



AFCP8080

Infrastructure and Property

AFC term 4, Weekday attendance, Melbourne 2020

Department of Applied Finance

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Notice

As part of [Phase 3 of our return to campus plan](#), most units will now run tutorials, seminars and other small group learning activities on campus for the second half-year, while keeping an online version available for those students unable to return or those who choose to continue their studies online.

To check the availability of face-to-face and online activities for your unit, please go to [timetable viewer](#). To check detailed information on unit assessments visit your unit's iLearn space or consult your unit convenor.

General Information

Unit convenor and teaching staff

David Wing

david.wing@mq.edu.au

Contact via Email

Credit points

5

Prerequisites

ECFS866 or AFCP8003

Corequisites

Co-badged status

Unit description

This unit focuses on the principles, issues and documentation involved in structuring and arranging finance for property developments and infrastructure projects. It complements AFCP8077 by focusing on the application of project financing principles and techniques to property developments and smaller infrastructure projects in non-traditional areas - especially social infrastructure. It examines the structuring and arranging of capital for property developments and in tendering of certain classes of infrastructure projects. It also examines the latest developments in infrastructure delivery methods such as PPPs.

Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

Learning Outcomes

On successful completion of this unit, you will be able to:

ULO1: Explain the current market practices and procedures involved in undertaking real estate development and infrastructure projects.

ULO2: Identify, evaluate and analyse the key risks in property development and infrastructure projects and the connection between those underlying risks and their components of return.

ULO3: Explain and evaluate the latest developments in public private partnerships and other infrastructure delivery methods, including the key risks and appropriateness of each.

ULO4: Apply and critically assess key principles, issues, techniques and documentation required to structure and arrange capital for property development and infrastructure projects.

General Assessment Information

Information - Extension Requests / Penalties

Participatory task (10%)

Students who do not attend receive a mark of zero. This penalty does not apply in cases where an application for Special Consideration has been made and approved.

Note: Applications for Special Consideration must be made within 5 (five) business days of the due date and time.

Further information on submitting an Application for Special Consideration can be found at <http://students.mq.edu.au/study/my-study-program/special-consideration>.

Assignment (30%)

No extensions will be granted. There will be a deduction of 10% of the total available marks made from the total awarded mark for each 24 hour period or part thereof that the submission is late (for example, 25 hours late in submission incurs a 20% penalty). This penalty does not apply for cases in which an application for Special Consideration is made and approved.

Late submissions will be accepted up to 96 hours after the due date and time.

Note: Applications for Special Consideration must be made within 5 (five) business days of the due date and time.

Further information on submitting an Application for Special Consideration can be found at <http://students.mq.edu.au/study/my-study-program/special-consideration>.

Final Exam (60%)

You are expected to present yourself for examination at the time and place designated in the relevant MAFC Timetable at <https://www.mq.edu.au/about/about-the-university/faculties-and-departments/business/study-with-us/macquarie-applied-finance-centre/timetables>.

Deferral of an examination is not permitted unless an application for Special Consideration is made and approved.

Students who do not attend receive a mark of zero. This penalty does not apply in cases where an application for Special Consideration has been made and approved.

Further information on submitting an Application for Special Consideration can be found at <http://students.mq.edu.au/study/my-study-program/special-consideration>.

Assessment Tasks

Name	Weighting	Hurdle	Due
Participatory task	10%	No	To be advised in class
Assignment	30%	No	Refer to iLearn
Final Exam	60%	No	Refer to timetable

Participatory task

Assessment Type ¹: Case study/analysis

Indicative Time on Task ²: 0.00 hours

Due: **To be advised in class**

Weighting: **10%**

In class 30 minute discussion exercise analysing specified cases

On successful completion you will be able to:

- Explain the current market practices and procedures involved in undertaking real estate development and infrastructure projects.
- Identify, evaluate and analyse the key risks in property development and infrastructure projects and the connection between those underlying risks and their components of return.
- Explain and evaluate the latest developments in public private partnerships and other infrastructure delivery methods, including the key risks and appropriateness of each.

