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**UNIVERSITI TUN HUSSEIN ONN
MALAYSIA**

**FINAL EXAMINATION
SEMESTER II
SESSION 2010/2011**

SUBJECT NAME : VALUATION FOR LAND
ACQUISITION

SUBJECT CODE : BPE 2303 / BPE 23003

COURSE : 2 BPD

EXAMINATION DATE : APRIL / MEI 2011

DURATION : 3 HOURS

INSTRUCTION : ANSWER **FOUR (4)** QUESTIONS
ONLY FROM SIX (6) QUESTIONS.

THIS QUESTION PAPER CONSISTS OF 10 PAGES

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Q1 Notice to acquire for Lot No. 2367 Mukim and District of Batu Pahat, state of Johor had been gazetted for acquisition on these dates:

Section 4 : 30th June 2001
Section 8 : 12th December 2001

Other details are as follows:

Purpose : for a new highway
Title No : Geran Mukim 2251
Lot area : 3.062 acres
Area acquired : 2.5 acres
Category of land use : Agriculture
Tenure : Freehold
Annual rent : RM18.00
Registered owner : En SHA
Express condition : for the cultivation of fruit trees
Other endorsement : Malay Reservation

Upon inspection, you noted the following:

Terrain : Flat
Cultivation : Fruit Trees
Buildings : 2 detached houses on the acquired portion
a. A 2-storey house of permanent construction with a main floor area of 2,500 sq. feet and you estimated the replacement cost at RM100 psf.
b. A single storey detached house of permanent construction with a main floor area of 1,500 sq.feet. Your estimate of the replacement cost is RM80 psf.
Access : metalled road.
Facilities : connected to the water & electricity mains. Sewage is water-borne.
Fencing : chain link enclosing the site.

You went to the local authority and were informed that the area is zoned residential at a density of 300 persons per acre. There is a need to provide a 62 feet buffer zone along the highway and no building is allowed to be built on the buffer zone.

You did some searches and found the following sales:

Lot no	1908	2553	2586	2590	2571
Land area (acres)	2.969	2.944	3.084	3.250	3.00
Sale price (RM)	9,053,000 (full share)	2,564,000 (full share)	6,738,000 (full share)	5,662,800 (full share)	3,267,000 (full share)
Date of sale	13/05/2001	20/03/2001	15/04/2001	18/08/2001	15/02/2001
Tenure	Freehold	Freehold	Freehold	Freehold	Freehold
Category of land use	Building	Agriculture	Agriculture	Agriculture	Agriculture
Express condition	Residential	Nil	Nil	Cultivation of fruit tree	Nil
Terrain	Flat	Flat	Flat	Flat	Flat
Other endorsement	Nil	Malay reservation	Nil	Nil	Malay reservation

Based on the available above and suitable assumptions to:

- (a) Prepare a valuation of Lot No. 2367 Mukim and District of Batu Pahat, State of Johor. (20 marks)
- (b) Advise En SHA on his compensation claims arising from the land acquisition. (5 marks)

Q2 The State Government intends to acquire a site in the centre of your town for the erection of a 20 storey office complex. It has therefore gazetted the site on **August 24, 1998** under **Section 8** of the Land Acquisition Act 1960 (amended). On the site are the following two separate freehold properties:

Property A

A mission hall on a site of 0.1 hectare. The building is a plain single storey brick / plastered one with tiled roof and measures 12 meters by 35 meters. There is space to park 20 cars at the back of the hall. The hall is in regular use by religious body.

Property B

A news agent and confectioners single storey shop on a site of 0.02 hectare comprising of a brick built building with a flat roof. The building was erected in 1982 and measures 8 meter x 15 meter. The accounts of the business over the previous years show the following figures:

	<u>1996</u>	<u>1997</u>	<u>1998</u>
Sales (RM)	156,000	175,500	195,000
Net Profit (RM)	12,300	13,050	12,750

All of the property owners of the properties have asked you to act on their behalf in the compulsory acquisition of the properties.

Based on the available above and suitable assumptions to:

- (a) State what additional details (if any) you would require from each owner of the properties for the compensation claims (5 marks)
- (b) Prepare the compensation claims for each owner of the properties. (20 marks)

Q3 En Suhaimi owns Lot Nos 2586 & 2587 of agricultural land located in Kampong Aceh in the Mukim & District of Parit Sulong, State of Johor. Both of these lots are located within the Kampong Aceh Malay Reservation Area and the titles are endorsed with 'Malay Reservation'. They are freehold land with a provisional land area of 2.00 acres each and they are fronting onto Jalan Aceh.

Lot No 2586 is built upon with a kampong house of temporary construction with a main floor area of 2,500 sq. feet and is in a fair state of repair. He has also built a small workshop at the back for his car workshop business. This workshop is of timber frame structure covered with corrugated iron roof sheets and a concrete floor with its sides open. The floor area of this workshop is approximately 600 sq. feet and it is in a fair condition. Besides these structures, the site is fenced with chain link fencing reinforced with barbed wire on top.

