



Real Estate Private Equity Modelling



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Introduction:

This course is designed to provide you with an understanding of the financial aspects of commercial and residential real estate investment and development. Through this course we aim for you to be able to analyze how to invest and sell profitably will be explored within this course using the methodologies such as; how to calculate returns, how they are financed, how to successfully analyze development cashflows, leases and risks.

You will gain a thorough understanding of the valuation process, as well as explore the principles behind financing a project. This will include a review of the different financial instruments, how they can be used and their impact on the overall performance of the real estate project.

Targeted Groups:

- Real Estate Analysts and Investors
- Real Estate Planners and Developers
- Government Officials and Regulators
- Mortgage Brokers, Bankers and Lenders
- Investment Bankers/Managers, Venture Capitalists, and Private Equity Specialists
- Finance Managers and Analysts
- Non-finance professionals planning to possess a basic understanding of real estate finance and investment such as present value.

Course Objectives:

- Learn the key financial concepts, ratios, and models needed to analyze investment and development proposals for Gulf and Western real estate
- Explore the use of propTech and modern technology in real estate strategy for development and investment
- How to construct a private investment portfolio
- How to assess the risks and returns in private investments and real estate portfolios
- How to perform relative value analyses of differing investments
- How to manage troubled investments
- How to understand how compensation issues affect performance
- Appreciate how leases work and how they influence real estate valuation
- Analyze risks for real estate development and investment, and apply them to spreadsheets and other real estate software

Course Content:

Unit 1: Introduction to Real Estate Private Equity

- What is private equity
- Risk and return
- Valuation metrics
- Trends in Real Estate Private Equity

Unit 2: Understanding a Private Equity Fund Model

- Layout and key elements of a PE Model
- Private equity market and strategies
- Understanding the deal structure and interested parties
- Understanding the capital structure
- Review of the key debt instruments
- Review of the key equity instruments special case of Management Buyout

Unit 3: Fund valuation methods

- The multiples approach to valuation
- Discounted Cash Flow DCF, modelling and core concepts
- Private Equity performance metrics
- Pre-money vs post-money valuation
- Special Cases

Unit 4: Accounting principles

- Balance Sheet: Real Estate Valuations and Debt
- Profit & Loss: Capital Allowances
- Cash Flow statement: Escrow Accounts and Distributions

Unit 5: Modelling Fund Dynamics, Drivers and Forecasting

- Forecast of revenue and cost drivers
- Indirect costs and historical ratios in the working capital schedule
- Amortization/Depreciation schedule and capital expenditures
- Debt schedule and the cash available to service the debt
- Modelling dividend distributions
- Shareholder's equity schedule and completing the income statement
- Modelling and Analyzing Risk

Unit 6: Performance Analysis

- Benchmarking returns within Real Estate and across industries
- Analyze leverage and coverage ratios



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- Calculating Equity Returns Using EBITDA or Net Income