



Real Estate & REIT Modeling: Course Outline

[Click Here to Sign Up Now for the BIWS Real Estate & REIT Modeling Course](#)

The topics in *Real Estate & REIT Modeling* teach you everything you need to know about developing, acquiring, and renovating properties; projecting and valuing real estate investment trusts (REITs); and analyzing transactions involving REITs, such as M&A deals and leveraged buyouts (LBOs).

It's the ideal course if you're preparing for interviews in **real estate private equity, real estate investment banking, real estate lending, real estate brokerage**, and anything else that deals with properties or REITs – and it will serve you well in on-the-job prep as well.

- In total, there are **114 lessons** with accompanying Excel files as well as **300+ pages of written guides** that explain the entire course. That amounts to **44 hours of video** altogether – but you also get **full transcripts**, so you can quickly skip to any topic you need.
- If you're in a **time crunch**, you can focus on Module 1 the course, which includes short, simple case studies on properties and REITs, which range from 30 to 90 minutes. You can complete it and get a crash course on real estate in a weekend.
- **All the content is downloadable to your preferred device** (desktops, laptops, smartphones, tablets, etc.).
- **Includes investment recommendation presentations, a stock pitch, investment banking pitch books, and an equity research report** – learn not only how to complete financial models, but also *how to invest successfully in real life and advise clients on deals*. We include many examples of presentations in PowerPoint format and written recommendations in Word format.
- **Easily keep track of your progress:** As you move through the lessons, you can check off what you've completed and what's still on your "to-do" list.
- **Fast answers to all your questions:** Our expert support team is standing by to answer any questions you have about any of the content, 365 days per year.
- **Quizzes and Certifications.** After you have completed the course, you will be eligible to take our challenging Certification Quiz. Once you pass the Quiz, you'll receive a Certificate that you can add to your resume / CV and refer to in interviews. The course also includes over 120 practice quiz questions so you can test yourself in advance.
- **Lifetime Access:** You also get **lifetime access**, so you can come back to the Course whenever you need it – whether that's in one month, one year, or ten years.

What Others Are Saying About Our Modeling Courses...

“Thanks to This Course, I Was Able to Beat Out 200 Other Applicants, Many of Whom Had MBA Degrees, Solely with My Undergrad Degree and My Ability to Model and Speak Intelligently About Real Estate Investments.”

Subject: Thank You



CC Recipients: 
None listed

Subject: Thank You

Message Body:

Brian,

I should have written this a long time ago, however, I was too busy at the job I ended up getting because of the course I purchased.

It is quite difficult to break into real estate for young professionals that don't have prior experience in the industry, primarily because most firms that specialize in real estate investment/development don't have the same systems in place to train their analysts from scratch, like they do in industries such as investment banking or consulting. For this reason, it is vital for anyone wishing to get into an analyst type position at a real estate oriented firm to be knowledgeable in both the terminology as well as the financial aspects of real estate investment/development. The Real Estate and REIT modelling course accomplishes just that.

I went through four rounds of interviews, the last of which I was given a case study that required underwriting a potential real estate investment from scratch. Thanks to this course, I was able beat out 200 other applicants, many of whom had MBA degrees, solely with my undergrad degree and my ability to model and speak intelligently about real estate investments. I am now happily employed as an investment analyst with one of top developers in the city.

Brian, I hope this testimonial helps you as much as your services have helped me.

Cheers

“A Few Months After I Started at the REIT, They Told Me How Impressed They Were at My Spreadsheet Skills and How Quickly I Was Able to Pick Up the Underwriting of Properties.”

Subject: Re: Can I ask a favor, [REDACTED]?

From

Message

CC Recipients: +

None listed

[REDACTED]
Hi Brian,

I just wanted you to know that I think your BIWS Excel course is probably one of the most valuable ways could have spent my time before starting an analyst position at a REIT 5 months ago. During the hiring process they amazingly didn't make me do an excel test, which is a good thing because I would have failed miserably. Once I was offered the position though, I had 2 weeks to become the excel jockey they apparently thought I was. In desperation I bought the BIWS Excellence with Excel course, the Financial Modeling Fundamentals, and the Real Estate and REIT modeling course and got far more out of it than I ever thought possible. Even though I didn't have time to become an expert (I was working full time at the time) I was able to design the perfect path for my unique needs with exactly the parts I needed because of how structured and straightforward every module is. I was amazed at how well the material is presented, how quickly any questions were answered (although my questions were few because you explain everything so well), and how effective the teaching format is with the spreadsheets and accompanying materials. I have an MBA and I can honestly say that your course was better than some of my graduate level finance classes. A few months after I started at the REIT they told me how impressed they were at my spreadsheet skills and how quickly I was able to pick up the underwriting of properties. And being able to go back and review things or learn new things, even 5 months after starting the job, has been invaluable (yes, things I should have known already, but better late than never). Your Excel course was worth every penny - thank you so much for taking the time to put it all together. I can honestly say BIWS has had a big impact on my succeeding at my dream job.

Best,
[REDACTED]

“Your REIT & Real Estate Modeling Course Gave Me the Confidence and Knowledge I Needed to Land a Role at One of the Top Institutional RE Investors in Canada.”

Subject: Re: Can I ask a favor, [REDACTED]?

From

Message

CC Recipients: +

None listed

[REDACTED]
Hi Brian,

Really impressed with BIWS so far. A month ago I was stuck in a role that was comfortable but had little in the way of exit ops. Your REIT & Real Estate Modeling course gave me the confidence and knowledge I needed to land a role at one of the top institutional RE investors in Canada. Also wanted to thank you for personally taking the time to answer questions and being so active in the comments - it definitely helps with understanding the material.

Cheers.

"I Am Happy to Say That I Have Landed an Amazing Job as a Commercial Real Estate Analyst for a Very Well-Established Company in Dallas, TX."

Subject: Re: Can I ask a favor, [REDACTED]?



Hi Brian,

CC Recipients: +

None listed

I have had an extremely positive experience with Breaking Into Wall Street.

I am recent graduate from San Diego State University with a degree in marketing. Upon graduating, I realized I have much more of an interest in real estate finance, but knew it would be tough to land any jobs in finance with a marketing degree.

So, after reading glowing reviews online, I purchased your Real Estate and REIT Modeling course and got right to work.

After several months of working through the material, sending out resumes, and networking as diligently as possible, I am happy to say I have landed an amazing job as a Commercial Real Estate Analyst for a very well established company in Dallas, TX.

I owe so much to that BIWS course as it was an instrumental piece of leverage in interviews and really has given me such a solid understanding of the field I am going into.