Lot No 2587 is built upon with a workshop measuring 40 feet by 50 feet. It is of timber frame with corrugated asbestos sheets roof, open sided and concrete floor. There is a small office building located at the rear of the workshop measuring 10 feet by 12 feet. It is of timber frame with corrugated asbestos sheet roof, timber weatherboard wall cladding and concrete floor. Both the buildings were built five (5) years ago and are let out to Salleh at a rental of RM1,200 per month on a five (5) year lease with four (4) years unexpired term.

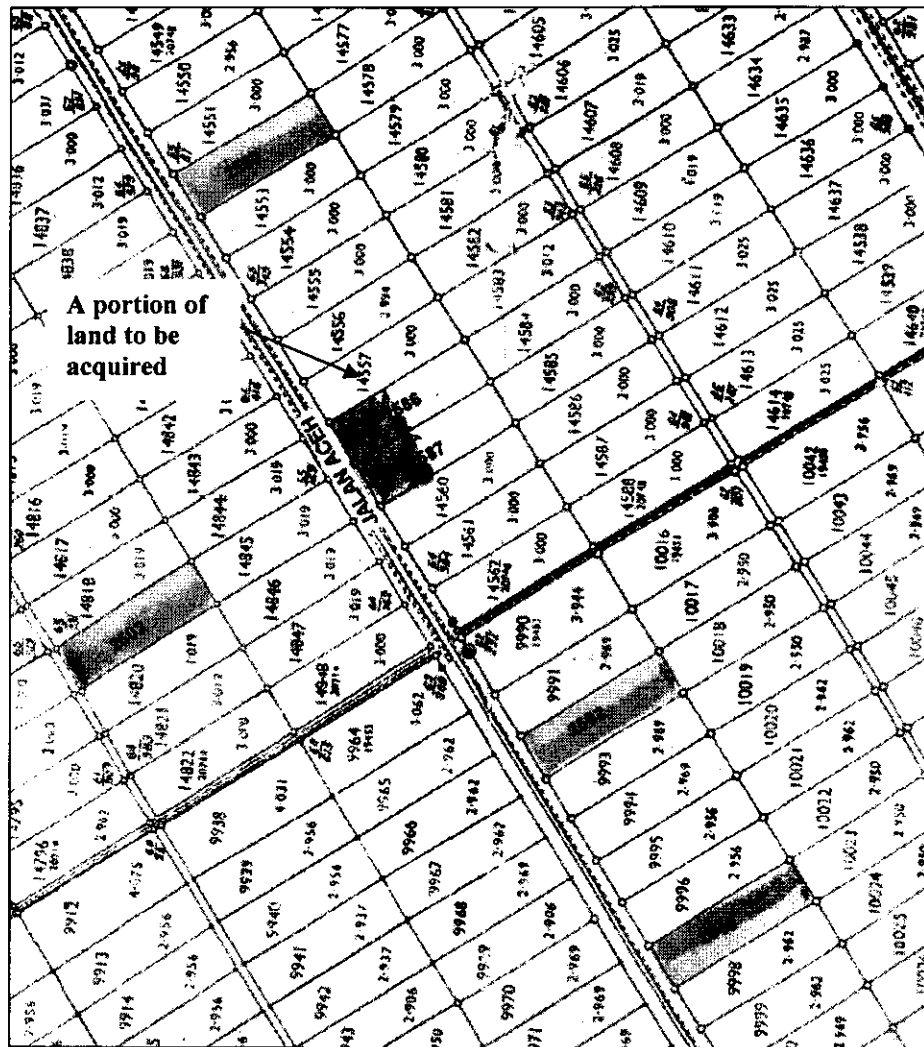


Figure Q3: A portion of land to be acquired.

Both Lot Nos 2586 & 2587 (refer to **Figure Q3**) were gazetted under **Section 4** of the Land Acquisition Act 1960 on **21st November 2000** for the purpose of resettling the Malays who were required to move from their Malay Reserved land which has to make way for a mosque. The said acquisition was gazetted again on **1st March 2001** under **Section 8** of the Land Acquisition Act 1960. The area acquired is a frontage portion of 1 acre for each of the two lots. All the buildings on the land were found on the acquired portions.

