

# One day course on: Commercial Real estate financing and REITs

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## Course outline by Vinod Kothari

1. Essentials of commercial real estate (CRE) financing
  - a. CRE as a source of value, and cashflows over a stretched period of time
  - b. Understanding CRE valuation – cashflows and residual value
  - c. Different methods of CRE investment
    - i. Debt, equity and mezzanine debt
    - ii. Traditional CRE loans
    - iii. Commercial mortgage backed securities and other structured finance devices
    - iv. REITs and property ownership vehicles
    - v. Real estate private equity funds
2. Structuring of a CRE loan
  - a. Understanding net operating cashflows from the property
  - b. Understanding debt service coverage ratio
  - c. Loan to value ratio
  - d. Volatility of operating cashflows and the factors that may affect the same
  - e. Understanding the interplay between DSCR and LTV ratio
3. Structuring of CMBS transactions
  - a. Finding out the LTV ratio
  - b. Determination of the classes of securities and credit enhancements
  - c. Refinancing risk in CMBS transactions
  - d. A case study of CMBS transaction
4. Understanding REIT structures
  - a. Reits as a special case of tax transparent property owning device
  - b. Structuring of a REIT
  - c. Working and performance of a REIT
  - d. Understanding UPREITs, downREITs and other structures
5. Other collective devices for real estate financing
  - a. Understanding real estate owning companies
  - b. Real estate PE funds and other structures