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UNIVERSITI TUN HUSSEIN ONN MALAYSIA

**FINAL EXAMINATION
(TAKE HOME)
SEMESTER II
SESSION 2019/2020**

COURSE NAME : SPECIAL PROPERTY VALUATION
COURSE CODE : BPE 23803
PROGRAMME CODE : BPD
EXAMINATION DATE : JULY 2020
DURATION : 24 HOURS
INSTRUCTION : ANSWER **ALL** QUESTIONS
OPEN BOOK EXAMINATION

THIS QUESTION PAPER CONSISTS OF **FOUR (4)** PAGES

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TERBUKA

- Q1** B' SHA Plantation Berhad owns a freehold estate land. The land area is 100 hectares and the topography of the land is undulating in nature. About 2 hectares of the land are reserved for internal service road. The estate can be accessed via secondary road and is located about 20 kilometers from the nearest town. The estate is in good maintenance and management. Types of plantations and productions are as tabulated in **Table Q1(a)** and **Q1(b)**.

Table Q1(a). Types of plantations

Block	Acreage (hectare)	Crops	Year planted
A	25	Rubber	2003
B	23	Rubber	2005
C	25	Palm Oil	2009
D	25	Palm Oil	2015

Table Q1(b): Production of plantations

Block	Production		
	2019	2018	2017
A	200,000 kg	210,000 kg	210,000 kg
B	230,000 kg	230,000 kg	235,000 kg
C	23,750 tonnes	3,750 tonnes	3,700 tonnes
D	2,000 tonnes	1,990 tonnes	1,870 tonnes

The market price of rubber is RM5.20 per kilogram and its production cost is 40% of the market price. The market price of palm oil is RM500 per tonne and its production cost is RM95.00 per tonne.

Comparable sale evidences of the similar vacant land for rubber and palm oil are RM25,000 per acre and RM30,000 per acre respectively. The economic life of the rubber tree is 30 years and palm oil tree is 25 years. The date of valuation is taken to be the date of inspection which was on 31st May 2020.

- (a) Value the subject property for loan purposes. Suitable assumptions may be made in the absence of relevant information and you are required to state all assumptions clearly in the footnotes.

(20 marks)

- (b) Section 214A (1) National Land Code 1965 states that "Estate land cannot be transferred or disposed of to 2 or more persons unless consent or approval is obtained from the Estate Land Board".

Explain this statement with respect to the fair market value of estate land property compared to other agricultural holdings.

(5 marks)

Q2 A petrol filling and service station located along the main road in a particular town. The tenure of the land 99-year lease, ended on 2 September 2101. The site measures 51 meters wide and 46.71 meters deep. The station has been in operation for 6 years. The station comprises of a single-storey building with a car service annex. The building has a spandex steel roof, brick walls and concrete floor finished with a ceramics and mosaic tiles. The building accommodation has 20 sq. m. office, 40 sq. m, sales area and 190 sq. m. toilet area. The service area is 195 sq. m. The forecourt and its canopy with an area of 190 sq. m., houses eight pump islands which consist of 7 unleaded and 1 leaded petrol pumps. Other facilities include 1 open-air diesel pump, 2 air pumps, 2 logo signs and 4 underground tanks each with a capacity of 15,000 litres.

The construction cost of this kind of station is as tabulated in **Table Q2(a)**:

Table Q2(a): The construction cost of the petrol filling station

Description	RM
Office space	1,076 per sq. m
Sales area	860 per sq. m
Service area	538 per sq. m
Toilet area	753 per sq. m
Underground tanks	20,000 each
Two logo signs and 2 air pumps	30,000
Forecourt, underground pit, cables piping and tarmac	180,000
Petrol and diesel pumps	5,000 each

An analysis of the last 3 years trading accounts about average sales from petrol, wholesale purchase prices from dealer and retail price charge to customer is as tabulated in **Table Q2(b)**.

Table Q2(b): Average sales, price and cost of petrol by grade

Petrol grade	Average petrol sales (RM)	Wholesale sale price (RM/ litre)	Retail price (RM/ litre)
Unleaded	3,300,000 litres per annum	2.00	2.10
Leaded	1,500,000 litres per annum	1.70	1.80
Diesel	1,100,000 litres per annum	1.75	1.85

The average sales of goods are valued at RM2,000 per day with a 40% profit.

Average car service and car wash are of 10 cars per day at a service rate of RM50 per car and 15 cars per day at the rate of RM9 per car respectively.

The average operating expenditure is as tabulated in **Table Q2(c)**.

Table Q2(c): Detail of operating expenses and property outgoings

Description	RM/annum
1) Business Operating Expenditure	
• Salary, Bonus EEPF, Socso	143,000
• Business insurance premium p.a	1,650
• Water p.a	1,980
• Electricity p.a	3,300
• Business license p.a	1,650
• Audit and Secretarial fee p.a	5,500
• Interest on Stock RM 165,000	10%
Cash RM 55,000	13,500
• Administration expenses	
2) Property Outgoings	
• Repairs (External & Internal) p.a	8,800
• Fire insurance premium p.a	1,320
• Assessment rates p.a	25,300
• Quit Rent p.a	2,706
• Management p.a	6,600

An analysis of the market revealed that freehold commercial sites of this nature were sold in the region of RM950 – RM1,200 per sqm. The date of valuation is taken to be the date of inspection which was on 31st May 2020.

- (a) Calculate the market value of the subject property for financing purposes. (20 marks)
- (b) List **FIVE (5)** factors that are affecting the market value of trading property. (5 marks)

- END OF QUESTIONS -