



To whom it may concern:

Zurich, 12 November 2014/mdb

Letter of Recommendation for Manish Gupta

Mr. Manish Gupta told me that he wishes to apply for the position of Assistant Professor of Finance at your University, and he has asked me for a letter of recommendation, which I am glad to supply.

I have known Manish Gupta since 2010 when he became one of my Ph.D. students at the Department of Banking and Finance, University of Zurich. He is expected to finish his doctoral programme in Finance in June 2015.

Manish Gupta holds a M.A. in Economics from Georgia State University, Atlanta and a M.Sc. in Finance from Carroll School of Management, Boston College. His areas of research include corporate finance, macro finance, and housing.

At the University of Zurich Manish Gupta worked for our real estate research group CUREM which is also managing our real estate executive masters, MASRE. In this capacity he advised students in writing their master's thesis and he had also given some lectures in classes.

Manish has worked on corporate finance and on real estate. **In his job market paper "House Price Shocks, Leverage, and Mobility"** he assesses the impact of social costs generated by house price shocks on the mobility of homeowners. Using PSID data, he finds that debt overhang inhibits moving due to both the increased leverage owing to the Tax Reform Act, 1986 (TRA), and house price shocks. Moreover, for those levered homeowners with positive equity, he finds a "fire-sales" effect due to the illiquidity triggered by the shocks in housing markets. The "fire-sales" effect denotes the social cost of their mobility since, the shocks allowed the mobility of renters as well but with no such effect.

In his current project on **"Management Quality and Innovation in Venture-backed Entrepreneurial Firms"** (joined with Thomas Chemmanur and Karen Simonyan), the authors make use of hand-collected data on the quality and reputation of the management teams of a large sample of venture-backed entrepreneurial firms undertaking initial public offerings (IPOs) to address two research questions: How does the human capital of a firm's top management team ("management quality") affect the quantity and quality of innovation undertaken by it? And what are the effects of the pre-IPO



innovativeness of a firm and its management quality on the characteristics of its IPO and its post- IPO operating performance?

During his doctoral studies he has already presented his working paper “Agency Issues and Financing Constraints – Evidence from REITs” at several conferences, such as at ERES, Eindhoven (the Netherlands) in June 2011, where he won the Best Paper Award; at the ARES Annual Meeting in St. Pete’s Beach (Florida) in April 2012, at the Financial Management Association (FMA) Annual Meeting in Atlanta in October 2012, and at the AREUEA National Meeting in Washington in May 2014. For his second working paper on “House Price Shocks, Leverage, and Mobility”, he was invited as a Guest Speaker at Henley School of Business, University of Reading (England) in June 2012; and he was also invited to present his paper at the American Real Estate Society (ARES) Annual Meeting in April 2013; at the AREUEA National Meeting in Washington in May 2013; as well as at many other conferences. In October 2014, he gave a presentation at ReCapNet (ZEW) Conference in Mannheim, Germany and will give one at the American Economic Association (AEA) Annual Meeting in Boston next year.

Manish Gupta can compete well with the best people in his field at similar stages in their career. He is an excellent researcher and also a very honourable and nice person. The papers mentioned above, and his other contributions prove that Manish Gupta is an accomplished expert in his field of research, and one who will certainly continue to give creative contributions in this area. His works represent research of outstanding quality with potential to be published in highly ranked scientific journals. Manish Gupta has a well-rounded personality which makes him a pleasant and reliable contributor to academic life that can be entrusted with the responsibilities of senior academic staff.

I recommend Manish Gupta for the Assistant Professor position at your University on the academic, practical and personal level with my outmost confidence. I wish him the very best for his future.

If you need any further information, please do not hesitate to contact me any time.

Sincerely,

University of Zurich
Department of Banking and Finance

A handwritten signature in blue ink that reads 'Thorsten Hens'.

Prof. Dr. Thorsten Hens
Director