

Term Project

Real Estate Finance

STRUCTURING A HOTEL TRANSACTION FOR YOUR REAL ESTATE INVESTMENT VEHICLE

Fall Term 2025

© Prof. Masaki Mori and Prof. Dr. René-Ojas Woltering





CONTEXT

TO AVOID MISTAKES AND WASTED TIME AND EFFORTS, PLEASE READ AND REVIEW THIS DOCUMENT and FAQ IN DETAIL BEFORE STARTING YOUR WORK.

Over the past decade, ultra-low interest rates pushed capital towards yield assets such as real estate. Post-pandemic Europe then saw a sharp repricing: euro-area inflation **peaked at 10.6% in October 2022** before **disinflation** set in (headline CPI ~2.3% in February 2025 and ~2.0% in July 2025). The ECB has since cut policy rates, with the deposit facility around 2.00% in early September 2025. **Risks** remain with **energy volatility** and **geopolitics**, but the trajectory towards lower inflation and policy rates supports underwriting and debt-service metrics versus 2023-2024.

Against this backdrop, **London remains** one of Europe's **most liquid** and globally visible hotel markets. **Supply growth** is **limited** by **high construction costs** and **stringent planning rules**, while demand benefits from a unique mix: corporate travel tied to financial services, technology, and government; international leisure; and resilient domestic tourism. Short-term letting is governed by a London-wide 90-night limit without planning permission, enforced by boroughs such as Westminster, which helps contain demand leakage. The UK applies a **20% VAT on accommodation**. London's MICE platform remains world-class (ExCeL, Olympia) and major sporting fixtures at Wembley and Wimbledon bolster peak demand. By 2024 London's ADR/RevPAR surpassed 2019 levels, with record highs by mid-2025. Cost pressures persist—the National Living Wage rose to £11.44/hour in April 2024 and utilities/food prices remain elevated—but at the right entry yield and basis, **London continues** to represent a **benchmark** gateway **city for hotel investment**.

The **purpose** of this term project is to **analyse and structure a potential hotel investment** on behalf of your real estate investment vehicle. Your group acts as the vehicle's investment analyst team, **responsible for sourcing, screening, and underwriting opportunities** from the firm's extensive industry network—including broker submissions from CBRE, Colliers, and Cushman & Wakefield. While most proposals are declined as unsuitable or mispriced, several recent prospects warrant deeper work. The Chief Investment Officer has therefore asked you to **select one opportunity** and **prepare a full investment case**. In particular, your team is tasked with:

- 1) **Identifying a suitable hotel investment opportunity** for your investment vehicle.
- 2) **Estimating the market value** of your chosen hotel.
- 3) **Performing a leveraged** (before-tax) **investment analysis** and **recommend an optimal transaction structure**.

Your team's mission is to **write up** the findings of your **investment analysis as a report** that will serve as a basis for the investment committee to make a final decision regarding whether or not to acquire the hotel under consideration.

Supporting Materials

This term project handout will refer to the following resources on LMS:

STR Reports:

- Profitability Report
- Trend Report
- Census and Pipeline

Additional Materials:

- CoStar reports
- HVS Hotel Valuation Index (<https://hvi.hvs.com/market-region/europe/>)
- Savills UK and European Hotels spotlight 2025
- CBRE European Hotels Figures
- News & Research Articles

Once you begin this term project, you will have ample information at your disposal. Your first task is to curate it: apply rigorous judgement to select only evidence that directly informs your analysis. At the same time, broaden your scope by consulting additional credible sources to deepen and widen your argument. Extending your research beyond the provided materials will enrich the project and demonstrate a thorough grasp of the subject.

To uphold academic integrity and maintain transparency, **cite all sources**—both those supplied and any you add—using **APA referencing** style. Accurate referencing enables readers to verify your claims and understand the evidentiary basis of your analysis.

Both the **written report and the accompanying Excel** workbook must be **intelligible to readers who are not immersed in your project** (e.g., your lecturer or a time-pressed investment committee member). Prioritise clear structure, explicit assumptions, consistent labelling, and signposted outputs so your work can be understood quickly and accurately.

By meeting these standards, you will satisfy the academic requirements and produce a professional, decision-ready analysis suitable for real-world investment discussions.

