

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 – JUNE 2007
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. Answer ANY **FOUR** questions.
3. All questions carry equal marks.
4. Write legibly.

Question 1

- 1.1 Discuss the following terms in relation to real estate finance:
- a. Overage
 - b. Ratchet basis
 - c. Recourse
 - d. Rental void **(12 marks)**
- 1.2 Briefly examine the main sources of real estate finance for small to medium enterprises. **(13 marks)**

Question 2

Identify and discuss any five types of finance available under project based funding. **(25 marks)**

Question 3

The main types of joint venture structure are the partnership and the joint venture company (JVC). Discuss the criteria for the choice of joint venture structure. **(25 marks)**

Question 4

- 4.1 Briefly examine the main features of property companies to be considered by an investor. **(16 marks)**
- 4.2 Briefly discuss why property investment companies normally trade at a discount to their net asset values. **(9marks)**

Question 5

- 5.1 Distinguish between property unitization and securitisation **(10 marks)**
- 5.2 Identify and discuss the objectives of property securitisation. **(15 marks)**