



SYLLABUS: Dealmaking Process - Debt, Equity and the Art of Negotiation PLAN 6376

113 Avery: 4:00 to 6:00 PM
Adjunct Assistant Professor Mitchell Adelstein

Description

This elective will cover practical methods and techniques used by investors and other related parties to: i) evaluate opportunistic and value-add income-producing real estate opportunities, ii) finance real estate with debt and equity, and iii) understand the deal process by participating in a group mock transaction.

The class will be split up into “Deal Teams” that will consist of: Buyers, Sellers, Lenders, Equity Investors, and Brokers. Each deal team will be responsible to negotiate a deal from their respective position in the real estate transaction process. Each Deal Team will be responsible to negotiate a deal to purchase, finance and close the deal. The Deal Teams are encouraged to make a deal – in other words – the Buyers want to buy, the Lenders want to lend, the Sellers want to sell and the Equity Investors want to invest. Each group will present their analysis and discuss the transaction process during the final session.

Topics covered include: 1) underwriting a commercial real estate (CRE) deal; 2) raising debt and equity for the Deal 3) Structuring the deal to optimize economic returns. The course will also cover:

- Understand the roles of each key player in the transaction process
- Learn the role and leverage and best practices to source debt and equity capital
- Construct various debt and equity underwriting models
- Learn the art of negotiation by participation in the mock transaction

Administration

Office Hours:	By Advance Appointment
Contact:	201/569-3100x10 office madelstein@crgre.com <i><u>Email is the best means to reach me</u></i>
Student Assistant:	Cora Visnick cora.visnick@columbia.edu
Grading:	35% Participation 65% Mock Transaction Case Study
Textbook	There is no textbook required. Required class reading and assignments will be provided.
Attendance:	Given the nature of the class, <i><u>attendance is mandatory</u></i> . Sessions are absolutely critical to the success of the mock transaction. The participation element of grading will be a function of both attendance

and also discussion during each class. Students should come to each class fully engaged and prepared.

Biography



Since 2001, Professor Adelstein has been an Assistant Adjunct Professor teaching the Columbia MSRED Mock Transaction Class. Over 1,000 students have taken his class.

In 1998, Mr. Adelstein founded Capstone Realty Group and he is Managing Partner in charge of Design and Construction, Project Finance, and Asset Management. Capstone owns and manages over 3.5 million square feet of grocery anchored shopping centers and office buildings in New York, New Jersey, Long Island, Pennsylvania, and Ohio. www.crgre.com For over 10 years, he was a Partner & Financial Advisor to Sixty Hotels including the development of four hotels and the sale of the Thompson Hotel brand to Commune Hotels in 2012. www.sixtyhotels.com

In the late 1990's, Mr. Adelstein was a Real Estate Investment Banker with a boutique Wall Street firm where he was a lead advisor and arranged over \$2 billion in JV Equity, Mezzanine and Mortgage Debt for hotel and office projects in the US, Canada, and Latin America. From 1988 to 1996, Mr. Adelstein worked at Ernst & Young where he was a Senior Manager advising Pension Funds, Insurance Companies, and many US Banks regarding Portfolio Valuation, Bankruptcy & Restructuring, and Corporate Finance.

Mr. Adelstein has been an MAI Member of the Appraisal Institute since 1991; he earned MS in Real Estate Finance from NYU and a BA from Syracuse University.

Class Schedule

Session 1

July 10, 2017

Content:

Introduction/Transaction Timeline and Process

- Mini-Course Overview
- Core, Core Plus, Value Add and Opportunistic investment
- Transaction timeline and process
- The transaction environment – Sellers, assets, structures
- Key players in the transaction process – buyer, seller, broker, bank, equity fund
- Introduction to the Mock Transaction case study.

Guest Lecturer – Jeff Dunne, Vice Chairman, CBRE, Investment Sales Advisor

Session 2

July 17, 2017

Content:

Underwriting Commercial Real Estate

- Understanding Investment Analysis
- Valuation Analysis, DCF Analysis and Multiplier Methods
- Loan Underwriting Techniques - LTV and DSCR tests
- Analyzing opportunistic and distressed asset.
- Case Study Review – Deal Team pre-negotiations

Guest Lecturer – Udi Kore, Avenue Realty Capital, Private Equity Investors

Session 3
Content:

July 24, 2017
The Role of Leverage

- Overview of Debt Structures– Types of debt
- Debt Underwriting – How lenders analyze your deal
- Sources of Debt Capital - Types of lenders
- Matching Debt to Deal Dynamics
- Discussion of Case Study and group negotiations

Guest Lecturer – Peter Morral, Managing Director, Pine River Capital Management

Session 4
Content:

July 27, 2017
Equity Syndication –Friends and Family to PE Funds

- Overview of Equity Structures– types of deal structures
- Equity Underwriting – How partners view your deal
- Sources of Equity Capital
- Matching Equity to Deal Dynamics
- Discussion of Case Study and group negotiations

Session 5
Content:

July 31, 2017
Sourcing Capital: Debt & Equity

- Understanding the Cap Stack of your deal.
- Preparing presentation materials for Debt & Equity
- Sourcing capital from the market
- Discussion of Case Study and group negotiations

Session 6

August 7, 2017

Advance Reading:

None.

Content:

Case Study: Team Presentation

Students will have finalize the case and team negotiations prior to class and will compose a detailed summary of the dynamics of a hypothetical transaction from a buyer's, seller's, lender's, equity investor's, and broker's perspective. Instructions will be included with the Case Analysis when it is distributed. Students should demonstrate their analytic ability succinctly with supporting quantitative and qualitative discussions from the team negotiations. No excuses for absence during the Case Analysis will be permitted. Failure to attend will result in a failing/no-pass grade for the class.