



# UTHM

Universiti Tun Hussein Onn Malaysia

## UNIVERSITI TUN HUSSEIN ONN MALAYSIA

### FINAL EXAMINATION SEMESTER II SESSION 2021/2022

- COURSE NAME : SPECIAL PROPERTY VALUATION
- COURSE CODE : BPE 23803
- PROGRAMME CODE : BPD
- EXAMINATION DATE : JULY 2022
- DURATION : 3 HOURS
- INSTRUCTION : 1. ANSWER 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 SEVEN (7) PAGES

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- Q1** Success Plantation Berhad owns a leasehold 99 years lease estate land expired on 21 August 2111. The land area is 509.04 acres and the topography of the land is undulating in nature. About 21 hectares of the land are reserved for internal service road and multi-use (nursery, field etc). The estate can be accessed via secondary road and is located about 10 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	46	Rubber	2002
B	39	Rubber	2009
C	65	Palm Oil	2012
D	35	Palm Oil	2016

**Table Q1(b):** Production of plantations

Block	Production		
	2021	2020	2019
A	240,000 kg	235,000 kg	230,000 kg
B	180,000 kg	195,000 kg	175,000 kg
C	2,250 tonnes	2,100 tonnes	2,050 tonnes
D	1,020 tonnes	900 tonnes	880 tonnes

The average market price of rubber is RM3.00 per kilogram and its production cost is 40% of the market price. The average market price of palm oil is RM950 per tonne and its production cost is RM150.00 per tonne.

The sale of evidence of the similar vacant land and freehold estate land for rubber and palm oil is RM105,000 per hectare and RM155,000 per hectare respectively. The economic life of the rubber tree is 30 years and palm oil tree is 25 years. The date of inspection was on 8 April 2022 while the date of execution of the instrument transfer was on 7 March 2022.

- (a) Value the subject property using any suitable method. 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) Explain the relation of Section 214A(1) National Land Code 1965 with respect to the market value of Success Plantation Berhad.  
(6 marks)

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**Q2** Lot 8898, Mukim Simpang Kanan District Batu Pahat, Johor endorsed with ‘Malay Reservation’ land has been developed with Petron petrol filling station located along the main road, Jalan Tongkang Pecah. The site area measures 47,920.93 square feet with a tenure of the land 99 years lease ended on 5 June 2103. The station has been in operation for 20 years. The station comprises a single-storey building with a car service annex. The building has a spandex steel roof, brick walls and concrete floor finished with ceramics and mosaic tiles. The building has 217.40 sqm office space, 130 sqm sales area, 45 sqm prayer room cum toilet area and service area is 95 sqm. The forecourt and its canopy have an area of 931.35 sqm and six units of pump islands which consist of five units of petrol pumps and one unit of a diesel pump. Other facilities include one air pump, one logo sign and four underground tanks each with a capacity of 27,000 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	1,600 per sq. m
Sales area	1,200 per sq. m
Service area	1,000 per sq. m
Pray room cum Toilet area	2,000 per sq. m
Underground tanks	90,000 each
One logo signs and one air pumps	75,000
Forecourt, underground pit, cables piping and tarmac	300,000
Petrol pump island	35,000 each
Diesel pump island	20,000 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	3,500,000 litres per annum	2.00	2.05
Leaded	2,200,000 litres per annum	3.90	3.94
Diesel	950,000 litres per annum	2.10	2.15

Average sales of goods are valued at RM2,500 per day with 40% profit.

Average car service and car wash are 15 cars per day at a service rate of RM120 per car and 25 cars per day at the rate of RM16 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
<b>1) Business Operating Expenditure</b>	
• Salary, Bonus EPF, Socso	235,000
• Business insurance premium p.a	7,650
• Water p.a	10,500
• Electricity p.a	12,500
• Business license p.a	6,600
• Audit and Secretarial fee p.a	17,500
• Interest on Stock RM 205,000 Cash RM 75,000	10%
• Administration expenses	25,800
<b>2) Outgoings</b>	
• Repairs (External & Internal) p.a	245,000
• Fire insurance premium p.a	8,700
• Assessment rates p.a	8,000
• Quit Rent p.a	14,400
• Management p.a	65,500

An analysis of the market value revealed that freehold properties for commercial use (Non-Malay Reservation land) in the Batu Pahat has been transacted within the price range RM1,000 – RM1,500 per sqm. The tone of the list for valuation rating purposes as per approved by Majlis Perbandaran Batu Pahat (MPBP) was on 1 October 2021 while the date of inspection of the subject property was on 2 April 2022.

