

# Financial Modeling for Venture Capital, Mergers and Acquisitions

Module 4, Academic Year 2020-2021

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## Course description

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The course is dedicated to develop decision-making skills regarding investments into both public companies and alternative assets (real estate, private equity, venture companies).

The topics of the course will cover market analysis and research frameworks, the most common investments strategies (LBO, M&A, venture capital, etc.), various techniques of evaluating and comparing projects, as well as examine the choice of sources of financing deals and transactions and their impact on the investors and shareholders' wealth.

## Course requirements, grading, and attendance policies

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**Prerequisites.** No past course attendance is essential, however, familiarity with corporate finance concepts, financial modeling, financial products and basic accounting skills is desired.

**Grading.** The grade for the course will be based on project-based final exam. In order to pass the course, you must get at least 40% of the total score.

## Course contents

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Class	Topics (asset class /deal type)	Comments
1	Real Estate	Real Estate as investments, main value characteristics of Real Estate (capitalization rate, occupancy rate, FFO, etc.).
2	Real Estate	Valuation of Private and Publicly Traded RE. Return analysis in RE deals.
3	PE	Types of deals (e.g., minority stake buyout). Types of deal financing. Return analysis in PE deals.
4	PE	LBO and MBO deals (acquisition with financial leverage). Buy-side and Sell-side valuation.
5	M&A	M&A process (target choice, deal valuation, sale price, etc.). Strategic sale deals. Synergy analysis.
6	Venture Capital	Valuation Issues in Venture Capital deals. Unit-economy.
7	Venture Capital	Venture Capital investment-decision framework. Fund-economy.

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## Course materials

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### Required textbooks and materials

Andrew E. Baum, David Hartzell. *Global property investment: strategies, structures, decisions*.

Brad Feld, Jason Mendelson. *Venture deals: be smarter than your lawyer and venture capitalist*

Randel James. *Confessions of a Real Estate Entrepreneur: What It Takes to Win in High-Stakes Commercial Real Estate.*

Paul Pignataro. *Investment banking in practice: financial modeling and valuation.*

Luis E. Palepu. *Business Analysis and Valuation Using Financial Statements*

Luis E. Palepu. *Valuation of Companies in emerging markets. A Practical Approach*

### **Additional materials**

Pablo Fernández. *80 common errors in company valuation*

Pablo Fernández. *Valuation Using Multiples How Do Analysts Reach Their Conclusions*

Web-source: [www.crunchbase.com](http://www.crunchbase.com)

### **Academic integrity policy**

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Cheating, plagiarism, and any other violations of academic ethics at NES are not tolerated.