

# Certificate in Property Finance and Investment

**Duration:** 7 months

## Course Summary

People are increasingly aware of the role that global financial markets play in our lives. But how does property fit into this picture? Where does it sit in relation to stocks and bonds, and how is it sold and resold on the financial markets?

Understanding the principals behind property finance and investment can help property professionals to make more informed decisions. This course is designed to give you the fundamental knowledge you need, from making basic financial models to learning about different sources of financing.

This course is for practicing professionals in the real estate or finance industry. The course content assumes that you have a background in property, although you will not need any specific knowledge in property finance and funding before starting this course.

You can enrol on this course at any time. You will have access to an experienced industry professional to ask questions and to provide feedback on your written assessments.

## Course Contents

Each module consists of the following parts.

Interactive self-study	An interactive eLearning presentation delivers fundamental technical content. The content will be delivered in bite-size chunks, including diagrams, podcasts and interactive activities.
Reading materials	Each module has structured essential and further reading materials. These could be professional guidance and standards from RICS or taken from the latest insight articles and research.
Case study	For each module, you'll be given the opportunity to study a practical, case study and submit a written response using the knowledge you've learned on the module, and your own experience.

Consolidation Session	<p>This recorded web class consolidates the learning from the eLearning module, reading materials, case studies and common questions that have been raised in the forum.</p> <p>You'll have the opportunity to ask any questions to the trainer in the Q&amp;A forum after completing the web class.</p>
End of module quiz	A short quiz helps demonstrate that you are ready for the next module
End of program Exam	Upon completion of all technical modules, there will be an examination to test knowledge. A RICS certificate of completion will be granted upon successful completion.

## Course Structure

### 1. Real Estate as an Investment

Learning Outcomes	<p>Understand the fundamentals of real estate as a financial product and its context in the wider financial market.</p> <p>Be able to discuss the economic drivers of bonds and shares and how property compares with them.</p> <p>Understand how property derives its value from an economic perspective.</p>
Content	<ul style="list-style-type: none"> <li>• Characteristics of real estate and major asset classes (shares and bonds)</li> <li>• Real estate economics: supply, demand and cycles</li> <li>• Urban economics: cities and growth</li> <li>• Market analysis</li> </ul>

### 2. Property Finance and Funding

Learning Outcomes	<p>Ability to identify appropriate sources of finance for property investments, in operating assets and development projects</p> <p>Understand the principles that apply to raising different types of finance</p>
Content	<ul style="list-style-type: none"> <li>• Four quadrants</li> <li>• Motivations to use debt</li> <li>• Loan types and structures</li> <li>• Debt capital sources</li> <li>• Pricing and risk analysis</li> <li>• Regulatory framework</li> </ul>

### 3. Accounting Principles and Procedures

Learning Outcomes	Understand accounting concepts and ability to interpret company accounts. Be familiar with how property assets and liabilities are addressed in financial statements
Content	<ul style="list-style-type: none"> <li>• Accounting concepts</li> <li>• Assets, Liabilities and Equity</li> <li>• Income / Revenue / Gain</li> <li>• Expenses / Losses</li> <li>• Profit/Loss</li> <li>• Earnings and Dividends</li> <li>• Financial statements: <ul style="list-style-type: none"> <li>a. Balance Sheet</li> <li>b. Profit &amp; Loss</li> <li>c. Cash Flow</li> </ul> </li> <li>• Property-related accounting standards</li> <li>• Overview of International Accounting Standards (IAS) and Generally Accepted Accounting Principles (GAAP), IFRS</li> <li>• The impact of new IFRS 16 lease standards</li> <li>• The role of the auditor</li> </ul>

### 4. Corporate Finance

Learning Outcomes	<p>Ability to identify factors that affect the financial decisions corporations make in relation to real estate.</p> <p>Understand and identify the tools and analyses used to make these decisions within the context of property world.</p>
Content	<ul style="list-style-type: none"> <li>• Investment analysis: <ul style="list-style-type: none"> <li>○ Discounted cash flow and present value</li> <li>○ Time-Weighted Average Return</li> <li>○ Internal Rate of Return (IRR)</li> </ul> </li> <li>• Hurdle rates <ul style="list-style-type: none"> <li>○ Capital Asset Pricing Model (CAPM)</li> <li>○ Weighted Average Cost of Capital (WACC)</li> <li>○ Risk free + Premium</li> </ul> </li> <li>• Performance measures <ul style="list-style-type: none"> <li>○ Total return</li> <li>○ Capital growth</li> <li>○ Income return</li> </ul> </li> </ul>

## 5. Financial Modelling

Learning Outcomes	Ability to create a property cash flows and understand the mechanics of financial models
Content	<ul style="list-style-type: none"> <li>• Introduction to automated valuation and appraisal systems</li> <li>• Introduction to financial modelling in Excel</li> <li>• Creating a single-tenant cash flow model</li> <li>• Creating a multi-tenant cash flow model</li> <li>• Adding senior debt, mezzanine and equity waterfall</li> <li>• Sensitivity and scenario analysis</li> <li>• Return analysis and investment decision</li> </ul>

## 6. Investment Management

Learning Outcomes	<p>Appreciate the fundamental principles of property investment and investment in a portfolio</p> <p>Apply the principles of managing property as a financial investment to decisions about property investment</p>
Content	<ul style="list-style-type: none"> <li>• Asset management versus portfolio management</li> <li>• Portfolio allocation</li> <li>• Real estate in a mixed-asset portfolio</li> <li>• Property returns and measurement errors</li> <li>• Investment performance attribution</li> <li>• Benchmarking</li> </ul>

## 7. Indirect Investment Vehicles

Learning Outcomes	<p>Gain an appreciation of how investing indirectly can assist portfolio risk and return management</p> <p>Apply your knowledge to identify which structures might suit an investor or lender in any given scenario.</p> <p>Understand the management and risk issues that may differ from a more direct form of investment.</p>
Content	<ul style="list-style-type: none"> <li>• Private and public indirect investments</li> <li>• Indirect equity investment: <ul style="list-style-type: none"> <li>○ Real Estate Investment Trusts (REIT)</li> <li>○ Listed property companies</li> <li>○ Real estate mutual funds</li> <li>○ Non-traded REIT</li> </ul> </li> </ul>

	<ul style="list-style-type: none"><li>• Indirect debt investment:<ul style="list-style-type: none"><li>○ Commercial mortgage backed securities (CMBS)</li><li>○ Senior debt</li><li>○ Mezzanine debt</li><li>○ Other debt structures</li></ul></li><li>• Property derivatives</li></ul>
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## End of course Assessment

The end of course assessment consists of 25 multiple choice questions. You'll need to score at least 70% to pass and gain your certificate, but will be able to attempt the exam multiple times.