Keep up the great work!

Real Estate & REIT Modeling Course Highlights

You'll start this course by completing **short case studies** (30, 60, or 90 minutes) based on the different property and deal types in real estate. These case studies will introduce you to the key concepts, such as the Property Pro-Forma, transaction financing, development vs. acquisition models, debt service, the waterfall returns structure, and more.

You'll learn how to complete modeling tests for an **office acquisition**, a **mixed office/retail acquisition**, an **industrial development**, a **hotel acquisition and renovation**, a **pre-sold condo development**, and a **multifamily acquisition**.

Then, you'll complete **more detailed case studies** on an **office development**, a **hotel acquisition and renovation**, a **stabilized multifamily acquisition**, an **office/retail acquisition and renovation**, and a **pre-sold condo development**.

These case studies are from around the world, including the U.S., U.K., Canada, Hong Kong, Dubai, Australia, Brazil, and more.

After that, you'll complete **more detailed REIT lessons** based on **AvalonBay**, a multifamily REIT, and you'll build a 3-statement projection model and value the company with a Net Asset Value (NAV) Model, DCF, and Comparable Companies and Transactions.

Then, you'll complete additional lessons on REITs, including a **Debt vs. Equity case study**, an **M&A and merger model** case study, and an **LBO** case study, and you'll learn the key differences in all these deal types.

Quick Reference Guides:

- Comprehensive Written Guide for Individual Properties - Written Version of This Course
- Comprehensive Written Guide to REITs - Written Version of This Course
- Course Highlights and Recommended Order
- Top 10 Lessons in the Course

Real Estate Overview and Short Case Studies/Modeling Tests

In this module, you'll get an introduction to Real Estate Modeling, and you'll practice the key skills with **several short case studies/modeling tests across the main property and deal types**, including office/retail acquisitions, an industrial development, a hotel acquisition and renovation, a pre-sold condo development, and a multifamily acquisition.

Then, you'll move into the real estate investment trust (REIT) lessons and learn how accounting, the financial statements, and valuation all differ.

These case studies are all *short* (30, 60, or 90 minutes) so that you can **get results and practice your financial modeling skills without needlessly complicated models or documents.**

RE-01-01: Real Estate Financial Modeling – Introduction and Overview (21:56)

In this lesson, you'll learn what this course covers and what it does not cover, and you'll get a quick introduction to the different property types and the main development and acquisition strategies. You'll also learn which parts of the course are most appropriate for different roles.

RE-01-02: 30-Minute Office Acquisition Modeling Test (31:04)

You'll learn how to complete a 30-minute modeling test for the acquisition of a stabilized office property in Irvine, California in this lesson, and you'll learn what a Pro-Forma looks like, how to model expenses and debt service, and how to calculate the IRRs and multiples.

RE-01-03: 60-Minute Office/Retail Acquisition Modeling Test, Part 1 – Pro-Forma (32:01)

In this lesson, you'll learn how to project the Base Rental Income, Absorption & Turnover Vacancy, Free Months of Rent, Expense Reimbursements, General Vacancy, Tenant Improvements, and Leasing Commissions on a tenant-by-tenant basis, including different lease types, expiration dates and renewal probabilities.

RE-01-04: 60-Minute Office/Retail Acquisition Modeling Test, Part 2 – Debt Schedule and Equity Returns Waterfall (36:23)

You will learn how to project Debt service for the Senior Loan and Mezzanine in this lesson, and you'll set up a simple waterfall schedule for the LP/OP cash flow split and the management fee paid to the Operating Partner; you'll also learn how to use the model to answer the case study questions.

RE-01-05: 90-Minute Industrial Development Modeling Test, Part 1 – Assumptions, Construction, and Tenant Rent and Expenses (27:50)

In this lesson, you'll learn how to set up the assumptions, construction timeline, equity and debt draws, and lease-by-lease rent and expenses for an industrial development in Calgary, and you'll understand how development modeling differs from acquisition modeling.

RE-01-06: 90-Minute Industrial Development Modeling Test, Part 2 – Pro-Forma, Permanent Loan Refinancing, Land Sale, and Equity Returns (24:32)

You'll learn how to set up the Pro-Forma for a development deal in this lesson, and you'll see how the Permanent Loan Refinancing and Equity Returns calculations work with the additional features in this model.

RE-01-07: 90-Minute Industrial Development Modeling Test, Part 3 – Waterfall Returns and Case Study Answers (31:45)

In this lesson, you'll learn how to set up a 3-tier waterfall returns schedule for this new development and how to use the model to make an investment decision and answer the case study questions.

RE-01-08: 60-Minute Hotel Acquisition & Renovation Modeling Test, Part 1 – Acquisition Assumptions and Hotel Pro-Forma (31:00)

You'll learn how a hotel differs from an office/retail/industrial property in this lesson, and you'll project a hotel's Pro-Forma by creating assumptions for the different revenue and expense categories, including key drivers such as the ADR, Occupancy Rate, and RevPAR.

RE-01-09: 60-Minute Hotel Acquisition & Renovation Modeling Test, Part 2 – Debt Service, Permanent Loan Refinancing, Equity Returns, and Case Study Answers (31:09)

In this lesson, you'll learn how to project the Debt service and Permanent Loan Refinancing for the hotel acquisition and renovation, you'll calculate the returns to equity investors, and you'll answer case study questions about the deal, the optimal renovation period, the credit analysis, and the operational assumptions.

RE-01-10: 60-Minute Pre-Sold Condo Development Modeling Test, Part 1 – Assumptions, Construction Timeline, and Monthly Cash Flows (31:17)

You'll learn how to set up the assumptions and construction timeline and project the monthly cash flows for a pre-sold condominium (luxury flat) development in Hong Kong in this lesson, and you'll understand how this scenario differs from all the previous ones in this module.

RE-01-11: 60-Minute Pre-Sold Condo Development Modeling Test, Part 2 – Equity and Debt Draws, Mixed IRR and Equity Multiple Waterfall, and Case Study Answers (41:11)

In this lesson, you'll learn how to complete the pre-sold condo development model by setting up the equity and debt draws, building a mixed IRR/multiple-based waterfall schedule, and answering the case study questions.

RE-01-12: 30-Minute Multifamily Acquisition Modeling Test (30:10)

You will learn how a multifamily property's Pro-Forma differs from those of other property types in this lesson, and you'll get practice setting up the assumptions and projections and making a quick investment recommendation for a multifamily deal.

RE-01-13: Real Estate Investment Trusts (REITs) 101: The Crash Course (33:37)

In this lesson, you'll get a quick crash course that covers REITs' main operating requirements, how their financial statements differ under both U.S. GAAP and IFRS, what the key metrics and ratios are, and how to value REITs.

