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UNIVERSITI TUN HUSSEIN ONN MALAYSIA

**FINAL EXAMINATION
SEMESTER II
SESSION 2021/2022**

COURSE NAME : INTERNATIONAL REAL ESTATE
COURSE CODE : BPF 32503
PROGRAMME CODE : BPD
EXAMINATION DATE : JULY 2022
DURATION : 3 HOURS
INSTRUCTION :
1. ANSWERS ALL QUESTIONS.
2. THIS FINAL EXAMINATION IS CONDUCTED VIA **CLOSED BOOK**.
3. STUDENTS ARE **PROHIBITED** TO CONSULT THEIR OWN MATERIAL OR ANY EXTERNAL RESOURCES DURING THE EXAMINATION CONDUCTED VIA CLOSED BOOK.

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

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- Q1** Property is one of the most varied asset classes, giving you the ability to invest in numerous different ways, across several different investment structures and into opportunities required by most investors. A growing number of investors are discovering the advantages of diversifying portfolios through allocations to real estate assets through direct and indirect real estate investment.
- (a) Explain the difference between direct and indirect real estate investment. (10 marks)
- (b) Propose **THREE (3)** strategies to increase interest from the public to venture into indirect real estate investment such as REITs. (15 marks)
- Q2** "Malaysia has long been a favourite investment choice for Chinese buyers. It has affordable standards of living, high quality of life, medical facilities, and accessible educational institutions. The Expat Insider 2019 survey revealed that expatriates in Malaysia are generally happy with the affordability of life in the country and they found it easy to settle in. For the same amount of money, they can get a larger sized property in Malaysia compared to purchasing in China or Hong Kong. They may also be moving to Malaysia, for example, to retire or for work, or they may just use it as a second home,"
- (Source: New Straits Times, 2020)
- (a) State **FIVE (5)** reasons why there is a growing numbers of Chinese real estate developers investing in real estate overseas particularly in Malaysia. (5 marks)
- (b) Discuss **FIVE (5)** implications of China's capital controls over Malaysia real estate market. (10 marks)
- (c) Evaluate **TWO (2)** social impact of having a lot of Chinese real estate buyers in Malaysia. 10 marks)
- Q3** The new Indonesian capital, Nusantara, will sit on a 632,850-acre site at Kalimantan, roughly four times larger than Jakarta, and as such, this ambitious project presents opportunities for investors from a wide range of industries. Nusantara will require soft and hard infrastructure, such as for the development of urban utilities, toll manufacturing, seaports and airports, and network and communications, among others. This will be achieved gradually, starting from the presidential palace, the central government headquarters, housing districts for government workers, and the headquarters for the military and police personnel.
- (Source: Aseanbriefing.com, 2022)
- Suggest **FIVE (5)** potential benefits from this move to Malaysia, specifically to Sarawak and Sabah. (25 marks)

- Q4** International real estate investing can be a great way to further a portfolio's diversification and gain access to opportunities in growing countries, and a foreign property can even act as a second home.

Risk in international real estate investment is the risk of loss when you invest in foreign countries. This can include investing in equities in foreign companies or simply making any investment with an entity that is not based in Malaysia. Each of the international real estate transactions involves risks that require proper risk management control.

- (a) Discuss **FIVE (5)** risks that come with every international real estate transaction. (10 marks)

- (b) Higher education is well organized in Malaysia. There are many higher educational institutions in the country. International students prefer to complete their higher education from leading institutions in Malaysia which offer a wide range of professional as well as academic courses. Public institutions of higher education, as well as private universities, are offering excellent educational courses and programmes in Malaysia. In the new future, Malaysia higher education will be the country of choice to further study by foreign students.

(Malaysianeducation.info, 2022)

Propose a risk management strategy by the government in relation to real estate industry to suit with the inflow of international students into Malaysia.

(15 marks)

– END OF QUESTIONS –

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