

REAL OPTIONS in LISBON 2018

OBJECTIVES

The course is for students interested in evaluating strategy and financial engineering value in infrastructure, property, hotels, power, R&D, sports, new ventures, media, telcos, banking and debt management. These businesses will be studied in terms of the real options which have generally been identified by practitioners. The "expected outcome" is that students will understand the basics of real options, and the practical applications to business opportunities and problems.

TEACHING METHODS

Each session will generally involve lectures and application to an appropriate industry or enterprise. Students are required to be familiar with Excel, and with the basics of options. There will be tutorials in connection with case/report. Relevant practical cases are in the REAL OPTIONS VALUE book.

Cases/Projects

Students will advise a particular enterprise on the actions management should take regarding the identified real options. Do either a case or a group project. PRACTICAL CASES: SHALE GAS GROWTH (Growth), HINKLEY POINT or MG BRIDGE (PPP Incentives), RT-MART & ALIBABA (Switching). Projects might extend course/case models to a context of your interest.

Grading: 50% on case or group project, and 50% exam.

COURSE OUTLINE (provisional)

Thurs	Mar	8	#1 Basic Real Options, Position Strategies
Fri	Mar	9	#2 Growth & Incentive, Cases/Projects
Thurs	Mar	15	#3 Two-Factor & Switching Options
Fri	Mar	16	#4 Debt & Competition Options, MOCK EXAM
Thurs	Apr	19	#5 Exam Tutorial, Your Choice Options?
Fri	Apr	20	#6 Cases & Project Presentations.

Recommended Readings :

Brach, M.A. (2003), Real Options in Practice, Wiley Finance, Hoboken: ISBN 0 471 26308 7.

Howell, S., A. Stark, D. Newton, D. Paxson, M. Cavus, J. Pereira and K. Patel (2001), Real Options: Evaluating Corporate Investment Opportunities in a Dynamic World, Financial Times Prentice Hall, London: ISBN 0 273 65302 4.

Patel, Kanak, Dean Paxson and Tien Foo Sing (2005), “Practical Uses of Real Property Options”, RICS Research Papers, London.

Paxson, Dean (2018), REAL OPTIONS VALUE, manuscript.

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