



AI1108 Investment Analysis 7.5 credits

Investeringsanalys

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

Establishment

Course syllabus for AI1108 valid from Autumn 2012

Grading scale

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

Education cycle

First cycle

Main field of study

Technology

Specific prerequisites

Students enrolled in the Degree programme in Civil Engineering and Urban Management and students enrolled in the Bachelor's programmes in Real Estate and Finance and Property Development and Agency at KTH should have completed Economics (AI1107) or Economics of the Built Environment (AI1128).

Language of instruction

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

Intended learning outcomes

The course aim is to provide basic theoretical and practical knowledge about investment analysis, with emphasis on real estate.

The course should give you knowledge in:

- Identify and explain the basic steps in the investment process.
- Derive and understand the origin of the major formulas used in present value calculations.
- Evaluate different investment alternatives.
- Define and compute different return measures.
- Deal with risk and uncertainty applying sensitivity analysis.
- Understand how leverage affects investments.
- Develop Excel spreadsheets for investment decision-making.

Course contents

The course contains the following parts:

- Capital budgeting. The aim is to provide advanced knowledge in theory and methods for asset valuation and profitability analysis of investments and decision criteria in capital budgeting such as present value and internal rate of return etc.
- Cash flow analysis of complex investments with emphasis on property applications. Analysis of financing decisions.
- Project work: making a cash flow analysis in Excel.

Disposition

Lectures and teacher-assisted group exercises. Some group exercises take place in a computer lab. The students shall also, in groups, construct a cash flow proforma in Excel and present this work for the teachers under given assumptions. Students will be divided into working groups by the headteacher.

Course literature

Jonathan Berk & Peter DeMarzo -Corporate Finance (Pearson International Edition), senaste upplaga.

Examination

- PRO1 - Project, 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.

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

Other requirements for final grade

Written exam (TEN1; 4,5 cr)
Project work(PRO1; 3 cr)

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.