RE-01-14: Comparison of REIT Financial Statements by Industry (28:13)

You'll learn how the financial statements of REITs differ in different sectors (e.g., apartment vs. office/retail/industrial vs. hotel vs. other) in this lesson, and you'll understand why REITs in some sectors are a "mix" of those in others.

RE-01-15: REIT Financial Statements: U.S. GAAP vs. IFRS Differences (20:23)

In this lesson, you'll learn how the financial statements differ for IFRS-based vs. U.S. GAAP-based REITs, and you'll learn some of the metrics and ratios specific to Canada, Europe, Singapore, and other regions.

RE-01-16: 90-Minute Hotel REIT Modeling and Valuation Test, Part 1 – Existing Properties, Acquisitions, Development/Redevelopment, and Dispositions (25:11)

You'll learn how to project revenue and expenses from a hotel REIT's existing properties, acquisitions, development/redevelopment projects, and dispositions in this lesson, and you'll create a consolidated summary at the top of the page.

RE-01-17: 90-Minute Hotel REIT Modeling and Valuation Test, Part 2 – 3-Statement Projection Model (33:12)

In this lesson, you'll learn how to project the Income Statement, Balance Sheet, and Cash Flow Statement of a REIT based on its segment-by-segment results, planned Dividends, and Debt and Equity funding requirements.

RE-01-18: 90-Minute Hotel REIT Modeling and Valuation Test, Part 3 – REIT Valuation (NAV Model, DCF, and Public Comps) (44:38)

You'll learn how to value Park Hotels with Public Comps, a NAV model, and a DCF in this lesson, and you'll learn the key differences when applying those methodologies to REITs; you'll also answer the case study questions about the company's valuation, capital structure, and acquisition/development/disposition strategy.

RE-01-19: 90-Minute Office REIT (IFRS) Modeling and Valuation Test, Part 1 – Barcelona, Madrid, Paris, and Income Statement (34:52)

In this lesson, you'll learn how to project a REIT's revenue and expenses based on geography rather than business line, and you'll see how an IFRS-based REIT differs from one following U.S. GAAP based on a case study of Inmobiliaria Colonial SOCIMI, S.A., an office REIT in Spain and France.

RE-01-20: 90-Minute Office REIT (IFRS) Modeling and Valuation Test, Part 2 – Balance Sheet, Cash Flow Statement, and Key Metrics and Ratios (35:13)

You'll learn how to project Colonial's BS and CFS in this lesson, including its Dividends, Debt, and Equity; you'll also learn how to calculate IFRS-specific metrics such as EPRA Earnings and EPRA NAV and NNNAV and what they might tell you about a REIT's performance.

RE-01-21: 90-Minute Office REIT (IFRS) Modeling and Valuation Test, Part 3 – REIT Valuation (Dividend Discount Model and Public Comps) (37:12)

You'll complete the valuation of Colonial in this lesson, learn how to interpret the Public Comps, and set up a Dividend Discount Model based on the 3-statement model; you'll also answer case study questions related to the company's valuation, credit stats/ratios, acquisition strategy, and dividends.

Module 2: 4-Hour Office Development Modeling Test (100 Bishopsgate)

In this module, you will complete a 4-hour real estate **development modeling test for an office property in the City of London (100 Bishopsgate)**. You will expand on the simplified 90-minute version in the introductory module and build in support for a **monthly schedule with flexible refinancing and exit dates and multiple scenarios**.

You will also add **support for tenants with different lease types**, calculate returns to both equity and mezzanine investors, build a **mixed IRR/multiple-based waterfall schedule**, and add support for the **Lookback Provision using VBA code**.

Finally, you'll answer the case study questions, make an **investment recommendation** for each investor group, quantify the risk factors, and explain how to mitigate the main risks.

RE-02-01: Assumptions and Debt and Equity Draws (31:30)

In this lesson, you'll learn how this case study differs from the simplified development model in the introductory module, and you'll set up the building/construction assumptions and Equity and Debt draws. You'll also see where the data backing up the model assumptions comes from.

RE-02-02: Rental Escalations and Base Rental Income for the Initial, New, and Renewal Cases (28:28)

You'll learn how to calculate the market rent, fixed annual rental escalations, and escalated rents paid by tenants in the 3 main cases (initial tenant, renewal, and non-renewal) in this lesson. As part of this process, you'll use INDEX/MATCH functions and IF/AND checks to retrieve the correct values.

RE-02-03: Absorption & Turnover Vacancy, Concessions & Free Rent, Tenant Improvements, Leasing Commissions, and Expense Reimbursements (24:11)

You'll learn how to calculate the Absorption & Turnover Vacancy, Concessions & Free Rent, Tenant Improvements, Leasing Commissions, and Expense Reimbursements on a monthly basis in this lesson, and you'll set up flexible formulas that can handle different lease start and expiration dates.

RE-02-04: Monthly Pro-Forma (19:32)

In this lesson, you'll fix the "off by 1" error with the rental escalations from previous lessons, extend the key monthly formulas to all the tenants, and aggregate everything into a monthly Pro-Forma down to NOI and Adjusted NOI.

RE-02-05: Permanent Loan Refinancing and Projections (18:21)

In this lesson, you'll learn how to set up the assumptions for the Permanent Loan Refinancing when construction finishes, and you'll learn how to project the cash and PIK interest and principal repayments for both tranches of Debt.

RE-02-06: Equity and Mezzanine Returns (17:51)

You'll learn how to calculate the IRRs and multiples for Equity and Mezzanine investors in this lesson, and you'll see how they differ in different scenarios and exit dates.

RE-02-07: Monthly Waterfall Returns with Mixed IRR and Multiple-Based Tiers (23:37)

In this lesson, you'll learn how to set up a monthly waterfall returns schedule based on a mix of IRR and multiple-based tiers, and you'll understand how such a structure changes the returns for each investor group.

RE-02-08: The Lookback Function in a Waterfall Schedule (22:43)

You'll learn how to write VBA code to create a macro for the Lookback function in the waterfall returns schedule in this lesson, and you'll learn how to translate IF and INDEX/MATCH formulas in Excel into the equivalent VBA code.

RE-02-09: Summary, Annual Pro-Forma, and Sensitivities (26:09)

In this lesson, you'll create an annual summary area and review the credit stats and ratios and returns to equity and mezzanine investors in different cases; you'll also draw some initial conclusions about the case study questions based on the sensitivity tables and other summary output.

