Daffodil International University
Faculty of Business & Entrepreneurship
Department of Business Administration
Program: BBA

Semester: Summer 2026 | **Examination**: Final-Term
Time: 2 Hours | **Full Marks**: 40
Course Title: Real Estate Finance & Investment | **Course Code:**0412-416
Teacher' Name: DMK

S/L	Questions	CLO & Marks
Q1.	a) What is Condominium? What are the **differences** between Condo and Apartment. b) What are the key **differences** between Hard Cost and Soft Cost in Construction c) A real estate investor wanted to invest 20 Crore. He has two alternative options as follows: (see table below) Which project is suitable for investment?	2+2+4 = 8 Marks CLO:2 Level:2
Q2.	a) Briefly **discuss** the role of housing finance institutions in Bangladesh. b) Compare the **differences** between public and private housing finance institutions in Bangladesh?	4+4 = 8 Marks CLO:2 Level:5
Q3.	a) What **factors** must be considered when deciding whether to refinance a loan after interest rates have declined? b) What is a buydown loan? What parties are usually involved in this kind of loan? c) A potential homeowner has \$60,000 to invest in a \$280,000 home. He can obtain either a \$220,000 loan at 9.5 percent for 20 years or a \$180,000 loan at 9 percent for 20 years and a second mortgage of \$40,000 at 13 percent for 20 years. I. Which alternative should the borrower choose, assuming he will be in the house for the full loan term? II. Would your answer change if the borrower plans to be in the home only five years?	2 +2 +4 = 8 Marks CLO:3 Level:6
Q4.	a) What is a capitalization rate? What are the **different** ways of arriving at this rate to use for an appraisal? b) What is the **relationship** between a discount rate and a capitalization rate? c) Star Investment Company is considering the purchase of land that could be developed into a class a office project. At the present time, Ajax believes that the site could support a 300,000 rentable square foot project with average rents of \$20 per square foot and operating expenses equal to 40 percent of that amount. It also expects rents to grow at 3 percent indefinitely and believes that Ajax	2+2+4 = 8 Marks CLO:4 Level:5

Q1 c) table:

Cost Statement	Land Project	Condo Project
Hard Cost	60%	50%
Soft Cost	40%	50%
Profit on Total Cost	25%	22%
Debt & Equity	60%	70%
Cost of Debt	15%	12%

	should earn a 12 percent return *(r)* on investment. The building would cost \$100 per square foot to build: I. What would the estimated property value *and* land value be under the above assumptions? II. If rents are suddenly expected to *grow* at 4 percent indefinitely, what would the property value and land value be now? What percentage change in land value would this be relative to the land value in (a)?	
Q5	a) What is Cost Approach of prxoperty valuation? b) A real estate investor is considering the purchase of a small office building. The following data on recent sales of small office buildings similar to and competitive with the subject have been obtained.	*2+6=8 Marks* CLO:4 Level:5

Comparable Number	Sale Price	Effective Gross Income	Average Vacant Space/Year	Operating Expenses	Office (Room)	Net Rentable Sq. Ft.
1	\$ 360,000	\$ 65,070	520 Sq. Ft.	\$ 20,770	36	8,650
2	\$ 345,000	\$ 62,400	500 Sq. Ft.	\$ 20,000	35	8,300
3	\$ 382,000	\$ 69,400	550 Sq. Ft.	\$ 22,600	38	9,225
4	\$ 373,500	\$ 67,560	535 Sq. Ft.	\$ 22,000	38	8,980

The subject property contains 45 rooms (offices) and 9500 square feet of net rentable area. The estimated effective gross income is \$80,000 with an operating expense ratio of 30%

Using this data, estimate the value by:

i. The Gross Income Multiplier Technique
ii. Price Per Room Comparison
iii. Price Per Square Foot Comparison
iv. Overall Capitalization using the market extracted overall rate

Best of Luck

should earn a 12 percent return *(r)* on investment. The building would cost $100 per square foot to build:

I. What would the estimated property value *and* land value be under the above assumptions?

II. If rents are suddenly expected to *grow* at 4 percent indefinitely, what would the property value and land value be now? What percentage change in land value would this be relative to the land value in (a)?

Q5

a) What is Cost Approach of prxoperty valuation?

b) A real estate investor is considering the purchase of a small office building. The following data on recent sales of small office buildings similar to and competitive with the subject have been obtained.

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2+6=8 Marks
CLO:4
Level:5

Best of Luck