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UNIVERSITI TUN HUSSEIN ONN MALAYSIA

**FINAL EXAMINATION
SEMESTER II
SESSION 2022/2023**

COURSE NAME : SPECIAL PROPERTY VALUATION

COURSE CODE : BPE 23803

PROGRAMME CODE : BPD

EXAMINATION DATE : JULY / AUGUST 2023

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
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THIS QUESTION PAPER CONSISTS OF **SEVEN (7)** PAGES

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TERBUKA

- Q1** Bento Plantation Berhad owns a leasehold 99 years lease estate land expired on 28 August 2099. The land area is 261.00 hectares and the topography of the land is undulating in nature. About 37.07 acres 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 25 kilometers from the nearest town. The estate is in good maintenance and management. Types of plantations and productions are as tabulated in **Table Q1a** and **Q1b**.

Table Q1a: Types of plantations

Block	Acreage (hectare)	Crops	Year planted
A	30	Rubber	2002
B	25	Rubber	2009
C	60	Palm Oil	2007
D	55	Palm Oil	2011
E	41	Palm Oil	2013
F	35	Palm Oil	2019

Table Q1b: Production of Plantations

Block	Production		
	2022	2021	2020
A	250,000 kg	235,000 kg	230,000 kg
B	201,000 kg	195,000 kg	175,000 kg
C	2,450 tonnes	2,100 tonnes	2,050 tonnes
D	2,020 tonnes	1,900 tonnes	2,280 tonnes
E	2,250 tonnes	2,100 tonnes	1,870 tonnes
F	1,020 tonnes	900 tonnes	980 tonnes

The average market price of rubber is RM2.75 per kilogram and its production cost is 45% of the market price. The average market price of palm oil is RM850 per tonne and its production cost is RM250.00 per tonne.

The recent sale of evidence for vacant and freehold estate land for express condition rubber and palm oil plants is RM128,000 per hectare and RM165,000 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 18 June 2023, and the Sales and Purchase Agreement between the buyer (Eva Estate Plantation) and the seller (Bento Plantation Berhad) was signed on 7 January 2023.

- (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) Describe the restriction in the Section 214A(1) National Land Code 1965 that affects the market value of Bento Plantation Berhad.

(5 marks)

- Q2** Lot 2050, Mukim Tenglu, District Mersing, Johor endorsed with 'Malay Reservation' land has been developed with BHP petrol filling station located along the main road, Jalan Tenglu - Endau, Mersing. The site area measures 68,086.30 square feet with a tenure of the land 99 years lease ended on 15 July 2090. The station has been in operation for 15 years. It 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 195.50 sqm office space, 150 sqm sales area, 40 sqm prayer room cum toilet area and store area is 25 sqm. The forecourt and its canopy have an area of 250.50 sqm and five units of pump islands which consist of three units of petrol pumps and two unit of a diesel pump. Other facilities include one air pump, one logo sign and three underground tanks each with a capacity of 40,000 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	1,100 per sq. m
Store	800 per sq. m
Pray room cum Toilet area	1,500 per sq. m
Underground tanks	95,000 each
One logo signs and one air pumps	105,000
Forecourt and canopy	1,300 per sq. m
Petrol pump island	37,000 each
Diesel pump island	25,000 each
Full piping system	110,000

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	3,100,000 litres per annum	1.95	2.10
Leaded	1,500,000 litres per annum	2.85	2.95
Diesel	950,000 litres per annum	2.10	2.30

Average sales of goods are valued at RM2,800 per day with 40% profit.

Average car service and car wash are 15 cars per day at a service rate of RM200 per car and 30 cars per day at the rate of RM15 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, KWSP, Socso	705,000
• Business insurance premium	37,650
• Water	32,500
• Electricity	46,500
• Business license	10,000
• Audit and Secretarial fee	23,500
• Interest on Stock RM 365,000	
Cash RM 405,000	10%
• Administration expenses	35,800
2) Outgoings	
• Repairs (External & Internal)	420,000
• Fire insurance premium	40,000
• Assessment rates	18,000
• Quit Rent	15,500
• Management	65,500

An analysis of the market value revealed that freehold properties for commercial use (Non-Malay Reservation land) in the Mersing area have been transacted within the price range RM800 – RM900 per sqm. Previous record stated that the subject property was transferred on 27 August 2022 with the consideration price is RM3,500,000.00. LHDN Kluang applies to evaluate these properties for Real Property Gains Tax purposes on the date of disposal on 1 November 2022 and the inspection is completed by the Department of Valuation and Property Services Kluang on 1 March 2023.

