

Course Outline

Course Code : RE3807
Course Title : Corporate Finance for Real Estate
Semester : Semester 1, Academic Year 2023/2024
Faculty : Professor Ong Seow Eng
Department : Real Estate
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Overview

This course covers principles and approaches in real estate corporate finance for listed real estate development and investment firms. The module addresses key corporate finance issues such as the theory and practice of capital structure, dividend policy and valuation of real estate firms. Topics will cover financial leverage and capital, cost of capital determination, firm valuation, financial statement analysis, corporate growth analysis and valuation, shareholder wealth maximization, dividend policy and signalling, corporate governance and information transparency, and corporate control.

Learning Outcomes

Through this course, students will be able to:

- Understand the role of corporate finance for real estate firms.
- Apply financial management principles to the activities of real estate companies.
- Interpret financial statements and construct financial indicators of liquidity, profitability, corporate growth, financial leverage, economic value added and market value added
- Calculate the weighted average cost of capital and implement optimal capital structure decisions.
- Net asset value discount in property company valuation and strategic responses
- Synergy between real estate asset valuation and stock market valuation
- Contemporary property asset strategies to enhance corporate growth and size
- Understand Innovative financing: crowd funding, real estate tokenization, crypto platforms

Course Prerequisite(s)

RE3701

Course Preclusion(s)

Nil

General Guide & Reading

Business news. Main textbook and supplementary journal articles will be announced before the sessions.

Tentative Schedule & Outline

Week	Date	Topic	Activity
1	14 – 18 Aug	Introduction; Real estate capital stack Four quadrant approach to equity and debt	

		Principle of leverage, impact on cash flows and returns (NPV, IRR) Regulatory considerations, statutory limits, e.g. max gearing for REITs	
2	21 – 25 Aug	Traditional sources of RE finance Capital structure: Theory and practice Case: Evergrande	
3	28 Aug – 1 Sep	Equity financing: IPO, private placement, rights & bonus issues, dividend reinvestment plan Case: Perps	
4	4 – 8 Sep	Equity financing: Equity partnerships, joint-venture structuring, sale-leaseback and other forms of development financing, both bridging and permanent Cost of capital: Theory and estimation Case: Indian REITs	
5	11 – 15 Sep	Financial statement analysis for real estate companies and REITs Market valuation, net asset valuation (premium and discount) Case: TBC	
6	18 – 22 Sep	Mid Term Quiz Refinancing and Diversifying Sources of Funding Case: GFC	
	23 Sep – 1 Oct	RECESS WEEK	
7	2 – 7 Oct	Debt financing: Types and sources of RE debt: bank debt, corporate bonds, medium term notes, perps, mezzanine	

		Loan covenants, delinquency & default Case: First REIT (TBC)	
8	9 – 13 Oct	RE debt mechanisms <ul style="list-style-type: none"> • Convertible bonds • Digital lending platforms: block chain • Crowdfunding: Mezz debt (co-funding) • Green Bonds (CSR, ESG) 	
9	16 – 20 Oct	Innovations in RE finance <ul style="list-style-type: none"> - Equity and debt platforms Case: Tokenization	
10	23 – 27 Oct	Risk management Cost of capital and hurdle rates Monitoring and managing interest rates & forex risk Retained Earnings & Dividend Policies Case: TBC	
11	30 Oct – 3 Nov	Group project presentations (part 1)	
12	6 – 10 Nov <i>#NUS Wellness Day on 10 Nov</i>	Group project presentations (part 2)	
13	13 – 17 Nov <i>#Deepavali (Make up) on 13 Nov</i>	Course review (wrap-up)	
	18 – 24 Nov	READING WEEK	
	25 Nov – 9 Dec	EXAMINATION (2 WEEKS)	

Assessment

Assessment Components	Weightage (%)
Mid Term Quiz	15
Group Project	50
Participation	15
Final Exam (E-Exam)	20

Total

100

Academic Honesty & Plagiarism

Academic integrity and honesty is essential for the pursuit and acquisition of knowledge. The University and School expect every student to uphold academic integrity & honesty at all times. Academic dishonesty is any misrepresentation with the intent to deceive, or failure to acknowledge the source, or falsification of information, or inaccuracy of statements, or cheating at examinations/tests, or inappropriate use of resources, including AI tools like ChatGPT.

In this regard, representing an AI's output as your own work is plagiarism. Improper uses of AI tools which can be construed as plagiarism include, but are not limited, to the following:

- a) Generating an output and presenting it as your own work
- b) Generating an output, paraphrasing it and then presenting it as your own work
- c) Processing an original source not created by yourself to plagiarize it (*e.g. using an AI paraphrasing tool to disguise someone else's original work*)

The University and School will not condone plagiarism. If you have used an AI tool to complete any assigned work, in whole or in part, you must acknowledge it at the end of the assignment. Your assessor is entitled to assume that everything being presented for assessment is entirely your own work. You have the obligation to declare when it is not. This is a minimum standard. In case of any doubt, you should consult your instructor.

Additional guidance is available at:

- <http://www.nus.edu.sg/registrar/administrative-policies-procedures/acceptance-record#NUSCodeofStudentConduct>
- <http://nus.edu.sg/osa/resources/code-of-student-conduct>

About me

Professor ONG Seow Eng (SE) holds a PhD in Finance and Master in Business from Indiana University. His research interests include securitised real estate, Real Estate Investment Trusts, real estate derivatives, mortgage repayment, default and delinquency, price discovery and housing finance issues and real estate innovations.

SE is a fellow at the [Weimer School of Advanced Studies](#) in Real Estate and Land Economics, Florida, USA. He was the 2002-3 president of the [Asian Real Estate Society](#) and the 2006-7 president of the [International Real Estate Society](#). SE was elected to the board of the [American Real Estate and Urban Economics Association](#) (AREUEA) from 2008 – 2010. He was the co-director of the NUS-JTC Industrial Infrastructure Innovation (NUS-JTC I³) Centre.

He was the recipient of the 2005 International Real Estate Society achievement award for outstanding research, education and practise at the international level. In addition, his research papers won the [American Real Estate Society](#) 2005 best manuscript paper award for Real Estate Valuation, and the 2004 best manuscript paper award for Innovative Thinking – Thinking Out-of-the-Box.

A [Chartered Financial Analyst](#) charterholder, SE has substantial work experience in investment and portfolio management, derivative analysis and property valuation. He was also the Vice Chairman for Education, [Urban Land Institute](#) South Asia council, member of the academic circle of the [Asian Public Real Estate Association](#) (APREA), and an independent director of Cambridge Industrial Trust (renamed as [ESR-REIT](#)). SE is currently an independent non-executive director of Capitaland China Trust.

SE sits on the editorial board of nine international real estate journals such as the [Journal of Real Estate Finance & Economics](#), [Journal of Property Research](#) and [Journal of Housing Research](#), and serves as ad-hoc reviewer for [Real Estate Economics](#), [Journal of Housing Economics](#), [Financial Management](#) and [Urban Studies](#).

SE has consulted for various real estate organizations and government agencies. He has been invited to speak at conferences and seminars locally as well as in USA, Canada, Germany, United Kingdom, Sweden, Ireland, Australia, New Zealand, China, Japan, South Korea, Hong Kong, Macau, Sri Lanka, South Africa, Turkey, Bahrain and UAE.