NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF THE BUILT ENVIRONMENT

DEPARTMENT OF PROPERTY STUDIES AND URBAN DESIGN

VALUATION III

BLP4101

Main Examination Paper

January 2025

This examination paper consists of 2 pages

Time Allowed: 3 hours

Total Marks: 100

Examiner's Name: Prof. A Chigwenya/ Mr. J Mlotshwa

INSTRUCTIONS

1. *Answer any 4 questions*

REQUIREMENTS
valuation tables and calculators

MARK ALLOCATION

QUESTION	MARKS
1.	25
2.	25
3.	25
4.	25
5	25
6	25
TOTAL	100

QUESTION ONE

Write short notes on the following valuation terms.

i) FRI	(5)
ii). IRT	(5)
iii) Lease hold	(5)
iv). Freehold	(5)
v) Discounting	(5)

(25 marks)

QUESTION TWO

Pioneer House was leased for 5years, two years ago. The agreed rent is $5000.00 per month. Given that open market rentals are now $9000. 00, rentals are increasing at 12% annually and the expected rate of return is 12%, calculate:

i). The Landlord's right   **(10)**

ii), The tenant's right   **(15)**

(25 marks)

QUESTION THREE

ABC properties is leased to three tenant Tenant A, B and C.

Tenant A has a five-year lease at an agreed rent of $2500.00 per month, the lease is expiring in two years' time, the open market rent is $5000.00.

Tenant B has a five-year lease and it has expired, the agreed rent was 2000.00 and the open market rent is$ 3500.00.

Tenant C also had a 5-year lease and three years have expired, the agreed rent is 3000.oo and the open market rent of $4000.00.

Calculate the value of the property given that the expected rate of return in such investments is 12.

(25 marks)

QUESTION FOUR

Omega Properties has leased a shop in the city centre to ABC Properties. The agreed Rental is $200 000.00 per month. The lease is for 5 years. Omega properties needs $1 000 000.00 to repair the building before leasing it. ABC agreed to pay for the renovation in anticipation of reduced rental in future. Given that the expected return in such investments is 12%.

i). Calculate the rental that is supposed to be paid by ABC after paying that premium. **(10)**

ii). Assuming that the rentals are increasing at 12% annually, calculate the starting rental to be paid by the tenant. **(15)**

(25 marks)

QUESTION FIVE

Your client has just obtained a loan from a bank and has decided to invest that money into real estate. The investor has approached you for feasibility study on his potential investments. He has already done the architectural drawings for the proposed investments. Give a detailed outline of the contents of your feasibility study. **(25 marks)**

Question SIX

A land lord is owner occupier of a factory shop in the industrial area. He wants to release the funds that are held in the building for expansion of his business. He decided to sell the building for $2 500 000 000.00 and asked for a 15-year lease. Calculate the rental he is supposed to pay given that the following were cost incurred to buy it.

i). Municipal services 5% of the cost price

ii) Agents fees 10% of the cost price.

iii). Transfer fees 5% of the cost price.

iv) valuation fees 5% of value of property

v). Demolitions $150 000.00

vi). cost of finance 15%

(25marks)

END