Assignment

Assessment Type ¹: Case study/analysis

Indicative Time on Task ²: 14.00 hours

Due: **Refer to iLearn**

Weighting: **30%**

A case study in infrastructure and property to be analysed in groups but submitted individually as a report of up to 3,000 words

On successful completion you will be able to:

- Explain the current market practices and procedures involved in undertaking real estate development and infrastructure projects.
- Identify, evaluate and analyse the key risks in property development and infrastructure projects and the connection between those underlying risks and their components of

return.

- Explain and evaluate the latest developments in public private partnerships and other infrastructure delivery methods, including the key risks and appropriateness of each.
- Apply and critically assess key principles, issues, techniques and documentation required to structure and arrange capital for property development and infrastructure projects.

Final Exam

Assessment Type ¹: Examination

Indicative Time on Task ²: 17.00 hours

Due: **Refer to timetable**

Weighting: **60%**

Closed book exam over 2hours with 10 minutes reading time

On successful completion you will be able to:

- Explain the current market practices and procedures involved in undertaking real estate development and infrastructure projects.
- Identify, evaluate and analyse the key risks in property development and infrastructure projects and the connection between those underlying risks and their components of return.
- Explain and evaluate the latest developments in public private partnerships and other infrastructure delivery methods, including the key risks and appropriateness of each.
- Apply and critically assess key principles, issues, techniques and documentation required to structure and arrange capital for property development and infrastructure projects.

¹ If you need help with your assignment, please contact:

- the academic teaching staff in your unit for guidance in understanding or completing this type of assessment
- the [Writing Centre](#) for academic skills support.

² Indicative time-on-task is an estimate of the time required for completion of the assessment task and is subject to individual variation

Delivery and Resources

CLASSES

Timetable: Detailed timetable for classes are available at <https://www.mq.edu.au/about/about-th>

[e-university/faculties-and-departments/business/study-with-us/macquarie-applied-finance-centre/timetables](https://www.mq.edu.au/e-university/faculties-and-departments/business/study-with-us/macquarie-applied-finance-centre/timetables).

Consultation Times:

Students who wish to contact any of the teaching staff may do so through:

- The unit's iLearn site, in relation to general queries (so that all students may benefit); or
- Individual consultation with the lecturer by email in the first instance, if necessary.

REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS

Text: Nil

Additional Readings:

- Additional readings are included in the unit reader.
- **Students should assume these readings are examinable unless otherwise advised.**

Lecture Notes: Available via iLearn.

Useful References:

- Bruce, McKern, et al, 1997, *Handbook of Australian Corporate Finance*, 5th edn, Butterworths, Sydney.
- There are books available to help develop your Excel skills, which are needed for assignments. Two helpful books are:
 - Craig W. Holden, *Excel Modelling in Corporate Finance*, 2nd ed., Pearson Prentice Hall, 2005; or
 - Michael Rees, *Financial Modelling in Practice*, Wiley, 2008.

Calculators: In examinations, hand held calculators are permitted. Mobile phones and computers are not permitted.

Assumed Access: Access to a computer with word processing and spreadsheet capability is assumed, as is general student computer literacy.

TECHNOLOGY USED AND REQUIRED

Unit iLearn Site:

- Found by logging on to iLearn ilearn.mq.edu.au, then clicking on **AFCP8080 Infrastructure and Property**.
- This is where you will find forums, downloadable resources and links to important pages.
- The forum allows you to communicate with other students and lecturer(s) and may provide supplementary material.

Important:

- It is important that you familiarise yourself with iLearn.
- Students should check iLearn regularly (minimum twice a week and prior to all lectures) and look for updates and distribution of materials (including case studies) related to the unit or assessments and, if relevant, participate in forum discussions.

