



**NAMIBIA UNIVERSITY  
OF SCIENCE AND TECHNOLOGY**

**FACULTY OF ENGINEERING AND THE BUILT ENVIRONMENT**

**DEPARTMENT OF LAND AND SPATIAL SCIENCES**

<b>QUALIFICATION(S):</b> BACHELOR OF PROPERTY STUDIES BACHELOR OF LAND ADMINISTRATION	
<b>QUALIFICATION(S) CODE:</b> 08BOPS OBLAM	<b>NQF LEVEL:</b> 7
<b>COURSE CODE:</b> PFI721S	<b>COURSE NAME:</b> PROPERTY FINANCE AND INVESTMENT
<b>EXAMS SESSION:</b> NOVEMBER 2025	<b>PAPER:</b> THEORY
<b>DURATION:</b> 2 HOURS	<b>MARKS:</b> 100

<b>FIRST OPPORTUNITY EXAMINATION QUESTION PAPER</b>	
<b>EXAMINER(S)</b>	MR VERINJAERAKO KANGOTUE
<b>MODERATOR:</b>	MR AMIN A. ISSA

<b>INSTRUCTIONS</b>	
<ol style="list-style-type: none"><li>1. Read the entire question paper before answering the Questions.</li><li>2. Please write clearly and legibly!</li><li>3. Please <b>START EACH QUESTION ON A FRESH PAGE.</b></li><li>4. The question paper contains a total of <b>4 questions.</b></li><li>5. You must answer <b><u>ALL QUESTIONS.</u></b></li><li>6. Make sure your Student Number is on the EXAMINATION BOOK(S).</li></ol>	

**PERMISSIBLE MATERIALS**

1. Non-programmable Scientific Calculator

**THIS QUESTION PAPER CONSISTS OF 4 PAGES (Including this front page)**

**QUESTION 1**

1.1 Newly formed corporations are always challenged with the financial management decisions associated with proper choice of a right mix of debt and equity capitals that meets the investment requirements of their organisation. Identify and explain the four (4) strategic issues which can be used to address these challenges. (5)

1.2 Oryx Properties Limited is one of the firms that are well positioned when it comes to sources of cash that is available to form corporate financial structure. Based on your skills and expertise in corporate finance, identify and explain the basic sources of cash that are likely to form the main sources of funding for this company. (8)

1.3 Many developers and homeowners rely on mortgages to finance housing development.

a) Explain the meaning of a mortgage. (3.5)

b) List the actors in a mortgage approval process. (2.5)

1.4 A property investor who uses debt finance cannot avoid amortization. With an example, explain the meaning of this statement. (6)

[25]

**QUESTION 2**

2.1 Highlight any four (4) types of the following sources of funding as used in property finance.

a) Equity finance (4)

b) Debt finance (4)

2.2 Your client is hoping to finance a speculative entertainment project through a mortgage loan, subject to the lender inserting favourable clauses in the mortgage bond. Briefly examine any six (6) clauses (including borrower's right to reinstatement) that such a mortgage bond should contain. (17)

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**QUESTION 3**

Table 1 contains a Cash Flow Statement for Oshakati Properties CC

<b>Income</b>	<b>Amounts N\$</b>
Minimum rent	1,749,000
Overage (5% of gross sales)	124,800
Tenant reimbursements	-
Real estate taxes	143,000
Common area maintenance	400,400
Utilities	382,200
Insurance	34,320
<b>Gross potential income</b>	<b>2,833,720</b>
Less Vacancy allowance	141,686
<b>Total Income</b>	<b>2,692,034</b>
<b>Expenses</b>	
Management and leasing fees	93,690
General and administrative	80,080
Real estate taxes	143,000
Common area maintenance	400,400
Utilities	312,312
Insurance	34,320
Other	28,600
<b>Total expenses</b>	<b>1,092,402</b>
<b>Net operating Income</b>	<b>1,599,632</b>
<b>Less: Debt service</b>	<b>1,137,661</b>
<b>Before tax cash flow (BTCF)</b>	<b>461,971</b>
<b>Total Project Cost</b>	<b>11,982,286</b>
<b>Total Equity Needed</b>	<b>2,980,872</b>

3.1 Use table 1 above and your skills in project financial analysis to determine the following ratios.

*(Show your workings)*

(15)

- a) Operating expenses
- b) Debt coverage ratio
- c) Free and clear return
- d) Return on equity
- e) Vacancy collection loss
- f) Break-even occupancy rate

- 3.2 Differentiate between Forward sale and Participation loans. (4)
- 3.3 Distinguish between Securitisation of mortgage and Sales and lease back. (6)
- [25]
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**QUESTION 4**

- 4.1 Define and discuss Bridging finance. (6)
- 4.2 A bridging loan is a short-term loan used until a person or company secures permanent financing or removes an existing obligation. This type of financing allows the user to meet current obligations by providing immediate cash flow. Explain how bridging finance as one (1) of the sources of finance be of assistance to new and upcoming Namibian investors during economic recession. (12)
- 4.3 There are seven (7) criteria that banks use when approving bridging loans, Highlight those criteria. (7)
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