

Syllabus
GMT6211 Capital Raising and Investing/Project Finance
 Andrei Moroc, CFA
 Winter Semester 2023/24

Level	Master	
Credits	3	
Student Contact Hours	30	
Workload	90 hours (30 hours within class and 60 hours for self-study)	
Prerequisites	Attendance and active class participation is critical	
Time	Friday, Oct. 13, 13:45 – 20:00 Saturday, Oct. 14, 9:45 – 16:00 Friday, Oct. 20, 13:45 – 20:00 Saturday, Oct. 21, 9:45 – 16:00	
Room	s. LSF	
Start Date	October 13, 2023	
Lecturer	Name	Andrei Moroc, CFA
	Office	-
	Virtual Office	-
	Colloquium	-
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Learning Objectives:

By the end of the course, the participants shall...

- ... be familiar with how the capital raising process works in the real world.
- ... understand which type of capital providers are suitable for a specific project.
- ...know how and where to find potential capital providers.
- ...be able to prepare a convincing investment case.
- ...be aware of the typical differences between investors and be able to adapt their investment case to each investor's needs and goals.
- ... be able to analyze investment projects using the same tools and concepts that professional investors use.
- ... have the capability to compare investment projects and make better investment decisions.

Course Intended Learning Outcomes and their Contribution to Program Intended Learning Outcomes / Program Goals

Program Intended Learning Outcomes		Course Intended Learning Outcomes	Assessment Methods	
After completion of the program the students will be able...		After completion of the course the students will be able...	Project Work	Presentation
			70%	30%
			Individual	Individual
1 Responsible Leadership in Organizational Contexts				
1.1	...to apply leadership concepts to an organizational context or a specific case.	to apply leadership concepts to grow an organization with third party funds.	X	X
1.2	...to act responsibly from a scientific self-understanding and to act professionally.	to know how to act professionally when dealing with investors and financiers.	X	X
2 Creative Problem Solving Skills in a Complex Business Environment				
2.1	...to identify & classify problems.	to identify & classify financial needs of projects and companies.	X	X
2.2	... to analyze problems.	to analyze the financial situation and estimate the funding needed for projects and companies.	X	X
2.3	... to creatively solve problems.	to look for, find and approach investors and financiers.	X	X
2.4	... to explain problems and their solutions in a comprehensive manner.	to explain and persuade investors and financiers to provide them the needed capital.	X	X
3 Applied research skills				
3.1	... to know the research and analysis methods important in his/her field of study.	to know how and where to find information for an investment case or for any business decision.	X	X
3.2	... to appropriately apply the research and analysis methods.	to use various data to create an investment case.	X	X
3.3	... to obtain innovative results using relevant research methods.	to creatively use the data and use tools and graphs to support their statements and investment story.	X	X
4 Innovation management and management of digital transformation				
4.1	... to have fundamental knowledge of operational innovation processes and of processes of digital transformation.	to innovatively grow an organization without using own funds.	X	X
5 Management of the challenges of global sustainability and awareness for social and corporate responsibilities				
5.1	...to have a sound basic knowledge of sustainability issues.	to understand sustainability aspects of the capital raising process.	X	X
5.2	... to identify and analyze sustainability issues and their causes.	to identify and analyze sustainability issues and to address them in an investment case.	X	X
5.3	... to develop sustainability strategies.	to develop sustainability strategies for projects or companies that can increase the sustainability score of investors and financiers.	X	X

Main course topics:

- Capital raising
- Investments
- Financial modeling
- Capital markets
- Project finance
- Corporate finance

Basic outline and organization:

The course consists of three main elements:

(1) **Lectures** on various capital raising topics:

- capital structure, investment structures: debt (senior/junior, securities, collateral, covenants), equity, mezzanine, recourse/guarantee, alignment of interest, structuring fee, upside sharing, cash waterfall, carried interest, first loss piece.
- overview on capital provider types with their characteristics such as investment volume, period, stage, risk and return profile. Potential investors:
 - a. equity investors: family and friends, angel investors, private equity funds (including venture capital funds), public equity (IPO, secondary offering), family offices, sovereign wealth funds, hedge funds, closed end funds, pension funds, insurance firms;
 - b. debt capital providers: banks, public debt investors (bond issuance), mezzanine capital providers, pension funds, insurance firms.
- cash flow modeling / financial modeling:
 - a. introduction of important Excel formulas used in financial modeling (IRR, XIRR, NPV, XNPV, YIELD, IF, VLOOKUP, INDEX, CHOOSE, INDIRECT, SUMIF, AVERAGEIF, COUNTIF) and Excel tools (Goal Seek, Data Table, Formula Evaluator, Conditional Formatting);
 - b. best practices in cash flow modeling.

(2) **Workshop**: a cash flow model will be developed together for an investment known to everybody, maybe buying a flat as an investment, by using the presented Excel formulas and tools and applying the discussed best practices. Each student needs to bring a notebook with MS Excel for this workshop.

(3) **Assignment**

- Detailed assignment briefing and an example of how it should be done. The assignment will be to prepare an investment case, which is made of:
 - a) presentation (investment description, market, investment opportunity, suggested structure),
 - b) teaser (brief summary of the presentation),
 - c) financial model / cash flow model in Excel,
 - d) term sheet / letter of intent (LoI) (all material terms of the suggested investment).

The investment will be chosen by students based on their background, interest and career goals. Suggestions for potential investments:

- a) a real asset such as a real estate object (residential building, hotel, shopping mall, logistic center...), renewable energy facility (wind, solar, water...), an airplane, a ship, an infrastructure project, forest, farm/farmland,
 - b) a growth strategy for an existing company such as launching a new product, entering a new market, purchasing a new asset/equipment, acquiring another company,
 - c) a start-up (appropriate for students that want to found a business from scratch).
- Initial presentation of the assignment: the students and the lecturer will play the role of the investor and ask questions regarding the investment(as in real life - first round of presentations and negotiations). The lecturer will give detailed feedback to everybody.
 - Delivery of the assignment based on previous feedback.

Grading:

Grading will be primarily done on the basis of the assignment. The grade will be based upon:

(1) the quality of the assignment (70%):

- a) presentation (35%),
- b) teaser (5%),
- c) cash flow model (25%),
- d) term sheet (5%).

(2) the quality of delivering the presentation and of the Q&A session after the presentation (30%).

Course Materials:

1) Lecture notes

2) Recommended literature:

- a) Bodie, Z., Kane, A. and Marcus, A. (2013), Investments, 10th Edition, McGraw-Hill/Irwin, ISBN: 978-0077861674
- b) Sherman, D. (2012), Raising Capital, 3rd Edition, AMACOM, ISBN: 978-0814417034
- c) Proctor S. (2010), Building Financial Models with Microsoft Excel, 2nd Edition, Wiley, ISBN: 978-0470481745
- d) Benninga, S. (2014), Financial Modeling (4th edition), MIT Press, ISBN: 978-0262027281.