

**SYLLABUS: The Dealmaking Process**  
**PLAN 6376**  
**113 Avery: 4:00 to 6:00 PM**  
**Adjunct Assistant Professor Mitchell Adelstein**

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**Description**

This elective will cover practical methods and techniques used by investors and other related parties to: i) evaluate commercial 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 team will be responsible to negotiate a transaction from their respective position in the real estate transaction process. Each Deal Team will be responsible to underwrite and negotiate a deal to purchase, finance and raise capital from an equity investor. 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 Deal Team will present their underwriting, analysis and conclusions regarding the case study in final session.

Topics covered include: 1) the transaction timeline and process; 2) underwriting a commercial real estate transaction; 3) how lenders and equity investors underwrite transactions; and 4) 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 <a href="mailto:madelstein@crgre.com">madelstein@crgre.com</a> <b><i>Email is the best means to reach me</i></b>
Student Assistant:	Aalekh Hirani, MSRED Alumni 2017 <a href="mailto:aph2147@columbia.edu">aph2147@columbia.edu</a>
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, <b><i>attendance is mandatory</i></b> . 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, he founded Capstone Realty Group where 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](http://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](http://www.sixtyhotels.com)

In the late 1990's, he was a Real Estate Investment Banker with a boutique Wall Street firm where he 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, he 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 9, 2018**

#### **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, and structures
- Key players in the transaction process – buyer, seller, broker, bank, equity fund
- Introduction to the Mock Transaction case study.

***Guest Lecturer – Ron Solarz, Principal, Eastern Consolidated***

#### **Session 2**

**July 16, 2018**

#### **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 – Joseph Vassallo, Partner, Intrinsic Hotel Capital***

**Session 3**  
**Content:**

**July 23, 2018**  
**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
- Guest lecture on how lenders looks at your deal

*Guest Lecturer – Aalekh Hirani, Columbia MSRED Graduate 2017*

**Session 4**  
**Content:**

**July 30, 2018**  
**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
- Guest lecture on how equity funds look at your deal.

*Guest Lecturer – Udi Kore, Partner, Avenue Realty Capital, MSRED Graduate*

**Session 5**  
**Content:**

**July 31, 2018**  
**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 6, 2018**

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.