Subject title: Development Finance and Investment

Subject code: BRE582

Credit value: 3

Responsible staff and department: Dr. Y.H. Chiang and Mr. Patrick Lam (BRE)

Pre-requisite: Nil

Recommended background knowledge: Students are expected to possess knowledge of the construction and real estate industries such as would be acquired through study on a degree programme in a built-environment discipline.

Mutual exclusions: Nil

Learning approach:

Contact hours:
- Lectures: 12 hours
- Seminars/workshop: 12 hours

Independent study:
- Assignments: 56 hours
- Self study: 60 hours
- Total: 140 hours

Assessment:
- Continuous assessment: 50%
- Examination: 50%

Objectives:
This subject aims to introduce the concept and practice of property & project financing and property investment in a portfolio context for project managers. For investment, the course will be focused upon the roles of property as an investment asset to be included in and hence to enhance the value of a portfolio. The main issues are returns and risks, and the diversification of risks. Contemporary issues in finance and investment such as returns and risks, diversification of risks, the Capital Asset Pricing Model, efficient market hypotheses, capital structure, project finance and syndicated lending shall be discussed in depth.
Keyword syllabus:

The investment environment and historical perspective:

Modern portfolio theory:

Institutional investors and securitisation of property investment:
Inclusion of property in institutional investment portfolios. Perception of institutional investors on risks of property investment. Real estate investment trusts (REITs).

Case studies of major project financing and property investment in S.E. Asia and China.

Concept of Project Financing:
Spread, interest rate implication, collateral, syndicated lending, risk management in lending, lending documentation, legal implications, project financing in S.E. Asia and China.

Financing major infra-structure projects:
Financing instruments available, syndication, government involvement, function of World Bank/ADB, financial engineering.

Construction project loan monitoring:
Concepts, involvement of funding institutions and monitoring professionals, risk implications, monitoring system, reporting and feedback mechanism.

Indicative reading list and references:


Asiamoney, Trade & Project Finance

Journal of Property Finance and Investment

Journal of Property Research

Journal of Real Estate Portfolio Management

Journal of Real Estate Research

Real Estate Economics

The Journal of Real Estate Finance and Economics