

COURSE SYLLABUS
ENTREPRENEURSHIP in buying real estate assets
SPRING 2018
PLAN6748
1.5 CREDITS

Mondays, 2-4 pm, 200 Fayerweather

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I. COURSE DESCRIPTION

This course provides an additional, specialized focus for entrepreneurial students who wish to pursue a career in buying value add real estate assets. Value add is defined whereby generally there is no foundation/ground-up work involved but the asset needs to be repositioned or upgraded. By walking students through the process of underwriting a small transaction and structuring the capital and incentives and putting together their pitch, it is anticipated that they will be prepared to actively look for properties and to reach out to lenders and to equity investors with their proposals in pursuit of their entrepreneurial ventures.

II. COURSE REQUIREMENTS AND ASSIGNMENTS

This class requires complete participation from the class, and students should come prepared every session having undertaken suggested readings, research and formulation of proposals. The culminating project is a pitch/offering memo that will be delivered in the final class.

III. COURSE GRADING CRITERIA

- Completion of reading, questions, and in-class assignments: 25%
- Attendance and in-class participation: 25%
- Final project: 50%

Only exceptional performers will receive a High Pass. Those who fall short on more than one major assignment will receive a Low Pass.

IV. REVIEW MATERIAL

Students will be expected to review material in advance of class. These will be posted on Canvas.

V. COURSE OUTLINE (subject to change)

Class 1: March 5th: Introduction and Context

The first class will delve into current macroeconomic themes that have created opportunities for entrepreneurially-minded investors to find a place in the competitive real estate market. The class will outline the mindset by which entrepreneurs find real estate implications, select an audience, locate a neighborhood, and identify an asset class of focus. Following, the class will outline the process by which a deal comes together, taking students through the steps from identifying the market through to closing the deal. At the end of the first class, the students will be given material for the first deal through which the next two classes will discuss the necessary steps of the process through closing. Similarly, the information on the second deal would be distributed after the 3rd class and discussed in class 4th and 5th.

Spring break, no class week of March 12

Class 2: March 19th: Case Study #1: Opportunity, Business Plan, Due Diligence, Acquisition Related Negotiations.

Review the materials provided on the case study. Is this a good opportunity? Critical opportunity verification diligence items. Critical list of capex and operational items. Thoughts on capitalization and leverage. Preparing investment summary for debt and equity providers. Next steps with the broker and seller.

Class 3: March 26th: Case Study # 1: Deal Structure and Capitalization Strategy. Leverage, Debt terms, JV Equity Terms (Institutional vs HNW).

Come prepared with a view on various ways to structure, execute, hold periods, go forward or pass. Discuss leverage level, debt terms, equity terms, IRR and multiple on equity invested (levered and unlevered), deal level return vs LP returns vs GP returns, investment duration, sponsors fees and promote, exit plan, etc.

Guest lecturer: Ryan Schnepf, SVP, Silverpeak Real Estate Partners.

Class 4: April 2nd: Case Study # 2: Opportunity, Business Plan, Due Diligence, Acquisition Related Negotiations.

Review the materials provided on the case study. Is this a good opportunity? Critical opportunity verification diligence items. Critical list of capex and operational items. Thoughts on capitalization and leverage. Preparing investment summary for debt and equity providers. Next steps with the broker and seller.

Class 5: April 9th: Case Study # 2: Deal Structure and Capitalization Strategy. Leverage, Debt terms, JV Equity Terms (Institutional vs HNW).

Come prepared with a view on various ways to structure, execute, hold period periods, go forward or pass. Discuss leverage level, debt terms, equity terms, IRR and multiple on equity

invested – levered and unlevered, deal level return vs LP returns vs GP returns, investment duration, sponsors fees and promote, exit plan, etc.

Guest lecturer: Zach Guy, SVP, Silverpeak Real Estate Partners.

Class 6: April 16th: Open Forum Class: Bring Your Own Deal

In this class, students are encouraged to bring in material for their own deal if they have one. While optional, this class will provide the opportunity for practice and feedback from peer and professor alike. Students may also wish to further discuss the cases above, or expound upon themes on entrepreneurship.

Class 7: April 23rd: Presentations (Final class to begin at 12PM)

Students will present a pitch for an investment opportunity, either one of the cases provided or one's own interest. Students will respond to questions from the professor as well as their classmates. This will provide an opportunity to talk about the market analysis the student has done for this opportunity as well as the repositioning details.

Assignments due: Your presentation and ("sponsors") offering memo should be completed by 4/23.