

Chapter 4 Outline

Financial Structuring for Hotel Development
 Equity Financing
 Debt Considerations
 Criteria for Loans
 Interest Rates
 Public and Private Sector Funding
Current Sources of Capital: A Global Perspective
 Foreign Financing
Hotel Financing in Developing Countries
 Development Banks
 Other Lending Sources
Government Investment Incentives
 Abatement of Capital Outlay
 Abatement of Operating Expenses
 Securing the Investment
 Selective Incentives
 Excessive Bureaucracy
Publicly Listed and Privately Owned
 Lodging Companies
 Equity Investments in the United States
 Equity Investments in Europe
 Equity Investments in Asia
Accounting Conventions
 Reconciliation
 Tax Rules
 Uniform Systems of Accounts

Competencies

1. Discuss recent developments with regard to the nature and use of equity investments in the hotel industry. (pp. 123–124)
2. Describe issues surrounding the financial structuring for hotel development. (pp. 124–131)
3. Identify several current funding sources and explain the various issues, interests, and concerns of these sources. (pp. 131–134)
4. Identify and describe various lending sources for hotel financing in developing countries. (pp. 134–137)
5. Identify various types of government investment incentives and provide examples of each type, and discuss the issue of excessive government bureaucracy. (pp. 137–142)
6. Describe how publicly listed companies raise equity and debt capital and explain the importance of debt-equity ratios. (pp. 142–144)
7. Describe the general state of equity investments in the United States, Europe, and Asia. (pp. 144–151)
8. Explain how accounting conventions and tax rules can affect hotel financing. (pp. 151–155)