



Subject Outline

FIN328 Real Estate Analysis and Funding



Section 1 — General information

Duration	Credit points	Level
One study period (12 weeks)	6	AQF9

1.2 Core or elective subject

This is an elective subject for the Graduate Certificate in Applied Finance, Graduate Diploma of Applied Finance and Master of Applied Finance.

1.3 Delivery mode

This subject is delivered online.

1.4 Prerequisites

There are no prerequisites for this subject. However please review the 'Assumed knowledge' section below to understand the prior knowledge Kaplan advises you should hold before enrolling in this subject.

1.5 Assumed knowledge

Whilst there are no prerequisites for this subject, Kaplan assumes that students have completed FIN202 Fundamentals of Asset Valuation, or understand the content covered in this subject, prior to undertaking FIN328 Real Estate Analysis and Funding.

1.6 Course transition subject equivalence

Students may not be required to complete this subject if they have transitioned from a SIA/Finsia/Kaplan course and have completed the following subjects:

- E133 Property Investment Analysis
- FIN228 Real Estate Analysis and Funding.

1.7 Work integrated learning

There are no placements, internships or work experience requirements associated with undertaking this subject.

1.8 Other resource requirements

Students do not require access to specialist facilities and/or equipment to undertake this subject.



Section 2 — Academic details

2.1 Subject overview

This subject explores the foundations of commercial real estate investment analysis and the financing options for funding real estate investments from a financial and institutional investment viewpoint. It discusses specialist areas of the real estate market in Australia and applies appropriate valuation techniques to those areas. Taxation, the legal environment and due diligence in the sector are also explored. Students demonstrate their application and understanding of the real estate valuation and funding process through comprehensive assessments that based on hypothetical scenarios.

2.2 Subject learning outcomes

On successful completion of this subject, students should be able to:

1. Evaluate aspects of the investment decision and investment environment relevant to real estate investment.
2. Critically analyse the application of different types of valuation techniques to commercial real estate.
3. Determine the debt and equity financing options for funding commercial real estate investments.
4. Critically analyse listed real estate investment trusts (REIT) and the basis for comparing trusts within the sector.
5. Evaluate technical and legal due diligence issues that must be considered when evaluating a real estate investment opportunity.
6. Review the legal and taxation issues relevant to real estate investors, including fund managers.

2.3 Topic learning outcomes

Topic 1: Overview of real estate investment

On successful completion of this topic, students should be able to:

- explain what real estate investment is
- identify the steps involved in the real estate investment decision
- identify the investor's objectives and constraints
- describe important aspects of the investment environment of relevance to real estate investment
- briefly describe the main valuation techniques for evaluating property.

Topic 2: Real estate valuation techniques

On successful completion of this topic, students should be able to:

- explain the purpose of valuations
- describe how to determine net rental, gross rental and the capitalisation rate
- explain reversions and their importance to valuation
- distinguish between initial yield, reversionary yield, and equivalent, equated or actual yield
- describe the main valuation techniques and their applications
- apply simple calculations related to valuation.

Topic 3: Real estate market sectors — Part 1

On successful completion of this topic, students should be able to:

- discuss issues and trends that affect the value of commercial real estate
- apply appropriate valuation techniques including DCF analysis for commercial real estate
- explain the different investment techniques within each asset class and the difference between face and effective rents
- discuss the issues for negatively-geared residential real estate
- discuss the issues and trends for different types of industrial real estate
- apply appropriate valuation techniques for industrial real estate.

Topic 4: Real estate market sectors — Part 2

On successful completion of this topic, students should be able to:

- describe the key variations between different property market sectors
- explain the various areas that need to be analysed before a valuation can be carried out
- explain the property specific and financial considerations and their implications in the valuation of the various property types
- identify the components of net income streams
- determine appropriate valuation methodologies and adjustments in the valuation of property assets.



Topic 5: Real estate funding

On successful completion of this topic, students should be able to:

- explain the difference between debt and equity finance and the characteristics and application of hybrid financing products
- discuss the differences in debt capital instruments between corporate issuance and structured issuance
- discuss the advantages of debt capital market instruments and traditional bank finance
- explain the considerations involved in a credit rating and the process undertaken to achieve one
- identify assets suitable for securitisation.

Topic 6: Real estate securities

On successful completion of this topic, students should be able to:

- explain the advantages of listed REITs
- identify the difference between a trust and an incorporated vehicle
- discuss how returns of a REIT are distinguished from direct property returns
- explain what is meant by the stated net tangible asset and the difficulty in determining how to categorise listed REITs as an asset class
- discuss the methods available for comparing trusts in the listed REIT sector.

Topic 7: Technical and due diligence

On successful completion of this topic, students should be able to:

- explain the role and the main components of the technical due diligence report in the real estate investment process
- identify the various consultants and specialisations involved in the technical due diligence process
- explain the role of the National Construction Code (NCC) and other regulatory requirements on building design and management
- interpret and evaluate technical due diligence report findings
- discuss the basic elements of legal due diligence in acquiring real estate
- describe the essential features of leases as they affect the income stream, including such issues as retail tenancies legislation.

Topic 8: Legal environment

On successful completion of this topic, students should be able to:

- describe the various legal structures which can be used in the acquisition of real estate and capital raising to fund acquisitions of real estate
- explain the impact of stamp duty legislation on the acquisition of real estate
- describe the basic requirements of the Foreign Acquisitions and Takeovers Act 1975 (Cth) on the acquisition of real estate in Australia.

Topic 9: Taxation

On successful completion of this topic, students should be able to:

- explain how the framework of the Australian tax system affects real estate investment and development choices
- explain how income from real estate is included in calculating taxable income and the basis for allowable deductions permitted to be claimed against assessable income
- explain the significance of differences between ordinary income and capital gains from the sale of real estate and the computation of capital gains and losses from real estate sales
- describe the rules for depreciation of plant and equipment, capital improvements and building costs
- explain the taxation treatment of tenant inducement payments, repairs and maintenance costs, and the financing costs of acquiring and holding real estate
- describe how the choice of legal structure for real estate ownership can have different tax consequences.

2.4 Assessment schedule

Assessment	Description	Week	Topics	Weighting	Subject learning outcomes assessed
Task	Short answer question	Week 4	1-2	20%	LO1
Assignment	Real estate investment analysis and application of valuation techniques	Week 7	1-5	40%	LO1-LO3
Exam	Short-answer and scenario-based questions	Week 12	5-9	40%	LO3-LO6

Please refer to our website <www.kaplanprofessional.edu.au> to review student policies relating to your assessment, including the *Kaplan Assessment Policy* and *Academic Integrity and Conduct Policy*.

2.5 Prescribed text

There is no prescribed text for this subject. Students are provided with key readings and access to Kaplan's online databases. Students are encouraged to research and read widely on the topic.

2.6 Study plan

Week(s)	Topic name	Study load in hours
1	Topic 1: Overview of real estate investment	3
2	Topic 2: Real estate valuation techniques	12
3	Topic 3: Real estate market sectors — Part 1	12
4	Topic 4: Real estate market sectors — Part 2 Task (Weighting 20%)	12
5	Topic 5: Real estate funding	15
6	Topic 6: Real estate securities	15
7	Assignment (Weighting 40%)	10
8	Topic 7: Technical and due diligence	7
9	Topic 8: Legal environment	7
10	Topic 9: Taxation	7
11–12	Exam (Weighting 40%)	20
Total minimum study load		120 hours

Additional study hours (if required), dependent on knowledge and personal commitments	70 hours
Total study load, including additional study hours	190 hours