Unit Schedule

SESSION 1 – PROPERTY DEVELOPMENT

Topics:

- Introduction to the development process
- Participants
- Property as an asset class
- Property markets generally
- Concepts of value and valuation
- Steps in the development process

SESSION 2 – PROPERTY FINANCE

Topics:

- Types of finance
 - Equity
 - Debt
 - Mezzanine
- Participants and their role
- Providers of finance
- Construction arrangements
 - Construction only
 - Design and construct
 - Design, construct and finance
 - Turnkey

SESSION 3 – STRUCTURING A PROPERTY FINANCE TRANSACTION I

Topics:

- Introduction to structuring issues
- Legal issues and taxation considerations in the choice of development/ownership structure
- Basic forms of legal documentation required
- Risks and their allocation
- Financing structures generally

SESSION 4 – STRUCTURING A PROPERTY FINANCE TRANSACTION II

Topics:

- Project evaluation
 - Financial
 - Risks
 - Security
 - Margins and fees
- Exit strategies
 - Put options
 - Take-outs
 - Syndication
 - Securitisation
- Case studies

SESSION 5 – INFRASTRUCTURE PROJECTS

Topics:

- Historical perspective
- Recent trends
- Types of infrastructure projects
- Infrastructure transactions generally
- Tender process
- Forming a bidding consortium
- Risk allocation
- Capital raising

- Legal documentation/negotiation
- Implementation
- General structure of a BOOT transaction
- Parties
- Risk allocation
- Capital raising
- Legal documentation
- Implementation
- Case studies

SESSION 6 – PUBLIC PRIVATE PARTNERSHIPS

Topics:

- Rationale for private sector participation
- The development of private sector participation models
- The Australian experience of private sector participation
- The development of alternative models
- The private financing initiative
- Public Private Partnerships (PPP)
- Key features of a PPP
- Typical agreements
- Are PPPs new?
- The concept of partnership
- The contractual framework
- Allocation of risk
- Quality of service
- Other issues
- Case studies

Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central \(https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central\)](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central). Students should be aware of the following policies in particular with regard to Learning and

Teaching:

- [Academic Appeals Policy](#)
- [Academic Integrity Policy](#)
- [Academic Progression Policy](#)
- [Assessment Policy](#)
- [Fitness to Practice Procedure](#)
- [Grade Appeal Policy](#)
- [Complaint Management Procedure for Students and Members of the Public](#)
- [Special Consideration Policy](#) (**Note:** *The Special Consideration Policy is effective from 4 December 2017 and replaces the Disruption to Studies Policy.*)

Students seeking more policy resources can visit the [Student Policy Gateway](https://students.mq.edu.au/support/study/student-policy-gateway) (<https://students.mq.edu.au/support/study/student-policy-gateway>). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

If you would like to see all the policies relevant to Learning and Teaching visit [Policy Central](http://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central) (<http://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central>).

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: <https://students.mq.edu.au/study/getting-started/student-conduct>

Results

Results published on platform other than [eStudent](#), (eg. iLearn, Coursera etc.) or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in [eStudent](#). For more information visit ask.mq.edu.au or if you are a Global MBA student contact globalmba.support@mq.edu.au

Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

Learning Skills

Learning Skills (mq.edu.au/learningskills) provides academic writing resources and study strategies to help you improve your marks and take control of your study.

- [Getting help with your assignment](#)
- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module](#)

The Library provides online and face to face support to help you find and use relevant information resources.

- [Subject and Research Guides](#)
- [Ask a Librarian](#)

Student Services and Support

Students with a disability are encouraged to contact the [Disability Service](#) who can provide appropriate help with any issues that arise during their studies.

Student Enquiries

For all student enquiries, visit Student Connect at ask.mq.edu.au

If you are a Global MBA student contact globalmba.support@mq.edu.au

IT Help

For help with University computer systems and technology, visit http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/.

When using the University's IT, you must adhere to the [Acceptable Use of IT Resources Policy](#). The policy applies to all who connect to the MQ network including students.