

# **HOTEL TEMPLATE VALUATION**

# UNDERWRITING GUIDELINES (1)

- Add in historical accounts to the template if available, if not clear all previous information and state not available. The row headers are the same as the Theoretical P&L to the left on the template.
- Populate the Theoretical P&L with assumptions you think are reasonable from the broker reports and your own due diligence. Compare both reports and question their assumptions. You may use figures from both.
- Also populate the expenses and revenue splits in the below table. Note that the margins are inverse expenses (1 – expenses)  
How does the star rating affect the cost of running the rooms?  
How does the level of food service (B&B or restaurant) affect costs?

Margins (Inverse Expenses)		Rev Split	
Rooms	74.0%	Rooms	19.0%
F&B	74.0%	F&B	81.0%
Other	70.0%	Other	0.0%
Undistributed Expenses		Other Expenses	
A&G	0.0%	Mgmt	0.0%
Marketing	0.0%	Fixed	50.0%
R&M	0.0%	FF&E	4.0%
Utilities	0.0%		
<b>Total</b>	<b>0.0%</b>	<b>Total</b>	<b>54.0%</b>

Historical Cash Flow						
2017 Forecast		2016 10mo		2015		
	30		30		30	
	365		304		365	
	15.0%	15.0%	8.0%	6.7%	0.0%	
	70		70		70	
	11	87.5%	6		-	
	115	19%	51	10%	-	
	502	81%	454	90%	0%	
	617	100%	505	100%	777	
	459	74%	371	74%	600	
	126	20%	41	8%	151	
	65	11%	65	13%	-	
	2.2		2.2		-	
	1.94 x		0.62 x			

KPI & Valuation			
Theoretical P&L (uninflated)			
Room Count / Built Area		30	
Days Open		365	
Occupancy (Days Open / Full Year)		15.0%	15.0%
ADR		70	
<b>RevPAR / YoY Growth</b>		<b>11</b>	<b>0.0%</b>
Rooms Revenue		115	19%
Other Revenue		490	81%
<b>Total Revenue</b>		<b>605</b>	<b>100%</b>
<b>GOP / % of Revenue</b>		448	74%
<b>NOI / % of Revenue</b>		121	20%
<b>Net Rent</b>		<b>65</b>	<b>11%</b>
per Key		2.2	
NOI (ex mgmt fees) Coverage Multiple		1.86 x	

# UNDERWRITING GUIDELINES (2)

## » VP Scenario

- » Add a lease to the tenant line with the exit NOI as current rent and cap this using the cap rate in the template.
- » Your exit value should match exactly.
- » Enter the exit quarter as the same as in the template (Cell D31).

## » Rented Scenario

- » Add a lease to the tenant line with the exit rent as current rent and cap this using the cap rate in the template.
- » Your exit value should match exactly.
- » Enter the exit quarter as the same as in the template (Cell D31).



**THANK  
YOU**

CRE Modelling

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