

REAL ESTATE FINANCE FUNDAMENTALS

COURSE OVERVIEW

This foundation course provides a comprehensive introduction to real estate finance principles and practices. Participants will explore fundamental financing concepts, debt structures, lending processes, and basic financial analysis for real estate transactions. The program establishes essential knowledge required for professionals involved in property financing, investment analysis, and transaction support. Through practical exercises and case examples, participants will build a solid understanding of how real estate financing works.

TARGET COMPETENCIES

- Finance Principles
- Debt Structures
- Lending Processes
- Financial Analysis
- Transaction Support

COURSE OBJECTIVES

By completely attending this course, participants will be able to:

- Explain fundamental real estate finance concepts and terminology
- Identify different debt structures and their characteristics
- Describe the lending process from application to closing
- Apply basic financial analysis techniques to real estate
- Support real estate financing transactions effectively

TARGET AUDIENCE

This course is designed for professionals seeking to understand real estate finance fundamentals and their application. It is suitable for:

- New entrants to real estate finance roles
- Real estate professionals expanding into finance
- Banking professionals entering real estate lending
- Support staff in investment and development firms

COURSE METHODOLOGY

This course combines interactive lectures, practical calculations, case studies, and group discussions to reinforce learning.

COURSE OUTLINE

FINANCE PRINCIPLES

- Time Value of Money
 - Present value and future value concepts
 - Discount rates and compounding
- Return Metrics
 - Cash-on-cash return and yield calculations
 - Internal rate of return fundamentals
 - Equity multiple and profit metrics
- Leverage Concepts
 - Benefits and risks of financial leverage
 - Optimal capital structure considerations

DEBT STRUCTURES

- Loan Types
 - Conventional and Islamic financing options
 - Fixed and floating rate structures
- Loan Terms
 - Amortization schedules and bullet payments
 - Loan-to-value and debt service coverage ratios
 - Covenants and borrower obligations
- Security Arrangements
 - Mortgage and collateral structures
 - Guarantees and credit enhancement

LENDING PROCESSES

- Loan Origination
 - Application and documentation requirements
 - Credit assessment and approval processes
- Due Diligence
 - Property and borrower evaluation
 - Valuation and legal review
 - Environmental and technical assessments
- Closing and Funding
 - Documentation and closing procedures
 - Disbursement and monitoring

FINANCIAL ANALYSIS

- CASH FLOW ANALYSIS
 - Operating income and expense projections
 - Net operating income calculations
- Debt Service Analysis
 - Loan payment calculations
 - Coverage ratio analysis
 - Break-even occupancy assessment
- Investment Returns
 - Leveraged versus unleveraged returns
 - Sensitivity analysis fundamentals

TRANSACTION SUPPORT

- Financing Packages
 - Preparing financing submissions
 - Supporting documentation requirements
- Lender Relations
 - Working with banks and financial institutions
 - Term sheet negotiation basics
 - Ongoing reporting and compliance
- Market Awareness
 - Financing market conditions and trends
 - Lender landscape and preferences