

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY
FACULTY OF COMMERCE
DEPARTMENT OF FINANCE

BACHELOR OF COMMERCE HONOURS DEGREE IN FINANCE
PART IV –2ND SEMESTER FINAL EXAMINATION – MAY 2006

REAL ESTATE FINANCE [CFI 4205]

TIME ALLOWED: 3 HOURS 10 MINUTES

INSTRUCTIONS

1. The paper is 3 hours 10 minutes, of which 10 minutes is reading time.
2. This paper contains 6 questions , answer ANY **FIVE** questions.
3. All questions carry equal marks.
4. Write legibly.

Question 1

Zimbabwe is currently facing spiraling inflation, which has in turn triggered the cost of real estate development and the subsequent property prices. As a result of this trend, property firms have mushroomed countrywide.

Discuss the implications of these property companies on a young pension fund in Zimbabwe. **[20 marks]**

Question 2

Evaluate the significance of any five types of finance available under project based funding in Real Estate Finance in Zimbabwe. **[20 marks]**

Question 3

Examine the main objectives of securitisation in Real Estate Finance. **[20 marks]**

Question 4

Real Estate Investment Trusts [REITs] can be a major source of finance for property development in Zimbabwe. What are the general challenges that Zimbabwean investors are likely to face in development of REITs? **[20 marks]**

Question 5

Discuss the significance of the Infrastructure Development Bank of Zimbabwe on Real Estate Finance. **[20 marks]**

Question 6

“Derivatives in real estate markets in developing countries are non-existent”. Discuss. **[20 marks]**