SUBJECT DESCRIPTION FORM

Subject title: Development Finance and Investment

Subject code: BRE582

Credit value: 3

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

Pre-requisite: (Subject title and code no, if any): Nil

Recommended background knowledge:

Students are expected to possess knowledge of basic economics such as would be acquired through study at a degree level.

Mutual exclusions: Nil

Learning approach:

- Lectures
- Seminars/workshops
- Independent study
  - Assignments
  - Self-study

Assessment:

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<tr>
<th>Continuous assessment</th>
<th>50%</th>
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<td>Examination</td>
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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
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:

Chesterton, J. & Ghose, T.K. (1998), Merchant Banking in Hong Kong, Butterworths


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

72