



# UTHM

Universiti Tun Hussein Onn Malaysia

## UNIVERSITI TUN HUSSEIN ONN MALAYSIA

### FINAL EXAMINATION SEMESTER I SESSION 2017/2018

COURSE NAME : SPECIAL PROPERTY VALUATION  
COURSE CODE : BPE 33503  
PROGRAMME CODE : BPD  
EXAMINATION DATE : DECEMBER 2017 / JANUARY 2018  
DURATION : 3 HOURS  
INSTRUCTION : ANSWER ALL QUESTIONS

**TERBUKA**

THIS QUESTION PAPER CONSISTS OF **EIGHT (8)** PAGES







The amount of outgoings spent by the Golden cinema is as shown in **Table Q2c**:

**Table Q2c: The amount of outgoing spent by the Golden Movie Theatre**

Nos	Items	Outgoings (RM) per annum
1	Repairs (Internal & External)	100,000
2	Fire insurance	10,000
3	Assessment rates	15,000
4	Quit rent	95,000
5	Management	8,000
6	Service charge	105,000

Based on the available data above:

- (a) Value the subject property for balance sheet purpose. Suitable assumption may be made in the absence of relevant information and you are required to state all assumptions clearly in the footnotes. (15 marks)
- (b) Discuss **FIVE (5)** factors to be considered by the valuer in respect to valuation for movie theatre type of property. (10 marks)

**Q3** A general hospital in a city centre is housed in a listed building built in the mid 19th century. A valuation is required for inclusion in the health authority's annual accounts. The valuer considers that because of the specialised nature of the building there are no relevant sales or lettings of hospital buildings. A Depreciated Replacement Cost approach (DRC) is used for comparing the actual asset with a modern equivalent asset. The characteristics and relevant information of a modern equivalent hospital within the locality are summarized below:

- Cost of new building of 10,000m<sup>2</sup> @ RM2,000/m<sup>2</sup>
- Design and other professional fees 2,600,000
- Finance Costs @ base plus 2% on 50% costs over 3 years
- Land cost 2.5 hectares @ RM500,000
- Finance cost of land 3 years at base plus 2%
- Economic life of modern equivalent: 60 years
- Remaining economic life of actual building: 20 years
- Depreciation on straight line basis : 66%
- Additional depreciation:
  - for cost of maintaining listed building: 5%
  - inefficient layout: 5%

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Based on data provided:

- (a) Value the subject property for financial statement purpose by using the Depreciated Replacement Cost approach (DRC). (15 marks)
- (b) Explain the tasks that the valuer needs to take into consideration in the process of establishing a modern equivalent hospital for the subject property. (10 marks)

**Q4** BMS Resort Bhd, a registered owner, has instructed you to value their property for internal management purpose. The subject property has a land area of 150 hectares. The subject property is strategically located in the northern part of Ipoh and enjoying a better accessibility which is about 5km from exit north-south express highway and about 18km from the nearest local Airport.

The clubhouse is designed to the standards for 4-star country club facilities and as shown in **Table Q4a**:

**Table Q4a: The club house facilities**

Building	Area	Description
Golf club 2 floor : Includes restaurant, pro shop, changing room, office and other facilities.	MFA : 1785.19 sq.m MFA : 1927.86 sq.m	Roof : skylight / concrete Ceiling : concrete Wall : brick wall Floor : ceramic / cement / carpet
Driving range and gym : 2 floors which is a permanent building.	MFA : 268.36 sq.m AFA : 665.38 sq.m	Roof : pan tile Ceiling : asbestos-free Wall : brick wall Floor : cement / carpet
Half way house : 1 permanent building 3 units	MFA : 49.02 sq.m AFA : 172.50 sq.m	Roof : pan tile Ceiling : asbestos-free Wall : brick wall Floor : cement
Outdoor Tennis Court	MFA : 1449.81 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 : 63,1333.2 m <sup>3</sup>	<ul style="list-style-type: none"> <li>• Anti-slip tile for the floor furnishing.</li> </ul>

The subject property consists of putting greens that contain 27-holes namely 9-holes Valley Nine courses, 9-hole River Nine courses, and 9-hole Waterfall Nine courses as well as 12 ponds, 27 elevated tees, 55 sand traps (bunkers), sprinkler system 500 head and parking bays.