1. Hotel Choice

When analysing potential investments, begin with the mandate of your vehicle—specifically, its **targeted risk–return profile**. That profile shapes both asset selection (from core to opportunistic) and capital structure, guiding the appropriate level of leverage and the mix of equity and debt for the transaction.

For this term project, your first task is to **choose a hotel** for your **investment vehicle**:

- **Appendix 1** shows which group has which real estate investment vehicle allocated.
- **Appendix 2** shows the list of hotels you may choose.

Several hotels on this list could be suitable choices for your investment vehicle, with no definitive “wrong” options. The primary objective of this initial task is to demonstrate your understanding of your vehicle’s investment background and typical targets. Additionally, this task allows you the **flexibility to select which hotel and sub-market you wish to analyse in detail**. The aim is NOT to conduct a systematic or extensive preliminary analysis of all hotels. **You should spend only a few hours making this selection**. However, you will need to write **one or two paragraphs** in the

executive summary of your report **explaining why your chosen hotel** is a suitable investment candidate, considering your investment vehicle's background.

2. Market Valuation

2.1 Cash Flows

This task involves **estimating the market value** of your chosen hotel as of **January 1st, 2026**, using a **10-year discounted cash flow** (DCF) analysis.

The first step in the market valuation is to provide an **overview of your hotel and its location**. **Describe the facilities, size, and scale of the hotel, the strength of the brand, and the micro-location**. **Analyse supply and demand in the local hotel market** by considering the strength of the local economy and the area's attractiveness to tourists. *The STR trend report* will be helpful in understanding the evolution of occupancy, supply, and demand in the market. This preliminary analysis will serve as a basis for estimating expected future cash flows and the property discount rate in the market valuation. You are encouraged to **create graphics or tables** (e.g., a map showing the micro-location of the hotel and its major competitors). Overall, the **description** of the hotel and its location should **not exceed one page of text** (excluding graphics or tables).

The next step is to **estimate the future cash flows** of your hotel for the next **ten years**. Determine the average daily rate (**ADR**) of your hotel using **current room price** information available online. If the hotel has **multiple room categories**, calculate a **weighted average ADR** that reflects the number of rooms in each category. Additionally, consider seasonal variations in room prices to ensure your ADR is representative of the entire year. If you cannot find room rates for the whole year, use data from the STR Trend Report to extrapolate the missing figures.

Note that hotel prices per room shown on the internet represent the so-called "rack rate." According to industry insiders, the ADR received by the **hotels tends to be ~ 15% lower than the rack rate**. Therefore, adjust your online prices downward accordingly.

Another important factor to consider when estimating the ADR for your hotel is the **value-added tax (VAT)**. In many countries, the room rate advertised online **includes VAT**, which is a tax paid by the guest to the government. However, this tax is **not a revenue** stream for the hotel and should be **excluded from the calculation** of the ADR. Therefore, it is important to divide the rack rate by $(1 + \text{VAT rate})$ to obtain the pre-tax room rate, which is used to estimate the hotel's future cash flows.¹

To calculate the **ADR growth rate** (for the stabilised phase), utilise the **four-factor formula** introduced in the lecture. This involves **considering the historical ADR growth** in the market, the **depreciation rate**, and **both past and anticipated future inflation rates**. Should your analysis determine that the market is currently undergoing a transition phase, it's crucial to model the ADR explicitly for the duration of this phase. The ADR growth rate derived from the four-factor formula should then be applied starting from the first-year post-stabilisation.

Use the STR Trend Report to calculate the **historical ADR growth rate** in the market based on CAGR. Hint: Ideally, use a **historical data period as long as possible** to cover several market cycles.

To estimate the **depreciation rate**, you should ideally use a simple **linear regression model** to determine a **submarket-specific rate**. The STR Profitability Report for your hotel's scale includes an MS Excel sheet called "**Participation Report**," which can serve as a **starting point** for building a

¹ If you are interested in gaining a deeper understanding of the adjustment for the rack rate, we recommend checking out the LMS article on 'Net ADR'. Although not mandatory, it's a valuable resource if you're willing to go the extra mile and enhance your knowledge.

relevant comp set. Gather data on the current ADR (sourced online) and the age of hotels from your selected comp set. Ensure your final depreciation rate estimate is realistic, which may **involve eliminating outliers** (e.g., an old hotel with a very high ADR due to its location). Your estimate may become more accurate as you increase the sample size by **including relevant hotels not listed** in the STR participation report. Ultimately, you may still choose to adjust your estimate manually. In the lecture, we discussed that the depreciation rate typically ranges from -0.5% to -1.5% per year. If your regression estimate is 0% (or even positive), consider it an indication that the depreciation rate in this market is likely at the lower end of the range (-0.5%).

