



The Hotel Capital Partner's Diligence Playbook

What serious sponsors and allocators review before term sheets—distilled into one practical guide.

Vestara Capital Group LLC

Illustrative guide · Not investment advice or an offer

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MARKET & DEMAND FUNDAMENTALS

- Submarket seasonality, compression, and new supply you should name explicitly.
- Competitive set framing: who actually competes for the same guest and rate.
- Demand shocks and recovery patterns to stress in narrative and model.

OPERATING PERFORMANCE & P&L QUALITY

- ADR, occupancy, and RevPAR trend integrity versus the comp set.
- GOP flow-through and where margin leaks typically hide in operations.
- One-offs, owner expenses, and adjustments that affect “true” cash flow.

BRAND, MANAGEMENT & CAPITAL PLANS

- PIP timing, FF&E reserves, and contract points that move value.
- Operator incentives, performance tests, and termination realities.
- Capex sequencing alongside revenue management and renovation risk.

CAPITAL STRUCTURE & SENSITIVITIES

- Sources and uses clarity; tranche logic and covenant headroom.
- Rate, occupancy, and ADR sensitivities your IC can replay quickly.
- Refinance and exit windows tied to brand, market, and sponsor plan.

RISK REGISTER & MITIGATIONS

- Top five downside cases with owner/operator mitigations spelled out.
- Early warning metrics to monitor between signing and stabilization.
- Documentation and reporting cadence that keeps everyone aligned.