The detail of membership fees is as shown in **Table Q4b**:

**Table Q4b: Membership fees**

Types of Memberships	Price (RM)
1. Individual Member	35,000
2. Nontransferable Individual Member	16,800
3. Corporate Member : <ul style="list-style-type: none"> <li>• Golfing:-                             <ul style="list-style-type: none"> <li>- 1<sup>st</sup> nominee</li> <li>- 2<sup>nd</sup> nominee</li> <li>- 3<sup>rd</sup> nominee</li> <li>- 4<sup>th</sup> nominee</li> <li>- 5<sup>th</sup> to 12<sup>th</sup> nominee</li> </ul> </li> <li>• Leisure and Sporting Member:                             <ul style="list-style-type: none"> <li>- 1<sup>st</sup> to 12<sup>th</sup> nominee</li> </ul> </li> </ul>	39,000 21,000 20,000 18,000 17,000 each 12,000 each
4. Resident Member	25,000
5. Term Member	5,000
6. Leisure and Sporting Member	12,000
7. Resident Leisure and Sporting Member	8,500

Recent transaction data on the similar properties are as shown in **Table Q4c**:

**Table Q4c: Sale evidences of the similar property**

	Sale No 1	Sale No 2	Sale No 3
Lot no	3855	2339	1283
Location	Kg Bali, 25 km from the subject property	Kampar , 22 km from the subject property	Manong, 30 km from the subject property
Sales Price	RM 8,280,440	RM19,991,339	RM4,719,137
Date Of Sale	20.12.11	20.3.2012	6.6.2011
Land Area	63.958 ha	135.575 ha	40.485 ha
Tenure	99 year lease expired on 5.4.2093	Freehold	Freehold
Encumbrances	Charged by XYZ bank	Nil	Nil
Accessibility	Road frontage	Road frontage	Road frontage
Category of land use	Agricultural	Agricultural	Agricultural
No of holes	9-hole	18-hole	9-hole

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PROJEK MANDIAKIAN DAN PERUMAHAN  
 (MAMPAK) - Projek Pembangunan Perumahan  
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The audited 2015 and 2016 income and expense statements for the subject property are as shown in **Table Q4d** and **Table Q4e**:

**Table Q4d: The audited income for the year 2015 and year 2016**

Income	31.12.2016 (RM)	31.12.2015 (RM)
1 Income fees	105,227	80,710
2 Member Dues -Golf	968,233	715,591
3 Member Dues -Social	68,665	57,588
4 Green fees	134,487	115,083
5 Cart Rentals	236,002	225,589
6 Range Fees	41,945	11,100
7 Convenient Cart -Food	15,987	15,731
8 Convenient Cart -Beverage	13,198	12,697
9 Club Storage	40,288	10,478
10 Locker Annual Rental	70,180	13,375
11 CCC Sales	17,891	19,017
12 Trail Fees	15,050	14,216
13 Pool Guest fees	10,580	10,348
14 Merchandise Sales	137,710	141,615
15 Dining Room Sales	270,202	254,602
16 Dining Beverage Sales	73,500	77,898
17 Banquet Room rental	40,122	27,745
18 Banquet Food Sales	258,674	174,175
19 Banquet Beverage Sales	137,208	116,699
20 Banquet Food - Tax Exempt	60,713	19,582
21 Banquet Beverage - Tax Exempt	21,672	14,031
22 Tournament Greens Fees	92,890	89,330
23 Tournament Cart Rentals	27,253	28,531
24 Tournament Food Sales	42,153	49,536
25 Tournament Beverage	23,050	25,907
26 Halfway House Food Sales	52,116	45,650
27 Halfway House Beverage Sales	13,191	13,315
28 Miscellaneous Income	64,166	67,347

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Table Q4e: The audited operating expenses for the year 2015 and year 2016

Operating Expenses	31.12.2016 (RM)	31.12.2015 (RM)
1 Property Tax	151,533	142,547
2 Insurance	62,346	36,184
3 General & Administrative	274,162	218,384
4 Clubhouse maintenance	320,143	186,006
5 Food & Beverage	419,078	354,588
6 Membership	18,084	21,394
7 Legal & Professional	20,903	15,500
8 Greens Fees	161,314	128,580
9 Course Maintenance	497,197	379,266
10 Carts	101,365	101,761
11 Range	13,459	11,417
12 Locker Room	91,343	71,652
13 Pro Shop	23,921	18,853
14 Pool	36,260	29,995
15 Tennis	12,852	2,737
16 Cost of Sales (merchandise, food, etc.)	423,784	346,148

The date of valuation is taken to be the date of inspection which was on 31<sup>st</sup> January 2017. The capitalisation rate of interest in the subject property is at 10%.

Based on the available data above:

- (i) Value the subject property for sale purpose. Suitable assumption may be made in the absence of relevant information and you are required to state all assumptions clearly in the footnotes. (15 marks)
- (ii) Discuss **FIVE (5)** factors to be considered by the valuer in respect to the valuation for leisure trading type of property. (10 marks)

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- END OF QUESTIONS -