



AI119U Real Estate Management in the Private sektor, step 2 7.5 credits

Fastighetsföretagande i privat sektor, steg 2

This is a translation of the Swedish, legally binding, course syllabus.

If the course is discontinued, students may request to be examined during the following two academic years

Establishment

Course syllabus for AI119U valid from Autumn 2016

Grading scale

P, F

Education cycle

First cycle

Main field of study

Technology

Specific prerequisites

Contract education; no entry requirements in addition to knowledge equivalent to what has been examined in the course AI118U.

Language of instruction

The language of instruction is specified in the course offering information in the course catalogue.

Intended learning outcomes

On completion of the course, the participants are expected:

- Be able to interpret critically and adjust financial reports as basis for the analysis of real estate firms.
- Be able to understand application and effects of the regulatory frameworks that govern the external accounting.
- Be able to understand and specify accounting issues specific for real estate firms and the following effects of different accounting solutions.
- Be able to assess and compare real estate firms via sector-specific analytical questions and key ratios.
- Have knowledge of and practical skills in different quantitative methods that are used in cash flows such as net present value and internal rate of return as well as be able to handle strengths and weaknesses with different technologies.
- Be able to formulate investment problems as well as use different cash flow techniques on primarily the level total capital to assess the profitability of an investment.
- Have knowledge of and understanding of optional VAT and income tax issues for real estate firms.
- Have knowledge of and understanding of market analyses before real estate investment.

Course contents

This course is a follow up to the course Fastighetsföretagande stage I (AI118U).

Apart from an expansion and specialization of central part in stage I, such as the conditions, investment appraisal and the presentation of real estate firms, come completely new, for the subject area relevant, important components such as market analyses and tax issues, to be treated.

The aim of the course is to provide knowledge of methods for the analysis of the economics of the Swedish real estate firms and to provide the participants with knowledge of and skills in profitability assessment of different investments with the use of cash flow analysis, main in real estate investments.. The course is directed towards methods for such analysis, general accounting principles, analysis of real estate results and balance sheet as well as specific questions for real estate firms such as evaluation of access and long-term assessment of profitability.

In the course, specific questions for fastighetsföretag are treated such as demarcation between maintenance and investment (activation of expenses), asset evaluation as well as

different key performance indicators. Central and current questions concerning application of national and international accounting norms that surround the Swedish real estate firms is highlighted consistently. Certain parts treat real-estate law geared towards VAT and income tax issues as well as market analyses before real estate investments are treated.

After an overview of theories of the time value of money and basic quantitative methods that are used in discounted cash flows, an overview of different ways follows to assess the profitability of an investment. Practical skills in this are trained.

The cash flow analysis takes place primarily on total capital, but also effects of different financial alternatives are treated as well as theory of interests. The relationship between risk and return on investment as well as sensitivity analyses to identify critical parameters in discounted cash flows is highlighted.

In the course, theoretical lectures with practical exercises are interleaved and include the following components:

• Market analyses before real estate investment.

• Optional VAT and income tax issues concerning real estate.

• Net operating income analysis as well as the distinction between repair and maintenance from different perspectives.

• Advanced discussion concerning the other central presentation and valuation issues.

• Yield and total return on capital as well return on equity.

• Financial key ratios concerning the profitability and survival of real estate firms.

• Net present value and internal rate of return in real estate investments. Discounted cash flows in real terms.

• Questions concerning different financial alternatives in real estate investments.

Disposition

The course is organised with both theoretical parts and practical applications in the form of seminars and project work. Satisfactory attendance constitutes a course requirement for grade P.

Course literature

Huvudsakligen aktuella artiklar, som meddelas i samband med kursstart. Övrigt: "Årsredovisning i fastighetsföretag" (Fastighetsägarna Sverige) samt "Konsten att läsa en årsredovisning" (KTH).

Examination

- PRO1 - Individual project-work, 3.0 credits, grading scale: P, F

- TEN1 - Written home-exam, 4.5 credits, grading scale: P, F

Based on recommendation from KTH's coordinator for disabilities, the examiner will decide how to adapt an examination for students with documented disability.

The examiner may apply another examination format when re-examining individual students.

Written take-home examination and active participation in all lectures (TEN1) 4.5 credits as well as individual project work (PRO1) 3 credits

Ethical approach

- All members of a group are responsible for the group's work.
- In any assessment, every student shall honestly disclose any help received and sources used.
- In an oral assessment, every student shall be able to present and answer questions about the entire assignment and solution.