



# AI2136 Economics of Real Estate and Financial Services Contracts 7.5 credits

Kontraktsteori med fastighets- och finanstillämpningar

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 AI2136 valid from Spring 2010

## Grading scale

A, B, C, D, E, FX, F

## Education cycle

Second cycle

## Main field of study

## Specific prerequisites

Corporate Finance or equivalent

## Language of instruction

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

## Intended learning outcomes

The overall aim of this course is to give you a better understanding of the economics of contracts and how to apply this knowledge to practical situations involving real estate and financial services contracts. After you have finished the course you should be able to:

- Describe the notion and consequences of asymmetric information; Identify situations characterized by hidden action and situations characterized by hidden characteristics, making in-depth descriptions of the problems that may arise and suggest solutions to these problems; You should be able to do this for situations occurring in real life and base your reasoning on sound theoretical grounds; Describe and identify situations where complete contracts are not feasible, explain why and suggest solutions based on theory.

## Course contents

The economics of contracts and game theory as well as applications of theory to real estate contracts, employment contracts as well as financial contracts.

## Course literature

George Hendrikse: Economics and Management of Organizations – Co-ordination, Motivation and Strategy (Ch. 1-10). Selected chapters from Milgrom & Roberts: Economics, Organization and Management (Ch.14-15)

## Examination

- INL1 - Assignment, 3.0 credits, grading scale: P, F
- TEN1 - Examination, 4.5 credits, grading scale: A, B, C, D, E, FX, 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.

## 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.