Use online resources to find the **historical inflation rate** for the same period.

Develop a realistic estimate for the **future inflation rate**. In the lecture, we typically represented the future inflation rate as a single figure, resulting in one future ADR growth rate. However, given the current high inflationary environment, you might consider forecasting the inflation rate explicitly for each of the next 10 years, or at least until it stabilizes. Consequently, the ADR growth rate would vary for each year or phase

Hint: Always carefully consider whether your inputs and estimations are realistic. Consistently sense-check inputs and results, as this applies to all aspects of your analysis. Avoid inputting your result from the four-factor formula into the DCF if you find the estimate unrealistic. Use your analytical judgment to determine if adjustments are necessary. Such adjustments may be warranted based on insights gained from analysing future supply and demand.

To estimate a realistic **current occupancy rate**, start with the market-level occupancy rate provided in the STR Reports. Carefully assess whether your hotel's occupancy rate might differ from the market average. For instance, hotel-specific occupancy rates may need to reflect the unique characteristics of the hotel's submarket, micro-location, or other peculiarities. Ensure you account for any cycles and seasonality appropriately. When you forecast changes in the occupancy rate, be cautious not to end up with unrealistically high or low estimates for the final year.

To estimate other segment revenues (e.g., F&B and Spa), use the benchmarks provided in the STR Profitability Report. In a real-world scenario, you would have access to the hotel's historical revenues and expenses. For this term project, we will use the STR benchmarks as an approximation. Keep in mind that the figures in the STR Profitability Report represent the market average.

State your assumptions for other revenue and cost items. Explain your choice of starting year values (e.g., as a percentage of revenue or in absolute terms) and their growth over time (e.g., in line with the expected inflation rate). The challenge is to make the market valuation as specific to your hotel as possible. While market averages can often serve as reasonable proxies, your hotel may differ from the market average in many cases. Customize the market valuation as much as possible. For instance, eliminate revenue and cost items for "F&B" if your hotel does not have a restaurant or bar. Clearly state the reasons for any upward or downward adjustments. If you find no reason to deviate from the STR benchmarks, mention this as well, providing a brief explanation.

Critically analyse whether the reserve for capital replacement in the STR Profitability Report sufficiently approximates all actual future Capex requirements. Adjust it if necessary. Additionally, evaluate if franchise, management, and incentive fees are appropriate for your hotel.

Use the **direct-capitalisation approach** to estimate the expected sales price at the end of the 10th year. Start with the proxies provided in the lecture slides for estimating buyer and seller transaction costs, but also consider finding country-, sector-, or even city-specific proxies that are more realistic for the particular circumstances.

Avoid being misled by data artifacts. For instance, if you estimate an extremely high or low depreciation rate, interpret it as an indication that the depreciation rate in this market is at the upper or lower end of a reasonable range, as discussed in the lecture. When encountering conflicting data from different sources, use your discretion to select the most realistic option and explain your choice.

2.2 Property Discount Rate

Discount the expected future cash flows using a property discount rate that appropriately reflects the hotel's risk profile. Refer to market reports (such as the one mentioned below) and apply the **cap rate approach** taught in the REF lecture to estimate the **property discount rate**.

Finding current market hotel cap rates can be complex, depending on your market. You are encouraged to seek out the best available information, including CoStar reports. Consider making further property-specific adjustments to account for factors such as micro-location, competitive situation, and other hotel-specific risks (e.g., building-related issues). Aim to account for these differences to the best of your knowledge and justify your reasoning.

Consider whether current cap rates are in equilibrium or unusually high (low) due to the hotel market being in a crisis (boom). If you suspect this is the case, a complementary estimate of an appropriate property discount rate based on the **risk-premium approach** may be helpful. Ensure that your estimated cap rate and forecasted future growth rate are realistic. Emphasise making strong arguments to support your rationale.

When estimating the growth component in the cap rate approach, you may use your result from the ADR growth rate analysis based on the 4-factor-formula.