RE-02-10: Case Study Answers (23:33)

You'll learn how to answer the case study questions in this lesson, including how to analyze each investor's outcome in Excel, quantify the risk factors, and recommend ways to mitigate the key risks for each investor group.

RE-02-11: Case Study Presentation [OPTIONAL] (15:37)

In this final, optional lesson, you'll learn how to draft a short, 13-slide presentation recommending for or against the continued development and sale of 100 Bishopsgate.

Module 3: 2-Hour Hotel Acquisition & Renovation Modeling Test (Jumeirah Beach Hotel)

In this case study, you'll complete a **2-hour hotel acquisition and renovation modeling test** based on a 5-star resort in Dubai, the Jumeirah Beach Hotel.

You'll start by setting up assumptions for **different market and operational scenarios**, including Base, Upside, and Downside cases and Independent vs. Franchise cases, and you'll use them to build a Pro-Forma for the property.

Then, you'll set up the acquisition, exit, and financing assumptions, project the Debt service, calculate returns to equity investors, and set up sensitivity tables to analyze the deal outcome under varied assumptions.

Finally, you'll make an **investment recommendation**, identify the key risk factors and explain how to mitigate them, and comment on the Independent vs. Franchise choice and the terms of the Permanent Loans.

RE-03-01: Market and Operating Assumptions (22:02)

In this lesson, you'll learn how to set up the market, operating, and renovation assumptions in the 2-hour hotel model, and you'll learn the differences between the independent and franchise business models.

RE-03-02: Property Pro-Forma (18:11)

You'll learn how to create the hotel pro-forma in this lesson and how to reflect the differences in the Independent vs. Franchise scenarios; you'll also see how revenue, NOI, and adjusted NOI differ as a result.

RE-03-03: Acquisition, Exit, and Financing Assumptions (13:58)

In this lesson, you'll learn how to use the hotel's Pro-Forma to calculate the acquisition price, Debt used for financing and refinancing, and exit price.

RE-03-04: Debt Service Projections (16:16)

You'll learn how to project the Debt balances, cash and PIK interest, and principal repayments in this lesson, and you'll draw some initial conclusions about the deal financing based on the credit stats and ratios.

RE-03-05: Equity Returns and Sensitivities (21:22)

In this lesson, you'll learn how to calculate the equity returns and set up sensitivity tables to analyze the deal outcome in different scenarios, and you'll draw some initial conclusions about the recommendation and the risk factors.

RE-03-06: Case Study Answers (17:59)

You'll learn how to answer the case study questions in this lesson, and you'll see several examples of how you can modify the finished Excel file to examine alternative scenarios and highlight the key risk factors in the deal.

Module 4: 3-Hour Multifamily Acquisition and Credit Case Study (The Lyric)

In this case study, you will build a multifamily acquisition and **credit analysis model** and make an investment recommendation on the Senior Loan, Mezzanine, or Preferred Equity used to fund the property.

You'll start by building a standard **Pro-Forma for The Lyric, a 234-unit multifamily property in Seattle**, and you'll add support for the acquisition, exit, and debt service, as well as the equity returns calculations.

Then, you'll calculate the **returns and recovery percentages for the lender groups** in different scenarios and exit dates, and you'll create sensitivities to further "stress test" the deal.

Finally, you will build a **DCF to value the property**, evaluate comparable properties and a **Replacement Cost analysis**, and answer **case study questions about the debt and equity**, the operating assumptions, the risk factors, and the valuation.

RE-04-01: 3-Hour Multifamily Acquisition and Credit Modeling Test: Overview (27:36)

In this lesson, you'll get an overview of this multifamily case study, learn how it's different from the simplified version in Module 1, and fill in the main operating assumptions for the property.

RE-04-02: Property Pro-Forma (21:07)

You'll learn how to complete the property Pro-Forma in this lesson, based on the assumptions in the previous lesson, and you'll see how the Effective Gross Income, NOI, and Adjusted NOI differ in the three scenarios.

RE-04-03: Acquisition, Exit, and Financing Assumptions (13:54)

In this lesson, you'll learn how to make assumptions for the acquisition price, exit price, and deal financing, and you'll see how the numbers differ in the three scenarios.

RE-04-04: Debt Service Projections (13:54)

You'll learn how to set up the Debt projections for a floating rate Senior Loan with a LIBOR floor and Interest-Only Period, as well as Mezzanine and Preferred Equity with Cash and PIK Interest in this lesson; you'll also use key stats such as the Debt Yield, Interest Coverage Ratio, and Debt Service Coverage Ratio to draw conclusions about the deal financing.

RE-04-05: Returns to Equity Investors (21:53)

In this lesson, you'll learn how to calculate the returns to equity investors, including how to account for the fact that the proceeds might be insufficient for Debt repayment and prepayment penalties. You'll also see how the IRR, multiple, and Debt repayments differ in the three scenarios.

RE-04-06: Returns to Lenders (22:36)

You'll learn how to calculate the IRRs, Multiples, and Recovery percentages for the lender groups in this lesson, and you'll see how the interest, principal repayments, issuance fees, prepayment penalties, and equity grants affect the calculations. You'll also learn how each tranche of Debt performs under different market scenarios and exit dates.

RE-04-07: Sensitivities and Scenarios (16:11)

In this lesson, you'll set up sensitivity tables for the Recovery and IRR for each tranche of Debt based on the market scenario, exit year, and exit Cap Rate, and you'll use them to draw quick conclusions about the risk and potential return profile of each investor group.

RE-04-08: Valuation and DCF Analysis (27:33)

You'll learn how to build a simple DCF analysis and use the Sales Comps, Apartment Comps, and Replacement Cost methodologies to draw conclusions about the property's implied value in this lesson.

RE-04-09: Case Study Answers (29:54)

In this lesson, you'll answer the case study questions and learn how to tweak the model to come up with more reasonable operating assumptions and assess the risk factors and ways to mitigate them.

Module 5: 4-Hour Office/Retail Acquisition & Renovation Modeling Test (45 Milk Street)

In this case study, you will build an **acquisition and renovation model for a mixed-use office/retail property** and make investment recommendations for the Limited Partners, General Partners, Senior Lenders, and Mezzanine Investors.

You'll start by setting up the transaction assumptions for 45 Milk Street, a 61,000-square-foot property in Boston, and then you'll build a monthly and annual **Pro-Forma that supports different lease types, start dates, and expiration dates, including Percentage Rent leases**.

Then, you'll project the Debt Service, including a **TI/LC/CapEx Holdback** released on a monthly basis, and you'll calculate the returns to each investor and lender group.