- (a) Calculate the market value of the subject property using any suitable method. 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) Outline **FIVE (5)** important components in assessing the market value of petrol filling property. (5 marks)



**Q3** You have been required by LHDN Rawang to value the properties for Real Property Gains Tax purposes on the date of acquisition on 24 December 2021. The subject property is a 36-hole golf course strategically located in the northern part of Bukit Beruntung and enjoying better accessibility. The subject property is located about 3km from the exit of the North-South express highway and about 10km from town. The particulars of the land title for the subject property are as below:

Title Nos : HS(D) 996 and HS(D) 997  
 Lot Nos : Lot 1486 and Lot 1487  
 Mukim : Serendah  
 District : Hulu Selangor  
 State : Selangor  
 Registered area : 363.02 acres  
 Category of land use : Building  
 Tenure : Freehold  
 Annual rent : RM5,507.00  
 Express Condition : Building - Sport and Recreation (Golf Course)  
 Restriction in interest : This land cannot be transferred, leased or pledged without the permission from State Authority  
 Encumbrances : Charged to ABC Bank Berhad, Rawang  
 Name of Vendor : Sentosa Resort Bhd  
 Name of Purchaser : Bukit Beruntung Property  
 Date of Agreement (S&P) : 31 January 2022

The clubhouse is designed to the standards for a 4-star country club facilities and described as follows:

**Table Q3(a): The Club House**

Buildings	Area	Description
Golf club 2 floor : Which includes restaurant, pro shop, changing room, office and other facilities.	MFA : 2,785.19 sq.m AFA : 1,527.86 sq.m	Roof : skylight / concrete Ceiling : concrete Wall : brick wall Floor : ceramic / cement / carpet
Driving range and gym : 1 floors which is a permanent building.	MFA : 568.36 sq.m AFA : 365.38 sq.m	Roof : pan tile Ceiling : asbestos-free Wall : brick wall Floor : cement / carpet
Half way house : 1 permanent building	MFA : 149.02 sq.m AFA : 92.50 sq.m	Roof : pan tile Ceiling : asbestos-free Wall : brick wall Floor : cement
Outdoor Tennis Court	MFA : 1,549.09 sq.m	<ul style="list-style-type: none"> <li>• Sport linoleum floor finishing.</li> <li>• Netting surrounding the court to prevent the ball from going out.</li> </ul>
Swimming Pool	Volume : 65,155.2 m <sup>3</sup>	<ul style="list-style-type: none"> <li>• Anti-slip tile for the floor furnishing.</li> </ul>

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Recent sales of transactions on the similar properties in the surrounding areas are as follows:

**Table Q3(b) : Market Evidences**

Description	Sale : no 1	Sale : no 2	Sale : no 3	Sale no. 4
Lot no	PT 860 & PT 861 (Kelab Golf Templer Park)	Lot 1391 (Kelab Golf ABS)	Lot 735, 743 & 746 (Kelab Golf Serendah)	Lot 31479 (Kelab Golf Valencia)
Location	5 km from town	18 km from town	2 km from town	30 km from town
Consideration Price	RM76,500,000	RM59,400,000	RM143,000,000	RM50,000,000
Date of Transaction	24 April 2017	20 March 2018	11 November 2019	8 September 2017
Land Area (hectare)	75.37	67.81	102.65	74.26
Tenure	Leasehold 99 year expired on 5.4.2105	Freehold	Freehold	Leasehold 99 year expired on 6.8.2111
Restriction in Interest	Nil	Yes	Yes	Yes
Accessibility	Road frontage	Road frontage	Road frontage	Road frontage
Category of land use	Building (golf course)	Building (golf course)	Building (golf course)	Building (golf course)
No of holes	18-hole	18-hole	27-hole	18-hole

The date of inspection of subject property was on 5 May 2022. Based on the available data above, you are required for:

- (a) Determine the market value of the subject property by using any suitable method of valuation. Suitable assumptions may be made in the absence of relevant information and you are required to state all assumptions clearly in the footnotes. (15 marks)
- (b) List **FIVE (5)** factors that affect the market value of valuation in **Q3(a)**. (5 marks)

- Q4** (a) From the net profit, an allocation must be set aside for the operator. This allocation is known as “tenant’s share” in the Profit Method valuation.

Explain briefly the term with regard to determining the market value for special property valuation.

(5 marks)

- (b) The guidelines and requirements for the application of air rights in Malaysia are described in Section 75A-75G, Chapter 4: Part 4, National Land Code (NLC) 1965.

Describe the requirements for applying for air rights in Malaysia.

(8 marks)

- (c) According to Standard 15.3.1, Malaysian Valuation Standards had stated that Plant, Machinery and Equipment (PME) valuations are specialized and require experience and specific training. Valuers are advised to ensure that they have the requisite experience and training before accepting any instructions for the valuation of PME.

- (i) Identify each characteristic of Plant, Machinery and Equipment (PME).

(6 marks)

- (ii) Elaborate in detail on the information that is extremely important to gather for the valuation of PME.

(10 marks)

- END OF QUESTIONS -