Finish your market valuation by stating the rounded market value of your hotel (**rounded to full 100,000 £.**)

The following investment analysis requires a specific assumption for the purchase price. While the market value estimates the expected sales price under normal conditions, the actual transaction price is always the result of negotiations between the buyer and seller. For instance, a seller under financial distress may sell under time pressure, negatively impacting the sales price. Conversely, a buyer may identify defects in the building's physical structure. A skillful negotiator can leverage such shortcomings to secure a lower purchase price than would otherwise be justified.

For the investment analysis in the next step, assume that after a long, strenuous, but successful negotiation process, your investment vehicle (the buyer) has agreed with the seller on **a transaction price 10% lower than your estimated market value**. This discount was possible because the previous owner had excessive financial leverage and was forced to sell to improve liquidity and avoid bankruptcy.

Overall, the market valuation section of your term project **should not exceed four pages**, excluding tables and figures.

3. Investment Analysis

3.1 Setting

The primary objective of the term project is to assess whether the potential hotel acquisition target **meets the risk-return requirements of your investment vehicle**. This entails ensuring that the hotel has the potential to at least match, and ideally exceed, the **minimum total return target** after accounting

for financial leverage. Additionally, the hotel should align with the risk tolerance of the typical investors in your investment vehicle.

Assess whether the opportunity is financially attractive and propose a deal structure aligned with your vehicle's risk–return profile. Apply the minimum total-return targets for each vehicle and observe the maximum LTV limits:

	Minimum total return target	Maximum LTV ratio
Open-end Real Estate Fund (OEREF)	4%	40%
Real Estate Investment Trust (REIT)	6%	60%
Real Estate Private Equity Fund (REPEF)	10%	70%

For more information on the three investment vehicles, refer to the lecture slides "Real Estate as an Asset Class" and the short article "The Major Real Estate Investment Vehicles" on LMS.

This part of the term project aims to structure the investment transaction using an optimal mix of equity and debt financing. Examine the following three alternative transaction structures with respect to the LTV ratio:

OEREF	REIT	REPEF
20% / 30% / 40%	40% / 50% / 60%	50% / 60% / 70%

Assume that the mortgage loan is an interest-only loan, fully repaid by the end of the final year of your investment analysis.

3.2 Mortgage Loan Interest Rates as a Function of LTV

When evaluating the optimal financial structure, consider the increased risk associated with higher financial leverage. As detailed in the lecture "The Effect of Leverage on Risk & Return," both the expected return and risk for the equity investor rise with an increasing LTV ratio. Additionally, the interest rate on mortgage loans tends to increase with the LTV ratio, reflecting the heightened risk for the bank as financial leverage escalates. Therefore, as part of the investment analysis, it is essential to determine the cost of debt—or the mortgage interest rate for hotel loans—across various LTV scenarios. As of September 2025, market sources provided estimates for a range of potential hotel interest rates for different LTVs. For the purposes of this project, refer to the table below for the borrowing rate to use in your hotel analysis.

LTV	Cost of borrowing (Hotel)
20%	5.50%
30%	5.75%
40%	6.00%
50%	6.50%
60%	6.75%
70%	7.00%

3.3 Leveraged Investment Analysis Before Taxes

The final step is to conduct the **leveraged investment analysis before taxes**.² Calculate the leveraged cash flows for the three LTV scenarios (see above) depending on your investment vehicle. Afterwards, analyse the following three measures for each LTV scenario:

- Internal rate of return (IRR)
- Modified internal rate of return (M-IRR)
- Net present value (NPV)

Which investment decision tool prefers which LTV scenario? Explain any potential differences in the rankings and come up with a final recommendation.

The last paragraph of the investment analysis should conclude with a summary of the investment case. Provide a recommendation regarding whether or not to pursue the transaction and the optimal transaction structure. Overall, the investment analysis part of your case study **should not exceed three pages** (excluding figures and tables).

4. Deliverables

4.1 Professionally Formatted Report (PDF)

The report must contain the following sections:

1. **Executive Summary** (about 1 page): A concise summary of the context, your findings, and your recommendation.
 - Brief explanation of why you chose the hotel and how it matches your investment vehicle.
 - Market value estimate from the DCF approach.
 - Optimal LTV structure and the corresponding interest rate.
 - A brief explanation of the final recommendation for the deal structure.
2. **Market Valuation** (about 3-4 pages): How did you develop your assumptions regarding growth rates, cash flows, cap rates, discount rates, capital reserves, etc.?
3. **Investment Analysis** (about 2-3 pages): Interpret the financial analysis results. Explain your recommended deal structure. Why did you choose this specific loan scenario, and how does it fit into the investment strategy?

