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**UTHM**  
Universiti Tun Hussein Onn Malaysia

**UNIVERSITI TUN HUSSEIN ONN MALAYSIA**

**FINAL EXAMINATION  
SEMESTER II  
SESSION 2018/2019**

COURSE NAME : PROPERTY DEVELOPMENT  
COURSE CODE : BPE 34603  
PROGRAMME CODE : BPD  
EXAMINATION DATE : JUNE / JULY 2019  
DURATION : 3 HOURS  
INSTRUCTION : ANSWERS ALL QUESTIONS

**TERBUKA**

THIS QUESTION PAPER CONSISTS OF ~~THREE~~ (3) PAGES

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- Q1** (a) Understanding how to spot a good property development may save property developers from making a bad investment decision and protect them from the unnecessary risks in the future.

Explain **FIVE (5)** factors that need to be considered by property developers prior to making decisions to invest in property business.

(10 marks)

- (b) As compared with other types of investments, property development investment involves a relatively favourable risk with relatively low liquidity (ease of entry and exit).

Justify **FIVE (5)** important considerations by an investor to enhance the quality of investment in property products.

(15 marks)

- Q2** (a) Project finance is long-term financing of an independent capital investment, which are projects with cash flows and assets that can be distinctly identified. Despite of property project finance, other examples of project finance include mining, oil and gas, and buildings and constructions. Real estate project finance cash flows should be sufficient to cover operating expenses and to fund the financing repayment requirements. Typically, the financing is made up of debt and equity matched to the lifespan of the asset.

Discuss:

- (i) **THREE (3)** advantages of project financing in property business. (6 marks)

- (ii) **FOUR (4)** disadvantages of project financing in property business. (8 marks)

- (b) (i) Define Off-balance sheet financing. (2 marks)

- (ii) Outline **THREE (3)** reasons of applying Off-balance sheet by property development companies with an appropriate example. (9 marks)

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**Q3** A feasibility study is conducted to analyse and determine whether a property development project is financially and environmentally worth developing. A project may be deemed feasible when it can be determined that there is a reasonable likelihood of satisfying explicit objectives when a selected development configuration is tested against a specific set of constraints and limited resources.

(a) Illustrate how a feasibility study can assist in the achievement of a property development company's corporate objectives.

(10 marks)

(b) Evaluate **THREE (3)** components of a feasibility study which, in your opinion, are the most critical components that make up a complete generic feasibility study report.

(15 marks)

**Q4** (a) A very important tool used to manage property development is planning control, referred to in Part IV of the Town and Country Planning Act, 1976 (Act 172) and planning guidelines.

Explain the manner in which planning control is used to regulate the supply of urban land for property development.

(10 marks)

(b) The marketing and leasing of a completed property development are important activities to attract as many prospective buyers or tenants as possible. The decision to sell or lease units in the development is largely influenced by the developer's financial capability, management capability and investment portfolio.

Analyse the above **THREE (3)** factors in relation to the attainment of the developer's investment objectives.

(15 marks)

**-END OF QUESTIONS-**