In the Waterfall Returns Schedule, you will build in support for **Preferred and Catch-Up Returns**, and you'll create sensitivity tables to analyze different outcomes.

Finally, you'll use the model to make an **investment recommendation** for each group and explain how to mitigate the risk factors – or, for negative recommendations, what must change for the deal to work.

RE-05-01: Overview and Assumptions (29:27)

You'll learn the key differences and new additions in this case study in this lesson, and you'll set up the basic transaction assumptions, the Sources & Uses schedule, and the key numbers required for the monthly rent roll and cash flow projections. You will also learn about the sources of data for this case study.

RE-05-02: Market Rents, Escalated Rents, and Loss to Lease (23:01)

In this lesson, you'll project the annual rental escalations for the initial lease, renewal case, and non-renewal case for Tenant #1 (WeWork), and you'll use those to determine the Market Rents and In-Place Rents in each period, as well as the Loss to Lease.

RE-05-03: Concessions, Vacancies, Tenant Improvements, Leasing Commissions, and Expense Reimbursements (27:48)

In this lesson, you'll project the remaining key line items for Tenant #1, including the Absorption & Turnover Vacancy, Concessions & Free Rent, Tenant Improvements, Leasing Commissions, Expense Reimbursements, and General Vacancy, and you'll learn how to check for downtime and free-rent periods on a monthly basis.

RE-05-04: Monthly Rent Roll – Percentage Rent Leases (18:21)

You'll learn how to project income from Percentage Rent Leases in this lesson, and you'll learn the difference between artificial and natural breakpoints.

RE-05-05: Monthly and Annual Pro-Forma (29:45)

In this lesson, you will complete the monthly Pro-Forma for this property by filling out the formulas for the rest of the tenants, projecting the monthly release of the TI/LC/CapEx Holdback and the Replacement Reserves, and summarizing everything in an annual Pro-Forma.

RE-05-06: Debt Service and Holdback Projections (16:05)

You will learn how to project the property's Debt Service here, including the release of the TI/LC Holdback, the interest and principal repayments, and the credit stats and ratios, and you'll draw some quick conclusions based on those.

RE-05-07: Returns to Equity Investors and Lenders (21:44)

In this lesson, you'll calculate the IRR and cash-on-cash multiples to the equity investors and the lenders, and you'll estimate the Recovery percentages for the Senior Lenders and Mezzanine Investors; you'll then use the numbers to draw early conclusions about the deal.

RE-05-08: Waterfall Schedule with Preferred Return and Catch-Up Provision (16:05)

You'll learn how to set up a Waterfall Returns Schedule that includes a Preferred Return to the Limited Partners and a Catch-Up Provision for the General Partners in this lesson.

RE-05-09: Sensitivities and Scenarios (23:06)

In this lesson, you'll learn how to set up sensitivity tables to analyze the deal's outcome for the GPs and LPs across different scenarios, acquisition prices, exit Cap Rates, LTVs, and renovation costs you'll also draw some quick conclusions about the key risk factors and how we might be able to improve the outcome for the GPs.

RE-05-10: Case Study Answers (21:57)

You'll learn how to answer the case study questions, make investment recommendations for each group, and identify the key risk factors and ways to mitigate them in this lesson.

RE-05-11: Investment Recommendation Presentation [OPTIONAL] (13:12)

In this final, optional lesson, you'll learn how to draft a short, 12-slide presentation recommending for or against the acquisition and renovation of 45 Milk Street.

Module 6: 2-Hour Pre-Sold Condo Development Modeling Test (Heritage Cyrela)

In this case study, you will build a **condo development model** for the Heritage Cyrela, a super-high-end luxury complex in São Paulo. You will then use the model to make **investment recommendations** for the Limited Partners and Developers and identify the **key risk factors** in the deal.

You'll start by setting up the transaction assumptions and the **construction timeline**, including the monthly pre-sales of condo units in each phase and the start and end of the construction period.

Then, you'll project Gross Sales based on **initial, construction-end, and final deposits**, and you'll forecast the Hard Costs, Soft Costs, FF&E and Move-In Costs, and Land Acquisition Costs.

You'll use this monthly cash flow model to project Equity and Debt draws, interest, and principal repayment, and then you'll build a **Waterfall Returns Schedule with a Preferred Return, Catch-Up Return, and tiers based on a mix of IRRs and equity multiples**.

Finally, you'll create an annual summary, Sources & Uses schedule, and sensitivity tables to summarize everything and **answer the case study questions**.

RE-06-01: Overview and Assumptions (19:58)

In this lesson, you'll learn how this 2-hour case study differs from the simplified, 60-minute version, and you'll enter the basic assumptions and construction timeline numbers required for the rest of the model.

RE-06-02: Construction Timeline (24:20)

You'll learn how to set up the Construction Timeline in this lesson, including the trigger conditions for pre-sales, construction, and post-construction, and how to use functions such as INDEX, VALUE, MATCH, and COUNTIF to find the right start and end months.

RE-06-03: Gross Sales and Expenses (15:28)

In this lesson, you'll project the monthly Gross Sales, separated by deposit percentage, as well as the Hard Costs, Soft Costs, FF&E and Move-In Costs, and Land Acquisition Costs associated with the development.

RE-06-04: Equity and Debt Draws (15:56)

You'll learn how to project Equity and Debt draws for the property in this lesson, including how to handle the case where there is still an outstanding Construction Loan upon client move-in; you will also project cash and accrued interest based on monthly cash flows.

RE-06-05: Monthly Waterfall Returns Schedule with Preferred and Catch-Up Terms and Mixed IRR and Multiple Tiers (20:15)

In this lesson, you'll learn how to build a monthly waterfall schedule with preferred and catch-up provisions and a mix of IRR and multiple-based tiers, and you'll see how it extends from the previous waterfall models in this course.

RE-06-06: Annual Summary and Sensitivities (26:26)

You'll learn how to set up the Sources & Uses schedule, the Annual Summary, and the Sensitivity Tables in this lesson, and you'll understand how to pick appropriate ranges for the tables even when the instructions tell us almost nothing.

RE-06-07: Case Study Answers (15:22)

In this lesson, you'll learn how to answer the case study questions, make an investment recommendation, and identify the key risk factors and how to mitigate them.

Module 7: 4-Hour (or 1-Week) REIT Valuation Modeling Test (AvalonBay)

In this case study, you will build a **3-statement model and valuation for AvalonBay**, a leading U.S.-based multifamily REIT. You will then use the model to create a hedge fund/asset management **stock pitch**, an **equity research report**, and an **investment banking pitch book** for the company.

