

REFEREE'S REVIEW

Program:	Master in Corporate Finance	Title of thesis:	Evaluation of Real Options Portfolio for Investment Projects
Student:	Dzheikhun Nurullaev		

Justification of the topic choice. Accuracy in defining the aim and objectives of the thesis. Justification of the topic choice; accuracy in defining the aim and tasks of the thesis; originality of the topic and the extent to which it was covered; alignment of the thesis' topic, aim and objectives.	5	4	3	2
Structure and logic of the text flow. Logic of research; full scope of the thesis; alignment of thesis' structural parts, i.e. theoretical and empirical parts.	5	4	3	2
Quality of analytical approach and quality of offered solution to the research objectives. Adequacy of objectives coverage; ability to formulate and convey the research problem; ability to offer options for its solution; application of the latest trends in relevant research are for the set objectives.	5	4	3	2
Quality of data gathering and description. Quality of selecting research tools and methods; data validity adequacy; adequacy of used data for chosen research tools and methods; relevance of the list of references.	5	4	3	2
Scientific aspect of the thesis. Independent scientific thinking in solving the set problem/objectives; the extent to which the student contributed to selecting and justifying the research model (conceptual and/or quantitative); developing methodology/approach to set objectives.	5	4	3	2
Practical/applied nature of research. Extent to which the theoretical background is related to the international or Russian managerial practice; development of applied recommendations; justification and interpretation of the empirical/applied results.	5	4	3	2
Quality of thesis layout. Layout fulfills the requirements of the Regulations for master thesis preparation and defense, correct layout of tables, figures, references.	5	4	3	2

Each item above is evaluated on the following scale, as applicable: 5 = the thesis meets all the requirements, 4 = the thesis meets almost all the requirements, 3 = a lot of the requirements are not met in the thesis, 2 = the thesis does not meet the requirements.

Additional comments:

In part 1 of the thesis, the author describes the real options approach and portfolio approach to real options. Both chapter 1 and chapter 2 feature references to four key sources: J. Mun (2014), M. Amram & N. Kulatilaka (1999), Trigeorgis (1993a), and R. Bosh (2008). The problem of real options approaches, however, was tackled by even more researchers—especially if compared to DCF. Section 1.2.4 includes several articles analyzing many complex practical and theoretical problems in the aspect of real options interactions, but the author has neither compared them nor identified comparison criteria.

Chapter 1 covers the portfolio approach to real options, however no distinction between project, portfolio and program is made (while the term 'program' is actually missing). Within the whole thesis, the author pictures an absolutely rational manager, whose investment decision is aimed at maximizing the shareholders' value. However, apart from behavioral specifics of a certain manager, the decision on the investment portfolio is largely influenced by the corporate strategy and responsibilities taken.

In chapter 3, the author is thorough in reasoning the choice of the shale oil extraction project as the modeling target. In contrast to the first chapters, the description of the investment project is clear, structured and detailed, as well as ensures understanding of the practical significance of each project's parameter. The binomial numerical analysis features an accurate forecast of oil prices, not only based on historical data but also putting price restriction. In the part of project analysis with options, results of three options were quantified. While analyzing the results, the author makes important conclusions about the value of the real options portfolio.

In general, the thesis is of high value, especially in its practical part, where the author provides meaningful conclusions for investment projects on development types of new assets.

Master thesis of Dzheikhun Nurullayev meets the requirements of Master in Corporate Finance program, and according to the reviewer's opinion deserves a good (B) grade, thus the author can be given the desired degree.

Date 2nd June 2018



Referee:

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