Requirements: **Strictly within seven pages of text**, i.e., excluding tables, figures, and the cover page. The more concise your report, the better. APA referencing is mandatory in the report but not in MS Excel. The report must be formatted in Times New Roman, with line spacing 1.5, a font size of 11, and standard top and bottom margins (circa 1 inch). Any violations of these rules result in a penalty.

² Side note concerning before- vs after-tax investment analysis: **In this case study, you do not have to consider taxes** because all three investment vehicles are tax transparent. That means there is no taxation at the level of the investment company, but only at the level of the investors. REITs are supposed to be tax-transparent by design (see lecture slides). Real estate private equity funds (OEREFs and PEREFs) are typically constructed as limited partnerships. Partnerships are "flow-through" entities from an income tax perspective. This means that, unlike corporations, partnerships are not subject to income taxation at the federal level. Instead, each item of income, gain, loss, deduction, and credit (collectively, "Income Items") of the partnership "flows through" to the partners, and it is reported on the partners' individual tax returns for the year.

4.2 Financial Model (MS Excel)

The Excel file must contain the following tabs in the given sequence. Additional analyses could be added in the latter tabs:

1. **Introduction:** A short description of the MS Excel file. A layperson reviewing the file should be able to comprehend the nature of the contents included in the file. 100-150 words are ideal.
2. **Preliminary Analysis:** This part may contain the analysis of the cap rate and growth rate. The sheet may also include tables on other statistics such as ADRs, pipeline reports, occupancy ratios, or measures to assess the risk of the market. No extensive explanation is needed.
3. **Assumptions:** All assumptions and sources used in the DCF valuation method must be specified. The remaining tabs must use cell-referencing in calling these assumptions. The absence of cell-referencing may affect your grading if we cannot efficiently check your calculations.
4. **Market Valuation:** A complete DCF analysis. The final value should be provided in an easy-to-spot, specially formatted cell.
5. **Investment Valuation:** This sheet should contain the leveraged cash flows for three different LTV scenarios, as well as the calculation of the IRR, M-IRR, and NPV for all three scenarios. You can opt to show the different LTV scenarios in separate tabs.

5. Support, Q&A & Coaching Sessions

- Please review the **Term Project FAQ** document, as it is a valuable resource that may already address your queries.
- Utilise the **LMS Forum**: We highly encourage you to use the designated forum on LMS to ask questions. Not only will this allow you to receive answers from instructors, but you can also benefit from the queries and insights shared by your peers, fostering a collaborative learning environment.
- Please be mindful that the lecturer reserves the right to guide you towards **finding the solution independently** rather than providing direct answers, especially if the question falls into the scope of work you are expected to complete.
- **Coaching Session** with the Teaching Assistant: A coaching session will focus on any questions concerning the market valuation of the hotel in your term project. This is an excellent opportunity to clarify initial doubts and ensure you are on the right track.

These resources are in place to enhance your understanding and success in the term project. Make the most of them by preparing specific questions or discussion points for your coaching session and actively participating in the LMS forum.

Appendix 1: Team - Investment Vehicle

Group	Vehicle
Group 1	OEREF
Group 2	PEREF
Group 3	REIT
Group 4	OEREF
Group 5	PEREF
Group 6	REIT
Group 7	OEREF
Group 8	PEREF
Group 9	REIT
Group 10	OEREF
Group 11	PEREF
Group 12	REIT
Group 13	OEREF
Group 14	PEREF
Group 15	REIT
Group 16	OEREF
Group 17	PEREF
Group 18	REIT
Group 19	OEREF
Group 20	PEREF
Group 21	REIT
Group 22	OEREF
Group 23	PEREF
Group 24	REIT
Group 25	OEREF
Group 26	PEREF
Group 27	REIT
Group 28	OEREF
Group 29	PEREF

