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# Hotel Investment Valuation, Deal Structuring and Owner Returns Course

19 – 23 October 2026

Dubai - Marriott Hotel Al Jaddaf, Dubai





## Hotel Investment Valuation, Deal Structuring and Owner Returns Course

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### Programme Summary

Hotel investment valuation, deal structuring and owner returns is a one-week training course for hotel owners, asset managers and investment executives at advanced level, culminating in an investment committee paper for a hotel acquisition or development. Hotel value depends on operator performance and contract terms as much as on the property. The approach moves from operating drivers to valuation, financing and agreement economics, then to returns and exit. Mars Training Centre UK delivers this programme in hotel investment valuation and owner returns.

### The Business Case

Investors often commit capital on an operator's projections and a headline price per key. When revenue, fees and reserves are not tested together, returns erode over the holding period. Leaders who can rebuild a hotel's cash flow from its operating statement negotiate better entry prices, financing terms and operator contracts.

- Owner Cash Yield: Improves as fees, reserves and debt service are tested before signing.
- Capital Allocation Quality: Strengthens as acquisitions and new builds are compared on one basis.
- Exit Value: Becomes predictable as asset management plans are tied to the drivers buyers price.

### Principles and Evidence Base

- Uniform System of Accounts for the Lodging Industry USALI: Its departmental structure is used in Session 1 to read and compare operating statements.
- Discounted Cash Flow and Income Capitalisation: These two valuation methods, built on the time value of money, frame Session 2.
- RevPAR, GOP and EBITDA Performance Indicators: These measures link market position to owner cash flow in every session.
- Debt Service Coverage and Loan-to-Value Tests: Lender sizing criteria structure the capital stack analysis in Session 3.

### Intended Participants

- Leaders who approve hotel acquisitions, developments or conversions; others who prepare feasibility studies and development budgets.
- Executives who negotiate management, franchise and lease agreements with hotel operators.
- Asset managers responsible for owner returns across a hotel portfolio.
- Finance directors who arrange debt and equity for hospitality projects.

The programme serves family offices, real estate investors, hospitality groups and banks.



## Learning Outcomes

1. Participants will be able to diagnose a hotel's operating performance from a USALI-based statement using RevPAR, GOP and EBITDA.
2. Participants will be able to construct a hotel valuation using discounted cash flow and income capitalisation methods.
3. Participants will be able to evaluate the feasibility and development budget of a new hotel project.
4. Participants will be able to design a capital structure that balances senior debt, mezzanine finance and equity.
5. Participants will be able to compare management, franchise and lease agreements by their effect on owner cash flow.
6. Participants will be able to justify an investment recommendation with returns, sensitivities and an exit plan.

## Programme Structure

### Day 1: Hotel Investment Fundamentals and Operating Drivers

What drives the cash flow that an owner actually receives from a hotel?

- Hotels as a Hybrid of Real Estate and Operating Business
- USALI Departmental Statements and the Path to Owner Cash Flow
- Occupancy, ADR and RevPAR Market Positioning
- GOP, EBITDA and the FF&E Reserve
- Market Supply, Demand Segments and Competitive Set Analysis

### Day 2: Hotel Valuation Methods

How is a hotel valued, and which assumptions move the number most?

- Ten-Year Revenue and Expense Projections from Stabilised Performance
- Discounted Cash Flow Valuation and Discount Rate Selection
- Income Capitalisation and Capitalisation Rate Evidence
- Price per Key and Replacement Cost Cross-Checks
- Sensitivity Testing of Ramp-Up, Rate and Margin Assumptions

### Day 3: Feasibility, Development Budgets and Deal Financing

Can the project be built and funded on terms that leave an acceptable return?

- Hotel Feasibility Studies and Independent Market Review
- Development Budgets, Pre-Opening Costs and Contingency
- Senior Debt Sizing with Debt Service Coverage and Loan-to-Value Tests
- Mezzanine Finance, Joint Venture Equity and Sale-and-Leaseback
- Capital Stack Design and the Distribution Waterfall



## Day 4: Operator Agreements and Owner Economics

How do operator contracts divide the hotel's profit between brand and owner?

- Hotel Management Agreements: Base and Incentive Fees
- Franchise Agreements and Third-Party Management Structures
- Leases, Hybrid Leases and Owner Priority Returns
- Performance Tests, Termination Rights and Key Money
- Owner Approval Rights over Budgets and Capital Expenditure

## Day 5: Owner Returns, Exit and the Investment Case

Does the hotel investment meet the owner's return target, and how will it be realised?

- Levered and Unlevered IRR and Equity Multiple Analysis
- Asset Management Plans to Protect the Day 2 Valuation
- Exit Timing, Buyer Pricing and Refinancing Options
- Stress Testing the Day 3 Capital Stack Against Day 4 Fee Terms
- Hotel Investment Committee Paper Completion

## Methodology

The programme uses case analysis of resort, city-centre and mixed-use hotel transactions, supported by a simplified valuation model adjusted live. Participants act as owner, operator and lender.

- Suggested activity: Rebuilding owner cash flow from a city hotel's USALI statement.
- Suggested activity: Revaluing a resort hotel after a slower ramp-up and higher fees.
- Suggested activity: Negotiating incentive fee and performance test terms with an operator.

## Capstone Output

Each participant completes an investment committee paper for a hotel acquisition or development from their own pipeline or a case asset. It sets out the operating assumptions, valuation range, proposed capital structure, preferred operator agreement, projected owner returns and exit plan.

## Frequently Asked Questions

### Is hotel investment valuation training suitable for owners without a finance background?

Yes, if you take part in investment decisions. It is set at advanced level and assumes familiarity with hotel operations; valuation methods are built step by step.



## **Which models does the hotel investment valuation course rest on?**

It rests on USALI reporting, discounted cash flow and income capitalisation valuation, RevPAR, GOP and EBITDA indicators, and lenders' debt service coverage and loan-to-value tests.

## **How is the investment committee paper from hotel investment training used at work?**

You can use it to test a live deal before committing capital and to prepare negotiations with lenders and operators.