You'll start by projecting the company's developments, redevelopments, acquisitions, dispositions, and unconsolidated real estate (equity investments), and you will use these segment-level projections to build a **3-statement projection model**.

Then, you will value the company using a **Net Asset Value (NAV) Model**, **Comparable Public Companies** and **Precedent Transactions**, and a **Discounted Cash Flow (DCF) Analysis** based on a 10-year projection period. You'll also get practice finding the data and adjusting the numbers based on disclosures in SEC filings.

You'll then summarize the results of this valuation and use it to **outline a stock pitch** for the company, including the investment thesis, catalysts, risk factors, and ways to hedge against the main risks. Finally, you'll tweak this pitch to create an equity research report and an investment banking pitch book with a **debt vs. equity recommendation** for the company's financing requirements.

RE-07-01: Case Overview and Same-Store Properties (Established Communities) (29:08)

In this lesson, you'll learn how this REIT valuation case study is different from the simplified examples in Module 1 of the course, and you'll project AvalonBay's revenue and NOI, by region, for its Established Communities.

RE-07-02: Acquisitions and Dispositions (17:30)

You'll learn how to project AvalonBay's Acquisition and Disposition activity in this lesson, including where you can find historical performance data and how you can use Cap Rate and spending trends to forecast future activities.

RE-07-03: Development and Other Stabilized Properties (25:50)

In this lesson, you'll project AvalonBay's Development activities by using historical data on spending, annual starts, NOI, and revenue, as well as the company's guidance; you'll also learn how to re-classify stabilized Development assets to the "Other Stabilized" category once construction has finished.

RE-07-04: Redevelopment and Consolidated Revenue and Expenses (22:34)

You'll learn how to project AvalonBay's Redevelopment spending and the yield on that spending in this lesson, and then you'll consolidate the revenue, expenses, and real estate assets across all the business segments to create a financial summary.

RE-07-05: Equity Investments (Unconsolidated Real Estate from Joint Ventures) (21:13)

You'll learn how to project AvalonBay's Equity Investments here, including how to forecast mini-financial statements for them and how to calculate Total vs. Pro-Rata figures.

RE-07-06: Three-Statement Projections (43:36)

In this lesson, you'll project the three financial statements for AvalonBay, link in the segment-by-segment schedules, calculate FFO and Dividends, and determine the required Debt and Equity funding in future years.

RE-07-07: NAV Model, Part 1: Market Value of Assets (24:38)

You'll start building the NAV Model for AvalonBay in this lesson by using Cap Rates to value its real estate operating assets and factoring in its pro-rata share of JV assets; you'll apply market value adjustments to its other assets and learn why our approach differs from others that you'll see online and in research reports.

RE-07-08: NAV Model, Part 2: Market Value of Liabilities, NAV per Share, and Sensitivities (19:21)

You will complete the NAV Model in this lesson by valuing AvalonBay's Liabilities, calculating NAV per Share and the Implied Nominal and Economic Cap Rates, and creating sensitivity tables to draw conclusions about the company's current valuation.

RE-07-09: Selecting and Interpreting the Public Comps (14:10)

In this lesson, you'll learn how to screen for and interpret the comparable public companies for AvalonBay, and you'll see further evidence that the company was undervalued at the time of this case study.

RE-07-10: Gathering Market and Financial Data for the Public Comps [OPTIONAL] (33:55)

You'll learn how to find the market, financial, and real estate-specific data for a REIT based on its public filings in this lesson, following an example based on Equity Residential; you'll also learn the most efficient ways to find the information and some tips and tricks for calculating metrics such as EBITDA.

RE-07-11: Selecting and Interpreting the Precedent Transactions (11:34)

In this lesson, you'll learn how to screen for and interpret Precedent Transactions (Comparable M&A Deals) for REITs.

RE-07-12: Data Gathering for the Precedent Transactions – Digital Realty / DuPont Example [OPTIONAL] (22:22)

In this optional lesson, you'll learn how to calculate the Purchase Equity Value, Purchase Enterprise Value, and key valuation multiples for one of the Precedent Transactions (Digital Realty's acquisition of DuPont Fabros) manually – and you'll learn how to check your work against the company's investor presentation(s).

RE-07-13: WACC Calculation (19:14)

You'll learn how to calculate the Discount Rate for AvalonBay in this lesson, including where to find the Cost of Debt and Cost of Preferred in the Public Comps, how to un-lever and re-lever Beta, and how to use several different approaches to get a range of values for the Cost of Equity and WACC.

RE-07-14: DCF, Part 1 – Free Cash Flow Projections (31:27)

In this lesson, you'll learn how to create long-term projections for AvalonBay's Free Cash Flow going 10 years into the future – including its revenue, operating expenses, CapEx, stock issuances, and more, and you'll understand how the FCF projections differ in the three different cases here.

RE-07-15: DCF, Part 2 – Terminal Value and Sensitivities (22:29)

You'll calculate Terminal Value and set up sensitivity tables for AvalonBay in this lesson, and you'll see how the valuation results imply an asymmetric risk/potential return profile (i.e., more upside than downside).

RE-07-16: Valuation Summary and Graph (21:25)

In this lesson, you'll create a Valuation Summary for all the methodologies in this model, as well as a "football field" graph that creates a visualization for this summary; you'll then interpret both of these and draw conclusions about AvalonBay's implied value in different cases.

RE-07-17: Stock Pitch Outline (20:48)



In this lesson, you'll get a set of guidelines you can use to create stock pitches based on valuation, NAV, and DCF analyses, and you'll understand how to outline the investment thesis, catalysts, and risk factors for use in our pitch for AvalonBay.

RE-07-18: Full Stock Pitch & Critique (20:22)

You'll understand how to set up and write both Word and PowerPoint versions of our short stock pitch in this lesson, including how you can use visual elements to make a stronger argument for the company's valuation.

RE-07-19: Equity Research Report (16:36)

In this lesson, you'll get a sample equity research report based on the same valuation for AvalonBay, and you'll see how research reports are slightly different from hedge fund stock pitches, with variations on many of the same elements.

RE-07-20: Investment Banking Pitch Book – Debt vs. Equity Recommendation (18:25)

You'll learn how to make a Debt vs. Equity recommendation for AvalonBay in this lesson, and you'll get an example of a short pitch book presentation you can use to present your findings and argue for a different financing mix.

Module 8: 2-Hour REIT Debt vs. Equity Case Study (SPH REIT)

In this case study, you'll project the **performance of individual properties** for SPH REIT, a Singaporean retail REIT, on a **half-year basis**, and you'll create a 3-statement model that supports the **S\$ 500 million acquisition of Seletar Mall**, a new property, using Equity and Debt.