Group	Vehicle
Group 30	REIT
Group 31	OEREF
Group 32	PEREF
Group 33	REIT
Group 34	OEREF
Group 35	PEREF
Group 36	REIT
Group 37	OEREF
Group 38	PEREF
Group 39	REIT
Group 40	OEREF
Group 41	PEREF
Group 42	REIT
Group 43	OEREF
Group 44	PEREF
Group 45	REIT
Group 46	OEREF
Group 47	PEREF
Group 48	REIT
Group 49	OEREF
Group 50	PEREF
Group 51	REIT
Group 52	OEREF
Group 53	PEREF
Group 54	REIT
Group 55	OEREF
Group 56	PEREF
Group 57	REIT
Group 58	OEREF

Group	Vehicle
Group 59	REIT
Group 60	OEREF
Group 61	PEREF
Group 62	REIT
Group 63	OEREF
Group 64	PEREF
Group 65	REIT
Group 66	OEREF
Group 67	PEREF
Group 68	REIT
Group 69	OEREF
Group 70	PEREF
Group 71	REIT
Group 72	OEREF
Group 73	PEREF

Appendix 2: List of Hotels

PROPERTY NAME	ZIP	SUBMARKET NAME	CLASS	BRAND
London Chigwell Prince Regent Hotel BW Signature Collection	IG8 8AE	London Surrounding East	Upper Midscale	BW Signature Collection
London Croydon Aerodrome Hotel BW	CR9 4LT	London Surrounding South	Upper Midscale	BW Signature Collection
Holiday Inn London Regents Park	W1W 5EE	Bloomsbury/Covent Garden/Soho	Upper Midscale	Holiday Inn
Copthorne Tara London Kensington	W8 5SR	Chelsea/Earls Court/Kensington	Upper Midscale	Copthorne
Holiday Inn London Brentford Lock	TW8 8GA	London Surrounding West	Upper Midscale	Holiday Inn
Holiday Inn Express London Excel	E16 2FQ	Docklands & London City Airport	Upper Midscale	Holiday Inn Express
Holiday Inn London Sutton	SM1 2RF	London Surrounding South	Upper Midscale	Holiday Inn
Hampton By Hilton London Docklands	E16 2QT	Docklands & London City Airport	Upper Midscale	Hampton by Hilton
Holiday Inn London Bloomsbury	WC1N 1HT	Bloomsbury/Covent Garden/Soho	Upper Midscale	Holiday Inn
Mercure London Bridge Hotel	SE10HX	London Centre South	Upper Midscale	Mercure
The Corner London City	E1 1EE	Clerkenwell/Shoreditch/Whitechapel	Upper Midscale	Independent
Holiday Inn London Bexley	DA5 1LZ	London Surrounding South	Upper Midscale	Holiday Inn
Holiday Inn London Wembley	HA9 8DS	London Surrounding North	Upper Midscale	Holiday Inn
Holiday Inn London Camden Lock	NW1 7BY	London Centre North	Upper Midscale	Holiday Inn
Holiday Inn London Whitechapel	E1 2BT	Clerkenwell/Shoreditch/Whitechapel	Upper Midscale	Holiday Inn
Millennium Gloucester London Kensington	SW7 4LS	Chelsea/Earls Court/Kensington	Upscale	Millennium
Millennium London Knightsbridge	SW1X 9NU	Knightsbridge/Pimlico/Victoria	Upscale	Millennium
Pestana Chelsea Bridge	SW118AE	London Centre South	Upscale	Pestana
DoubleTree by Hilton London Kensington	SW7 4ER	Chelsea/Earls Court/Kensington	Upscale	DoubleTree by Hilton
Novotel London Bridge	SE1 9HH	London Centre South	Upscale	Novotel
The Selwyn Richmond	TW9 1AW	London Surrounding South	Upscale	Independent
aloft Hotel London Excel	E16 1FR	Docklands & London City Airport	Upscale	aloft Hotel
Novotel London Excel	E16 1AA	Docklands & London City Airport	Upscale	Novotel
Novotel London Paddington	W2 6BD	Bayswater/Notting Hill/Paddington	Upscale	Novotel
DoubleTree by Hilton Hotel London Tower Of London	EC3N 4AF	The City	Upscale	DoubleTree by Hilton
Park International Hotel	SW7 4DS	Chelsea/Earls Court/Kensington	Upscale	Independent
Novotel London Greenwich	SE10 8JA	Canary Wharf & Greenwich	Upscale	Novotel
Novotel London Blackfriars	SE1 8NZ	London Centre South	Upscale	Novotel
Novotel London West	W6 8DR	Chiswick/Hammersmith/Shepherd's Bush	Upscale	Novotel
The Bailey's Hotel London	SW7 4QH	Chelsea/Earls Court/Kensington	Upscale	Millennium
Melia London Kensington Member of Melia Collection	SW7 4PE	Chelsea/Earls Court/Kensington	Upscale	Melia

