

**CAPITAL STRUCTURE ANALYSIS OF PUBLIC LISTED  
PROPERTY AND REAL ESTATE COMPANIES IN INDONESIA:  
A COMPARISON STUDY OF ENTITIES IN THE SAME  
INDUSTRY CATEGORY**

By

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### STATEMENT BY THE AUTHOR

I hereby declare that this submission is my own work and to the best of my knowledge, it contains no material previously published or written by another person, nor material which to a substantial extent has been accepted for the award of any other degree or diploma at any educational institution, except where due acknowledgement is made in the thesis.

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## ABSTRACT

COST OF CAPITAL ANALYSIS OF PUBLIC LISTED PROPERTY AND REAL ESTATE COMPANIES IN INDONESIA: A COMPARISON STUDY OF ENTITIES IN THE SAME INDUSTRY CATEGORY

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Financial Leverage has always been a powerful tool in developing a business as it gives a firm the power to go outside its production line and try to seize that extra cash. As the primary objective of firms is to obtain maximum profit, financial leverage becomes very attractive for companies' decision makers.

However, financial leverage is just like a coin. In one side it offers wealth, in the other side it can bring you down as it comes with a cost. Thereby, in order to find the right proportion of capital structure, this thesis will analyze the correlation between capital structure and company's RoE so that risks of financial leverage can be reduced to minimum.

The findings obtained are actually surprising, as in the study it was proven that financial leverage actually doesn't increase the profitability of a company.

Keywords: capital structure, cost of capital, financial leverage

## **DEDICATION**

I dedicate this thesis to my parents who have fully supported me so that I can finish my thesis and be prepared to step in to the society.



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