



Subject Outline

FIN338 Project Finance



Section 1 — General information

1.1 Administrative details

Duration	Credit points	Level
One study period (12 weeks)	6	AQF9

1.2 Core or elective subject

This is an elective subject for the Graduate Certificate in Applied Finance, Graduate Diploma of Applied Finance and Master of Applied Finance.

1.3 Delivery mode

This subject is delivered online.

1.4 Assumed knowledge

Kaplan assumes that students have completed FIN202 Fundamentals of Asset Valuation, FIN203 Fundamentals of Equity Markets, and FIN204 Fundamentals of Risk or understand the content covered in those subjects, prior to undertaking FIN338 Project Finance.

1.5 Course transition subject equivalence

Students may not be required to complete this subject if they have transitioned from a SIA/Finsia/Kaplan course and have completed the following subjects:

- M31 Advanced Industrial Equity Analysis*
- M41 Project Finance*
- FIN238 Project Finance.

* both M31 and M41 must be completed in order to achieve one elective exemption. One subject alone will not award an exemption.

1.6 Work integrated learning

There are no placements, internships or work experience requirements associated with undertaking this subject.



1.7 Other resource requirements

Students do not require access to specialist facilities and/or equipment to undertake this subject.

Section 2 — Academic details

2.1 Subject overview

This subject focuses on advanced concepts and issues relating to project finance techniques. This includes techniques to evaluate a project's debt-carrying capacity and equity requirements, and then formulate a funding solution for that particular situation. Practical case studies are used to demonstrate how project financing applies to resource projects and infrastructure developments. The subject also examines the way deals are structured, including the mix of debt, equity and unique capital sources, as well as the valuation and risk issues associated with project finance. It examines the current trend towards private investment in government assets in the context of infrastructure finance deals, as well as the tendering and bid process used for these transactions.

2.2 Subject learning outcomes

On successful completion of this subject, students should be able to:

1. Evaluate economic and financial cash flow models to assess project risk and viability.
2. Review and justify the requirement of specialist input in a project.
3. Construct the appropriate financial structure for a project.
4. Determine a project finance arrangement which meets client needs and reflects the current market climate.
5. Develop project documentation and syndication.

2.3 Topic learning outcomes

Topic 1: Introduction to project finance

On successful completion of this topic, students should be able to:

- explain key risks relevant to project finance
- describe the risk assessment process
- explain factors to be considered in assessing project viability.

Topic 2: Transaction management and due diligence

On successful completion of this topic, students should be able to:

- compare the roles of different types of sponsors
- describe the role of advisers in a project
- discuss the phases of project development
- describe the issues involved in due diligence
- discuss how project finance can add value.

Topic 3: Capital structuring

On successful completion of this topic, students should be able to:

- explain the different types of legal structures used in project finance
- describe the impact of the use of different project legal structures
- discuss the issues involved in devising an optimal capital structure for the chosen project entity
- analyse how project and capital structures affect the type and form of finance available.

Topic 4: Financial structuring

On successful completion of this topic, students should be able to:

- describe the structure of project financing using appropriate combinations of debt and equity
- discuss how different market conditions affect the appropriateness of debt and equity as sources of finance
- discuss the issues involved in the preparation of a finance plan
- describe the major taxation issues relating to project financing and infrastructure investment.

Topic 5: Financial modelling

On successful completion of this topic, students should be able to:

- discuss the difference between a project finance model and a corporate finance model
- explain the process of building a financial model
- construct a project finance model
- calculate ratios appropriate in project finance and discuss how they are used.

Topic 6: Case study — resources financing

On successful completion of this topic, students should be able to:

- discuss the issues unique to the financing of a resources project
- apply the knowledge you have gained so far to resources financing
- develop advice for Lihir Gold Limited on the alternate financing strategies available to them.

Topic 7: Documentation and syndication

On successful completion of this topic, students should be able to:

- describe the provisions of project documents and finance documents
- discuss the interrelationship between the financier, the borrower, other creditors and contractors
- explain the rights of various suppliers of funds
- discuss the various ways to syndicate a financing and the advantages of each.

Topic 8: Government projects

On successful completion of this topic, students should be able to:

- define PPPs
- discuss the advantages and disadvantages of PPPs
- describe the characteristics of suitable PPP projects
- describe the process for PPPs in Australia
- discuss the issues for PPP development in light of the global financial crisis and more recent slowdown of global economies and markets.

Topic 9: Case study — infrastructure financing

On successful completion of this topic, students should be able to:

- identify the issues unique to an infrastructure project
- apply the knowledge you have gained throughout the course to the financing of a project
- advise a potential sponsor on alternate financing strategies available to them.

2.4 Assessment schedule

Assessment	Description	Week	Topics	Weighting	Subject learning outcomes assessed
Task	Short answer questions	Week 4	1–3	15%	LO1–LO4
Assignment 1	Short and long answer questions	Week 7	1–6	45%	LO1–LO3
Assignment 2	Short answer questions	Week 12	1–9	40%	LO1–LO5

2.5 Prescribed text

Please refer to our website www.kaplanprofessional.edu.au to review student policies relating to your assessment, including the *Kaplan Assessment Policy* and *Academic Integrity and Conduct Policy*.

There is no prescribed text for this subject. Students are provided with key readings and access to Kaplan's online databases. Students are encouraged to research and read widely on the topic.

2.6 Study plan

Week(s)	Topic name	Study load in hours
1	Topic 1: Introduction to project finance	10
2	Topic 2: Transaction management and due diligence	10
3	Topic 3: Capital structuring	15
4	Topic 4: Financial structuring Task (Weighting 15%)	10
5	Topic 5: Financial modelling	10
6	Topic 6: Case study — resources financing	20
7	Assignment 1 (Weighting 45%)	6
8	Topic 7: Documentation and syndication	8
9	Topic 8: Government projects	8
10	Topic 9: Case study — infrastructure financing	8
11	Prepare for assignment 2	10
12	Assignment 2 (Weighting 40%)	5
Total minimum study load		120 hours

Additional study hours (if required), dependent on knowledge and personal commitments	70 hours
Total study load, including additional study hours	190 hours