Novotel London Tower Bridge	EC3N 2NR	The City	Upscale	Novotel
Novotel London Brentford	TW8 9BS	London Surrounding West	Upscale	Novotel
DoubleTree by Hilton Hotel London Docklands Riverside	SE16 5HW	Canary Wharf & Greenwich	Upscale	DoubleTree by Hilton
Novotel London Waterloo	SE1 7JL	London Centre South	Upscale	Novotel
Delta Hotels Bexleyheath Hotel	DA6 7JZ	London Surrounding South	Upscale	Delta Hotel
Melia White House	NW1 3UP	London Centre North	Upscale	Melia
Crowne Plaza London Docklands	E161XL	Docklands & London City Airport	Upscale	Crowne Plaza
Novotel London Wembley	HA9 0NP	London Surrounding North	Upscale	Novotel
Novotel London Canary Wharf	E14 9TP	Canary Wharf & Greenwich	Upscale	Novotel
Hyatt Regency London The Churchill	W1H 7BH	Marylebone & Mayfair	Upper Upscale	Hyatt Regency
Hilton London Euston Hotel	WC1H 0HT	London Centre North	Upper Upscale	Hilton
Hyatt Regency London Stratford	E20 1GL	Hackney & Stratford	Upper Upscale	Hyatt Regency
Marriott London Hotel Maida Vale	NW6 5RP	London Centre North	Upper Upscale	Marriott
Hilton London Tower Bridge Hotel	SE1 2BY	London Centre South	Upper Upscale	Hilton
London Marriott Hotel Twickenham	TW2 7BA	London Surrounding South	Upper Upscale	Marriott
The Rathbone Hotel	W1T 1LB	Bloomsbury/Covent Garden/Soho	Upper Upscale	Independent
Hilton Croydon Hotel	CR0 4RQ	London Surrounding South	Upper Upscale	Hilton
Hilton London Wembley	HA9 0EG	London Surrounding North	Upper Upscale	Hilton
The Chelsea Harbour Hotel	SW10 0XG	Chelsea/Earls Court/Kensington	Upper Upscale	Independent
Hyatt Regency London Blackfriars	EC4V 6DB	The City	Upper Upscale	Hyatt Regency
Ember Locke	SW5 0SW	Chelsea/Earls Court/Kensington	Upper Upscale	Locke
Marriott London Hotel Marble Arch	W1H 5DN	Marylebone & Mayfair	Upper Upscale	Marriott
Hilton London Paddington Hotel	W2 1EE	Bayswater/Notting Hill/Paddington	Upper Upscale	Hilton
Marriott Hotel London Park Lane	W1K 7AA	Marylebone & Mayfair	Upper Upscale	Marriott
Hilton London Syon Park	TW8 8JF	London Surrounding West	Upper Upscale	Hilton
Pan Pacific London	EC3A 7AB	The City	Upper Upscale	Pan Pacific
Sheraton Grand London Park Lane	W1J 7BX	Marylebone & Mayfair	Upper Upscale	Sheraton Hotel
Hilton London Olympia Hotel	W14 8NL	Chelsea/Earls Court/Kensington	Upper Upscale	Hilton
London Marriott Hotel Kensington	SW5 0TH	Chelsea/Earls Court/Kensington	Upper Upscale	Marriott
London Marriott Hotel Canary Wharf	E14 4ED	Canary Wharf & Greenwich	Upper Upscale	Marriott
Marriott London Hotel Grosvenor Square	W1K 6JP	Marylebone & Mayfair	Upper Upscale	Marriott
Hilton The Waldorf London	WC2B 4DD	Bloomsbury/Covent Garden/Soho	Upper Upscale	Hilton
Hilton London Canary Wharf Hotel	E14 9SH	Canary Wharf & Greenwich	Upper Upscale	Hilton
Corinthia London Hotel	SW1A 2BD	Marylebone & Mayfair	Upper Upscale	Corinthia

