

Subject Description Form

Subject Code	BRE427
Subject Title	Applied Property Investment
Credit Value	3
Level	4
Pre-requisite	BRE315 and BRE362
Objectives	<p>This subject is intended to:-</p> <ol style="list-style-type: none"> a. Give to the students an appreciation of the scope of real property investment. b. Enable them to apply the techniques available to select suitable investment vehicles for different types of investor under different market conditions. c. Enable the students to apply the techniques in business valuation to solve practical problems.
Intended Learning Outcomes	<p>Upon completion of the subject, students will be able to:-</p> <ol style="list-style-type: none"> 1. Identify and analyse of the investment environment for real estate in Hong Kong, PRC and Overseas. 2. Recognise the scope of real estate investment in Hong Kong. 3. Use their knowledge to solve practical problems in real estate investment business and business valuation.
Subject Synopsis/ Indicative Syllabus	<p>Rationale of property investment: major investors in real property in the public and private sectors; principal types of real property investment and their characteristics; causes for historical property market cycles, present market trends and projections; direct and indirect investment; securitization such as REIT (real estate investment trust) in the property market; property investment in the People's Republic of China and overseas.</p> <p>The investment decision: sources and manipulation of information; analysis of direct real property investments; comparative investment analysis; returns on investment; risk and uncertainty. Investment psychology.</p> <p>Analysis of indirect property investment (business valuation): Open market and notional market; Approaches to value determination: Going Concern approach and Liquidation Value approach; Valuation techniques: asset-based techniques, Income approach and market approach; Market capitalization and discount rates; Goodwill valuation.</p>
Teaching/Learning Methodology	<p>Emphasis is made on the application of the investment principles and techniques developed over the past two years to solve actual problems in property investment. Students' awareness on the investment market, particularly the real estate investment market, will be enhanced. It will be learnt through case studies, problem-solving exercises, presentation etc. Discussion will be facilitated in small tutorial groups. Lectures, seminars, projects and tutorials will form the basic skeleton for learning the subject.</p>

Assessment Methods in Alignment with Intended Learning Outcomes	Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)				
			a	b	c	d	e
	1. Coursework	30%	√	√	√		
	2. Examination	70%	√	√	√		
	Total	100%					
<p>Explanation of the appropriateness of the assessment methods in assessing the intended learning outcomes:</p> <p>Examination and coursework will constitute 70% and 30% of the overall mark for the subject respectively. The coursework mark will be based on the assignments and presentations. Both examination and coursework assess learning outcomes 1 to 3.</p>							
Student Study Effort Expected	Class contact:						
	▪ Lecture		26 Hrs.				
	Other student study effort:						
	▪ Seminar/ Tutorial		13 Hrs.				
Total student study effort		39 Hrs.					
Reading List and References	<p>Recommended:</p> <p>Andrew Baum (1995), Property Investment Appraisal, 2nd edition.</p> <p>Brown R. Gerald (2000), Real Estate Investment: a capital market approach.</p> <p>Reilly F. and Brown K. (2000), Investment Analysis and Portfolio Management, 6th edition.</p> <p>Hersh Sefrin (2000), Beyond Greed and Fear: understanding behavioural finance and the psychology of investing.</p> <p>Nofsinger John R. (2002), The Psychology of Investing 1st edition.</p> <p>Stowe, Robinson, Pinto and McLeavey (2002), Analysis of Equity Investments: Valuation AIMR.</p> <p>Krishna G. Palepu, Paul M. Healy, and Victor L. Bernard (2000) Business Analysis and Valuation using Financial Statements, 2nd edition, South-Western College Publishing.</p> <p>James R. English (2001), Applied Equity Analysis: Stock Valuation Techniques for Wall Street Professionals, McGraw-Hill, New York.</p>						

Supplementary:

Graham and Dodd (1962), Security Analysis: principles and technique, 4th edition.

Graham (1973), The Intelligent Investor: a book of practical counsel.

Michael E. Porter (1998), Competitive Strategy: The Core Concepts, Free Press, New York.

Howard Schilit (2002), Financial Shenanigans, 2nd edition, McGraw-Hill, New York.

Robert J. Shiller (2000), Irrational Exuberance, Broadway Books, New York.