



BSC LAND RESOURCE PLANNING & MANAGEMENT
CONTINUOUS ASSESSMENT TEST

Course Name: Principles of Land Valuation and Taxation Course Code: ALP 2416

Date: 31st October, 2018

1. Distinguish between market value and mortgage lending value? (2 Marks)
2. Distinguish between the principle of anticipation and substitution. How do they apply in land valuation? (2 Marks)
3. Give six (6) purposes for which a real estate valuation may be required. (3 Marks)
4. A client invested 11,100,000 eight years ago and a further 13,000,000 six years ago. Both investments have accumulated interest at 7.5 per cent. How much does the client have now? (3 Marks)
5. A freehold property has just been let to a tenant with the first two years rent-free and with market rent payable thereafter. The building has a floor area of 1,220 square meters and current market rents for similar properties are Kshs 1,200 net per square metre per month. Allowing for an all risks yield of 8.3 per cent, what is the present value of this freehold? (3 Marks)
6. What would be the total current value of an investment which pays the following sums, allowing for interest at 6.4 per cent: 4,500,000 in three years from now plus 2,500,000 in eight years from now plus 6,500,000 in thirteen years from now? (5 Marks)
7. You have been instructed by a client to carry out a valuation of a property for mortgage lending purposes. The property is let out five years at a monthly rent of Kshs 200,000/-. The rent passing is 50% of the market rent. When the lease expires, the rent will increase to revert to market rent. The property is in good structural and decorative state of repair. The property is freehold. The outgoings are estimated at about 15% of the income and the opportunity cost is 7.5%. (4 Marks)