specific flexibilities for them to consider.
- Numerical Results, presenting, comparing and explaining various flexible designs with the base case, along the lines developed in the previous assignment.
- Your recommendation of which real option is best, together with your rationale justifying this choice.
- Appendices, providing spreadsheet and other backup material as you think important.

Individual Effort: Each team member will prepare and submit an individual report on their analysis of a specific potential form of flexibility for the project. Individual reports should describe the option analyzed, explain its potential use, and present the multi-dimensional results in a form consistent with the team report. Each team member should submit their analytic results to the team by the deadline the team specifies, so that the team can include the individual analysis in its report.

**Note:** If an individual for any reason does not submit their results in time to be included in the team report, the team should proceed without this information and can write up its report without including that person’s analysis.

MIT OpenCourseWare  
<http://ocw.mit.edu>

ESD.712 / 11.434 / 15.428 Tools for Analysis: Design for Real Estate and Infrastructure Development  
Spring 2010

For information about citing these materials or our Terms of Use, visit: <http://ocw.mit.edu/terms>.