You will create **Base, Downside, and Extreme Downside Cases** based on market data, and you'll use the different Rental Reversions, NPI Margins, and Cap Rates in those cases to assess the company's **credit stats and ratios** (Gearing, Debt / EBITDA, EBITDA / Interest, and others).

Then, you'll try different combinations of **Debt and Equity** until you find one that allows the company to achieve its targeted metrics and ratios (Distribution Yield > 5%, DPU Accretion \geq 0%, Gearing \leq 35%, and Interest Coverage \geq 5.0x) across all the cases.

Finally, you'll **answer case study questions** at the end, present your recommendation, explain the key risk factors and how to mitigate them, and examine other ways the company could change its capital structure to meet its targets.

RE-08-01: Case Study Overview and Paragon Projections (24:31)

In this lesson, you'll learn the purpose of this case study and project revenue, expenses, Cap Rates, and asset values for Paragon, SPH REIT's main retail property in Singapore.

RE-08-02: Clementi and Seletar Projections (17:05)

You'll learn how to project the revenue, NPI, Cap Rates, and asset valuations for the Clementi Mall and Seletar (SPH's proposed acquisition) in this lesson, including what to do when you lack data such as a lease-by-lease expiration schedule.

RE-08-03: Property Roll-Up and Income Statement Projections (19:07)

In this lesson, you'll roll up the individual property financial results and create half-year Income Statement projections for SPH REIT, and you'll learn how to factor in interest rates that vary based on the amount of Debt the company uses for the Seletar Mall acquisition.

RE-08-04: Balance Sheet and Cash Flow Statement Projections (30:22)

You'll project the Balance Sheet and Cash Flow Statement for SPH REIT in this lesson based on historical averages and trends, and you'll forecast the company's "Distributions" (Dividends) based on Income Available for Distribution (similar to FFO or EPRA Earnings). You'll also create annual summaries of all the statements and supporting schedules.

RE-08-05: Credit Stats and Ratios and DPU Accretion/Dilution (23:11)

In this lesson, you'll calculate the credit stats and ratios for SPH REIT, including the Gearing, Interest Coverage, and Leverage Ratios, and DPU accretion/dilution; you'll then try different combinations of Debt and Equity in different scenarios until you find the best financing mix for the Seletar Mall acquisition.

RE-08-06: Case Study Answers (17:14)

You'll answer the case study questions in this lesson, describe the main risk factors for lenders in the deal and explain how to mitigate them, and look at a few other ways SPH REIT could modify its capital structure to comply with its targeted credit stats and ratios.

Module 9: 3-Hour REIT M&A and Merger Model Case Study (Digital Realty / DuPont Fabros)

In this case study, you'll complete a **quarterly merger model and supplemental analysis** for Digital Realty's \$5.8 billion acquisition of DuPont Fabros, and you'll learn how **purchase price allocation** and the **combination of the financial statements** differ for REITs.

You'll start by reviewing each company's standalone **quarterly projections and NAV models**, and then you'll set up the **transaction assumptions**, including the Sources & Uses and Purchase Price Allocation schedules, including new items such as Above- and Below-Market Lease Intangibles.

Then, you'll **combine and project the financial statements**, calculate key metrics such as accretion/dilution for FFO and AFFO per unit & share, and analyze the credit profile of the combined entity.

Since most REIT M&A deals are 100% stock, the **Contribution Analysis** and **Value Creation Analysis** are especially important; you'll complete both here and use them to draw conclusions about the deal terms, the seller's valuation, and the potential risk factors in the deal.

Finally, you'll answer the case study questions at the end, **make a recommendation** for or against the deal, and see how you might present your findings in a short presentation as well.

RE-09-01: Overview of Case Study and Quarterly Operating Models (22:32)

In this lesson, you'll learn about the key differences in REIT M&A deals and merger models and get a quick summary of the quarterly operating models for the buyer and seller in this case study.

RE-09-02: NAV Models, DCF, and Comparable Companies and Transactions (22:15)

You'll learn how to value Digital Realty and DuPont Fabros in this lesson, including NAV models for each company, a DCF analysis, and comparable public companies and precedent transactions.

RE-09-03: Transaction Assumptions and Sources & Uses (25:21)

In this lesson, you'll set up the assumptions for the offer price, transaction funding, and sources & uses of funds, including the refinancing of the seller's Debt and Preferred Stock; you'll also learn how to set up a Cash vs. Debt split for the transaction fees.

RE-09-04: Purchase Price Allocation (20:50)

You'll learn how purchase price allocation works for the acquisition of a REIT in this lesson, including how to write up assets, create intangibles for above and below-market leases and in-place lease value, and eliminate items such as deferred rent and accumulated depreciation.

RE-09-05: Balance Sheet Combination and Projections (22:08)

In this lesson, you'll combine the Balance Sheets of DLR and DFT, incorporate all the transaction adjustments, and then set up the links to project the combined Balance Sheet on a quarterly basis over the next two years.

RE-09-06: Combined Income Statement Projections (32:17)

You'll combine the Income Statements of Digital Realty and DuPont Fabros in this lesson, and you'll adjust for acquisition effects such as new D&A on Lease Intangibles and Write-Ups, Restructuring and Cost Synergies, and Interest and Preferred Dividend differentials; you'll also calculate accretion/dilution on a quarterly and annual basis for EPS, FFO PS, and AFFO PS.

RE-09-07: Combined Cash Flow Statement Projections (21:24)

In this lesson, you'll combine the Cash Flow Statements of the buyer and seller, adjust for the new D&A line items created in the deal, calculate the combined FFO and AFFO, and complete annual summaries that let you calculate accretion/dilution across all metrics.

RE-09-08: Key Metrics and Ratios and Sensitivities (24:28)

You'll calculate the key metrics and ratios for the combined entity in this lesson and use them, along with sensitivity tables, to determine how AFFO per Share & Unit changes under different deal conditions and whether or not DLR could afford to pay more for DFT.

RE-09-09: Contribution Analysis (21:23)

You'll set up a Relative Contribution Analysis based on NOI, EBITDA, FFO, AFFO, NAV, and other metrics in this lesson, and you'll learn how to use the analysis and graphs to draw conclusions about the offer price and proper ownership percentages in a 100% stock deal.

RE-09-10: Value Creation Analysis (27:14)

In this lesson, you'll set up a Value Creation Analysis for the DLR / DFT deal, and you'll calculate the combined company's new share price, assuming that it starts trading at the same multiples as Equinix; you'll also learn how to interpret the results of graphs and sensitivities based on this analysis.