Westin London City	EC4V 3AD	The City	Upper Upscale	Westin
The Gantry London, Curio Collection by Hilton	E20 1DB	Hackney & Stratford	Upper Upscale	Curio Collection by Hilton
Marriott London Hotel Regents Park	NW3 3ST	London Centre North	Upper Upscale	Marriott
Hilton London Kensington Hotel	W114UL	Chelsea/Earls Court/Kensington	Upper Upscale	Hilton
Marriott London Hotel County Hall	SE17PD	London Centre South	Upper Upscale	Marriott
Kimpton Fitzroy London	WC1B 5BE	Bloomsbury/Covent Garden/Soho	Upper Upscale	Kimpton
Pullman London St Pancras	NW1 2AJ	London Centre North	Upper Upscale	Pullman
Renaissance St Pancras Hotel London	NW1 2AR	London Centre North	Upper Upscale	Renaissance
W Hotel London Leicester Square	W1D 6QF	Bloomsbury/Covent Garden/Soho	Luxury	W Hotel
Shangri-La The Shard, London	SE1 9SG	London Centre South	Luxury	Shangri-La
Four Seasons Hotel London @ Park Lane	W1J 7DR	Marylebone & Mayfair	Luxury	Four Seasons
The Prince Akatoki London	W1H 7FD	Marylebone & Mayfair	Luxury	The Prince
Doyle Collection The Bloomsbury	WC1B 3NN	Bloomsbury/Covent Garden/Soho	Luxury	The Doyle Collection
Conrad London St James	W130SU	Knightsbridge/Pimlico/Victoria	Luxury	Conrad
Great Scotland Yard Hotel	SW1A 2HN	Marylebone & Mayfair	Luxury	The Unbound Collection
The Dilly	W1J 0BH	Marylebone & Mayfair	Luxury	Independent
InterContinental London Park Lane	W1J 7QY	Marylebone & Mayfair	Luxury	InterContinental
Andaz Liverpool Street London	EC2M 7QN	The City	Luxury	Andaz
The London Edition	W1T 3NP	Bloomsbury/Covent Garden/Soho	Luxury	Edition
Rosewood London	WC1V 7EN	Bloomsbury/Covent Garden/Soho	Luxury	Rosewood
Sofitel London St James	SW1Y 4AN	Marylebone & Mayfair	Luxury	Sofitel
1 Hotel Mayfair	W1J 8NE	Marylebone & Mayfair	Luxury	1 Hotel
Doyle Collection Kensington Hotel	SW75JE	Chelsea/Earls Court/Kensington	Luxury	The Doyle Collection
Baglioni London	SW75ED	Chelsea/Earls Court/Kensington	Luxury	Baglioni
Luxury Collection The Park Tower Knightsbridge	SW1X 7RN	Knightsbridge/Pimlico/Victoria	Luxury	Luxury Collection
The Savoy	WC2R 0EZ	Bloomsbury/Covent Garden/Soho	Luxury	Fairmont
The Ned	EC2R 8AJ	The City	Luxury	Independent
Four Seasons Hotel London at Ten Trinity Square	EC3N 4AJ	The City	Luxury	Four Seasons
JW Marriott Grosvenor House London	W1K 7TN	Marylebone & Mayfair	Luxury	JW Marriott
Jumeirah Lowndes Hotel	SW1X9ES	Knightsbridge/Pimlico/Victoria	Luxury	Jumeirah
The Biltmore Mayfair LXR Hotels & Resorts	W1K 2HP	Marylebone & Mayfair	Luxury	LXR Hotels & Resorts
Langham London	W1B 1JA	Bloomsbury/Covent Garden/Soho	Luxury	Langham
Doyle Collection Marylebone Hotel	W1G 8DN	Marylebone & Mayfair	Luxury	The Doyle Collection

Appendix 3: Tentative Grading Scheme (exemplary)

Rubric	Weight	Grade
Overall Quality of Report	10%	5.5
Overall Quality of Financial Model	10%	5.0
Executive Summary	10%	5.0
Market Valuation – Cash Flows	30%	5.0
Market Valuation – Discount Rate	10%	4.5
Investment Analysis / Recommendation	30%	5.0
Overall Grade	100%	5.0

Legend

Outstanding	6.0
Very good	5.5
Good	5.0
Satisfactory	4.5
Sufficient	4.0
Insufficient	3.0