



# Valuation of Hotel Investments



ONLINE COURSE



**Length**

5 weeks



**Effort**

8 hours / week



**Language**

Taught in English

# Course Content

## WEEK 1

*Orientation* is an introduction to real estate markets and looks at real estate perspectives, understanding of value and the first steps of financial analysis. Topics covered are hotels and real estate, markets and their efficiency, valuation fundamentals, opportunity costs, time value of money (TVM), discount rate, return on investment.

## WEEK 2

*Financial analysis* applies financial mathematics using hands on exercises such as present value (PV) and future value (FV), net present value (NPV), internal rate of return (IRR), annuities & perpetuities, annuities and loans calculations, developing an amortization schedule, perpetuities calculations, hotel loans and mortgage basics, loan underwriting: LTV & DSCR.

## WEEK 3

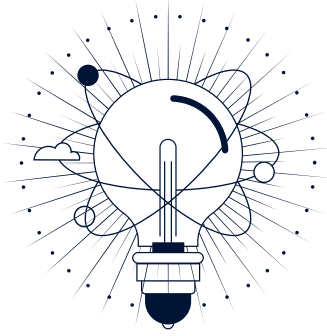
*Valuation analysis* walks through the process of estimating the market value of a hotel and covers direct capitalization, determination of cap rate, capex adjustment for cap rate, direct capitalization method, DCF approach, financial assumptions, pro-forma development, sales comparison approach, cost approach, recap-valuation methods and company structures: REITs /SNL database.

## WEEK 4

*Investment valuation* looks at other information needed by investor and introduces the notion of leveraged cash flow, and its importance in hotel investment analysis. Topics covered are value reconciliation, depreciation, debt schedule, leveraged IRR, after-tax cash flow IRR.

## WEEK 5

Week five is dedicated to the final assessment. To successfully pass the assessment, a minimum of 60% of the total points available need to be obtained. The type of assessment may range from multiple choice quizzes (MCQ) to more open response evaluations, like a case study.



# Learning objectives

**1.**

**Explain the principles of the capital structure (debt and equity) and give examples of their application in hotel valuation**

**2.**

**Examine the different methods of hotel valuation and apply them to real life examples**