RE-09-11: Summary and Case Study Answers (20:09)

You'll create a Transaction Summary in this lesson and then answer the case study questions – including ones on your overall deal recommendation, the seller's valuation, the deal structure and refinancing terms, the combined company's Dividends, the FFO and AFFO accretion/dilution, and more.

RE-09-12: Investment Banking Deal Presentation [OPTIONAL] (7:56)

In this lesson, you'll learn what a short presentation about the deal might look like and how a bank might advise the buyer on whether or not it should pursue the transaction.

Module 10: 2.5-Hour REIT Leveraged Buyout and LBO Model Case Study (Blackstone / Pure Industrial Real Estate Trust)

In this case study, you'll analyze **Blackstone's \$2.5 billion CAD leveraged buyout of Pure Industrial Real Estate Trust (PIRET)** in Canada and make an investment recommendation for or against the deal.

You'll start by learning about the key differences in **REIT leveraged buyouts**, and then you'll set up the **transaction assumptions**, scenarios and drivers for the REIT's same-store, acquisition, development, and disposition activity, and the full financial statement projections.

Then, you'll add the **Debt Schedule**, examine the credit stats and ratios, and calculate the **returns to all investor groups**, including a management rollover, options pool, and multiple-based incentive fee for Ivanhoé Cambridge (the other equity investor in the deal).

Finally, you'll set up sensitivity tables and use them to answer the case study questions and **make an investment recommendation**. The final, optional lesson will show you how to draft a 10-slide presentation with your findings.

RE-10-01: REIT LBO Model and Case Overview: Key Differences in Leveraged Buyouts (19:51)

In this lesson, you'll learn how leveraged buyouts of REITs differ from those of traditional companies, and what this case study on Pure Industrial Real Estate Trust in Canada focuses on.

RE-10-02: REIT LBO Transaction Assumptions (15:46)

You'll learn how to set up the transaction assumptions for the Pure Industrial LBO in this lesson, including where to find the share count and capital structure information, how to set up the Sources & Uses schedule for each investor group, and how to calculate Goodwill.

RE-10-03: Segment Drivers for Same-Store, Acquisitions, Developments, and Dispositions (24:28)

In this lesson, you'll project Same-Store Rent and Expenses and NOI and Revenue from Acquisitions, Developments, and Dispositions for Pure Industrial, and you'll learn how to use data from investor presentation extracts to inform your numbers.

RE-10-04: Income Statement Projections (10:45)

You'll project Pure Industrial's Income Statement in this lesson and compare the revenue, NOI, and CAGRs in the different scenarios.

RE-10-05: Balance Sheet Combination and Projections (15:50)

In this lesson, you'll adjust PIRET's Balance Sheet for the deal and project the Assets and Liabilities & Equity sides.

RE-10-06: Cash Flow Statement and Dividend Projections (25:18)

You'll project the Cash Flow Statement as well as FFO, AFFO, and Dividends for Pure Industrial in this lesson, and you'll learn how to calculate the Debt funding required for the company's operations.

RE-10-07: Debt Schedule and Credit Stats and Ratios (19:52)

You'll set up the Debt Schedule for the LBO in this lesson, including mandatory and optional repayments, the interest expense, and the links to the financial statements, and you'll calculate key credit stats and ratios and use them to draw conclusions about the deal.

RE-10-08: Returns Calculations (Options Pool, Incentive Fees, Dividends, and Variable Exit Years) (23:54)

In this lesson, you'll calculate the IRR and money-on-money multiple to each investor group, factoring in variable exit years, the management options pool, the incentive fee to Ivanhoé Cambridge, and the dividends – and you'll see how the formulas differ with all these items.

RE-10-09: Sensitivity Tables (17:35)



You'll set up sensitivity tables for the deal in this lesson, including ones to measure the Exit Multiple vs. the Purchase Premium, Scenario, Exit Year, and Leverage, and you'll form an initial investment recommendation based on these tables.

RE-10-10: Case Study Answers (20:37)

In this lesson, you'll answer the case study questions, make a recommendation for or against the deal, explain the risk factors or counterfactuals, and discuss the impact of leverage, the incentive fee, the exit year, dividends, and acquisitions vs. developments.

RE-10-11: Investment Recommendation Presentation [OPTIONAL] (11:42)

In this final, optional lesson, you'll learn how to draft a short, 10-slide presentation recommending for or against the leveraged buyout of Pure Industrial Real Estate Trust.

Instructor Interaction and Your Questions... Answered

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Pratik
September 5,
2018

Hi Brian

1. I have a question on Total Project Cashflow that is calculated on row 173. It totally ignores the additional financing costs i.e. 225k or loan issuance fees for the Senior and Mezzanine debt. I believe this should also be deducted from the project cashflows hence generating a different and lower IRR that what is calculated on the model.
2. Can you please explain me the difference between loan amortization period and loan maturity period?
3. Is PIK interest as same as capitalized interest?

Thanks
Pratik

Comment Rating: (0)  

[REPLY](#) [EDIT](#)

Brian
September 5,
2018

Pratik,

- 1) The Total Project Cash Flows in row 173 intentionally ignore the financing costs because there are no financing costs in this scenario. “Unleveraged” means that you are analyzing the property acquisition as if no Debt had been used to fund the deal, i.e. as if it was done with 100% Equity. We still have Acquisition Costs associated with the purchase price, but there are no loan issuance fees because there is no Debt.
- 2) The loan maturity indicates when the loan principal is due in full. For example, if the maturity is 10 years, the entire loan must be repaid in 10 years. The amortization period indicates the number of years over which the principal must be repaid.
For example, if it's a \$1,000 loan with a 10-year maturity and a 20-year amortization period, then $\$1,000 / 20 = \50 of the loan principal must be repaid each year.
By Year 10, $10 * \$50 = \500 of the loan principal has been repaid. But also in Year 10, the entire remaining portion of the loan must be repaid, so the remaining \$500 comes due.
When the owner sells the property, the entire loan balance also becomes due as well, so loans rarely stay outstanding until their maturity date unless it's a very short-term maturity, such as 1-2 years.
- 3) Yes, PIK Interest is the same as Capitalized Interest.

Comment Rating: (0)  

[REPLY](#) [EDIT](#)

I no longer offer 1-on-1 consulting, and the last time I *did* offer it, the price was over \$300 per hour. And even when you hired me for a session, you couldn't ask questions and receive responses 24/7 – once the session was over, that was it.

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BIWS Real Estate & REIT Modeling Course](#)**

Best Regards,

Brian DeChesare
Mergers & Inquisitions
Breaking Into Wall Street