- (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)** unique components of petrol filling property compared to other trade related property. (5 marks)

- Q3** You have been required by Majlis Perbandaran Muar (MPM) to provide a value for rating purposes and the tone of the list as approved was on 1 July 2022. The subject property is a 27-hole golf course strategically located in the northern part of Kuala Kangsar and enjoying better accessibility. The subject property is located about 5km from town. The particulars of the land title for the subject property are as below:

Title Nos	:	HS(D) 123 and HS(D) 124
Lot Nos	:	Lot 777 and Lot 778
Mukim	:	Sungai Siput
District	:	Kuala Kangsar
State	:	Perak
Land area	:	263.02 acres
Category of land use	:	Building
Tenure	:	Freehold
Annual rent	:	RM4,907.00
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 UOB Bank Berhad, Kuala Kangsar
Beneficial Owner	:	Kuala Kangsar Resort Bhd

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 : 1,785.19 sq.m AFA : 827.86 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 : 468.36 sq.m AFA : 265.38 sq.m	Roof : pan tile Ceiling : asbestos-free Wall : brick wall Floor : cement / carpet
Half way house : 1 permanent building	MFA : 249.02 sq.m AFA : 92.50 sq.m	Roof : pan tile Ceiling : asbestos-free Wall : brick wall Floor : cement
Outdoor Tennis Court	MFA : 1,249.09 sq.m	<ul style="list-style-type: none"> • Sport linoleum floor finishing. • Netting surrounding the court to prevent the ball from going out.
Swimming Pool	Volume : 65,155.2 m ³	<ul style="list-style-type: none"> • Anti-slip tile for the floor furnishing.

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 86 & PT 861 (Damai Laut Golf and Country Club)	Lot 595 + 20 lots (Kelab Golf Darul Ridzuan)	Lot 735 + 5 lots (Diamond Bay Golf & Country Club)	Lot 1479 + 11 lots (Taiping Golf Resort)
Location	5 km from town	12 km from town	2 km from town	20 km from town
Consideration Price	RM4,409,000 (11/159 share)	RM8,510,000 (1/11 share)	RM49,900,000 (2/3 share)	RM49,000,000 (1/1 share)
Date of Transaction	24 April 2019	20 March 2020	11 November 2021	8 September 2019
Land Area	325.37 hectares	1997.81 acres	1,026,417.92 square meters	174.26 hectares
Tenure	Leasehold 99 year expired on 15.4.2105	Freehold	Freehold	Leasehold 60 year expired on 6.8.2078
Restriction in Interest	Nil	This land cannot be transferred, leased or pledged without the permission from State Authority	This land cannot be transferred, leased or pledged without the permission from State Authority	This land cannot be transferred, leased or pledged without the permission from State Authority
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	27-hole	18-hole	18-hole

The date of inspection of subject property was on 5 May 2023. Based on the available data in **Table Q3(a)** and **Table Q3(b)** above, you are required to:

- 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.
(20 marks)
- List **FIVE (5)** factors that contribute to the market value of golf course property.
(5 marks)

- Q4** (a) Ms. Eryna from Urban Synergy Development Sdn. Bhd. have come to seek your advice regarding the requirements for the application of air rights above and below the existing viaduct highway in Malaysia (see **Figure Q4**).

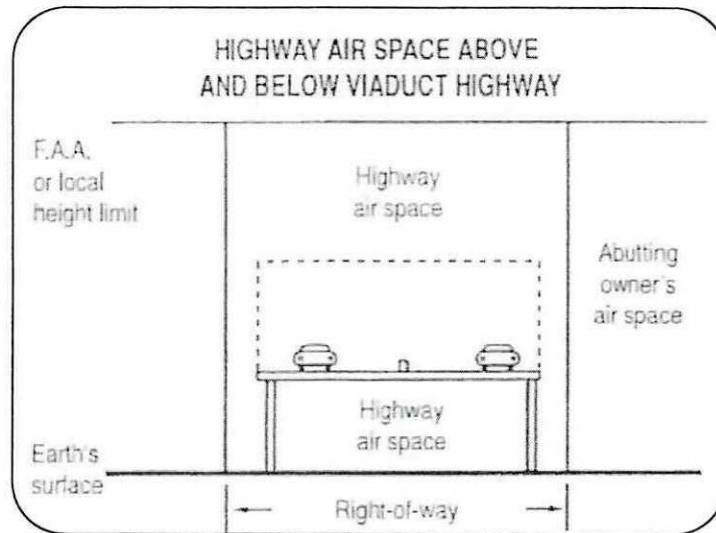


Figure Q4 : Example creation of air rights

Explain to Ms. Eryna the requirements for air rights application in Malaysia as per above circumstances.

(7 marks)

- (b) The Profit Method is normally used in the valuation of special properties such as hotels, petrol stations, theme parks, golf courses and cinemas. It is commonly used in instances where there is an absence of sales and rental evidence whereby the Comparison Method and Investment Method are not applicable. The Profits Method is also normally used to value property where there is an element of legal or factual monopoly.
- (i) Produce in detail the valuation of a hotel using Profit Method. Suitable assumptions may be made in the absence of relevant information and you are required to state all assumptions clearly in the footnotes.
- (ii) Identify **THREE (3)** significant information in the valuation of hotels that indicate it is different in compared to the other special properties.

(15 marks)

(3 marks)

- END OF QUESTIONS -