



**TO:** Full- and Part-Time Kellogg MBA Students

**FROM:** William M. Bennett

**CLASS:** REAL 916, Winter Quarter – Monday Evening, Chicago Campus

**SUBJECT:** Strategy & Economics for Disposition of Blackstone-EOP Assets

**DATE:** November 21, 2011

### **Student-Team Request**

Kellogg students are sought for Real Estate Lab (as described below) for the winter 2012 quarter.

### **Project Description**

Team will be conducting a focused Study on the disposition strategy for a portion of the Sponsor's real estate portfolio:

- 1) Research and create an office market analysis tool covering market history, size, buyers/sellers, debt/equity providers, liquidity, pricing, economic and demographic drivers, and other key factors, to be used in assessing exit strategy and timing decisions.
- 2) Create a financial model which allows for the testing and creation of a disposition strategy within the sponsor's targeted equity multiple.

The Team will deliver a paper outlining the strategy, an oral presentation, and a financial model and supporting data to the Sponsor.

### **Sponsor and Confidentiality Considerations**

The Project will be undertaken in conjunction with the Sponsor Company, the Blackstone Group and Equity Office Properties. Blackstone is the world leader in private equity real estate investment. Over the last 20 years Blackstone's real estate businesses have made over 300 separate real estate investments of \$28 billion with cumulative realized losses of less than 1%. As of September 30, 2011, real estate fee earning assets under management at Blackstone totaled \$30 billion. Equity Office Properties is the manager of more than 60 million sf of Class A office space throughout the US.

**Real Estate Lab**

The objective of Real Estate Lab is to offer students an opportunity for experiential learning in real estate. The major content of the course will be a project that the students will complete for the Sponsor Company. The course will begin with a Faculty led primer, followed by a kickoff meeting with the Sponsor. The students will hold weekly team meetings, attend a mid-quarter progress meeting with the Sponsor, and deliver a final paper and financial model, followed by an oral presentation and question and answer for the Sponsor. Course registration is by application only. The faculty member, in consultation with the Sponsor, will make the final team selection.

**Pre-requisites**

All students should have completed, Finance II or Turbo Finance (FINC 440 or 441). Other recommended courses include Strategy & Organization (MGMT 452), Real Estate Finance and Investments (REAL 442), Real Estate Development (REAL 444A), Urban Economic Development and Real Estate Market Analysis (REAL 443), Research Methods in Marketing (MKTG 450), Real Options (FINC 924A), and Financial Decisions (FINC 442).

**Enrollment Requests**

If you are interested in enrolling in the Lab, please complete the application by December 9th at 5pm CST located at: <https://www4.kellogg.northwestern.edu/el/Default.aspx>