Your investigations have revealed the following:

Lot no	2590	2602	2548	2592
Land area (acres)	1.5	2.4	1.5	4.5
Land use	Agriculture	Agriculture	Agriculture	Agriculture
Description	Flat & vacant	Flat & planted with old rubber trees	Flat & vacant	Flat & vacant
Location	Fronting onto Jalan Aceh and is 300 meters north of the subject property	2 nd layer from Jalan Aceh and is 500 meters away from the subject property	Fronting onto Jalan Aceh and is 600 meters south of the subject property	Fronting onto Jalan Aceh and is 300 meters south of the subject property
Malay Reservation	No	No	Yes	Yes
Consideration (RM)	75,000	75,000	60,000	210,000
Date of Sale	1/08/1998	21/05/1999	25/04/1999	1/08/2000

Based on the available above and suitable assumptions to:

- (a) Advise En Suhaimi (a Freeholder's interest) on types and amount of compensation that he may entitle to claim. (12 marks)
- (b) Advise En Salleh (a Leaseholder's interest) on types and amount of compensation that he may entitle to claim. (13 marks)

Q4 Lot No 188 in the Mukim of Kajang, District of Hulu Langat, Selangor is a plot of freehold Malay Reservation agriculture land. It has a land area of 18.329 acres and is registered in the name of Awang bin Sidek. It was gazetted by **Section 4** of the Land Acquisition Act, 1960 on **25th August 2002** followed by **Section 8** on **25th October 2003**. The land area acquired is 0.314 acres and is for a road project. The area of the severed portion lying between the acquired portion and the adjoining Lot No 1147 is about 0.272 acres.

The scheduled land is an intermediate parcel of agricultural land. It is roughly trapezoidal in shape and is generally flat. However it slopes steeply down towards Lot No 1147, a drop of about 10 feet between the level of the scheduled land and Lot No 1147. It is planted with old rubber trees which are still tapped. Unaware of the acquisition notice, En Awang built a large shed in November 2003 to store his equipment at a cost of RM25,000. It has frontage onto an

unnamed metalled service road leading to a kampong. Located in the vicinity are mainly industrial and residential properties and plots of vacant land ripe for development.

Your enquiry at the Planning Department revealed that the subject property is located within an area for industrial use.

The following sales evidences were available.

Lot no	454	1860	11204	1030	448
Land area (acres)	3.25	15.5	23.4	4.1	3.5
Date of sale	10/08/2002	1/03/2003	20/08/2003	15/11/2003	10/08/2003
Sale price (RM)	2,100,000	5,400,000	10,000,000	2,800,000	2,300,000
Land use	Agriculture	Agriculture	Agriculture	Agriculture	Agriculture
Malay reservation	No	Yes	No	No	No
Cultivation	Vacant	Rubber	Rubber	Rubber	Vacant
Planning	Industry	Industry	Industry	Industry	Industry

Based on the available information above, you are required to:

Prepare a valuation and advise En Awang on the amount of compensation claims that he is entitled to arising from the acquisition exercise of part of his land. Suitable assumptions may be made to support your advice.

(25 marks)

- Q5 PT 9099, Mukim & District of Petaling, State of Selangor is a piece of land currently being used as a petrol station located at KM 1, Jalan Sungai Tembaga.

PT 9099 has been gazetted by the State Government for compulsory land acquisition under **Section 4** of the Land Acquisition Act 1960 (amended) on **9th June 1998** and it was again gazetted under **Section 8** of the same Act on **22nd February 1999**.

The land acquisition is for the purpose of upgrading and widening of Jalan Sungai Tembaga.

PT 9099, Mukim of Petaling with a land area of 0.4 hectare is held under a 99 years lease expiring on 12th June 2089. The express condition stated in the title is that the land is to be used for petrol pump and service station only.

The registered owner of the land is Timmy Sdn. Bhd and the land was leased to Petronas Dagangan for a period of 60 years starting on 10th September 1993 and expiring on 9th September 2053.

The leaseholder of the land (Petronas Dagangan) decided to appoint you as their valuer regarding their claims of compensation for the compulsory land acquisition.

After site inspection you have gathered the following information:

- The whole lot will be affected by the acquisition exercise.
- The lot is fronting Jalan Sungai Tembaga, flat at road level.
- The building found on the subject lot is petrol station building constructed in 1995 with accommodation for sales area, manager's office, lubrication bay, canopy with 5 pump islands, NGV pump station, ramp, 5 underground tanks with capacity of 6,000 gallons each and a TNB substation. The building is of permanent construction with ceramic tiles and cement screed floor, aluminium and fibre acoustic ceiling and spandex roofing.
- The costs of constructing the petrol station from the building contract are as follows:

Building	-	RM713,289
Civil & External works	-	RM414,808
Mechanical & electrical works	-	RM76,100
- Recent transaction of petrol lands in the Petaling district recorded prices ranging between RM132.60 psf to RM163.40 psf.
- The profits of the station for the past three years are as follows

<u>Year</u>	<u>Profit (RM)</u>
1997	404,822
1996	344,308
1995	343,981

The leaseholder (Petronas Dagangan) reckons that he has to move and relocate his business elsewhere. Due to the relocation he anticipated that he will lose one year's profit due to the waiting period for the construction of a new petrol station. He also expects a drop in profits by 25% for about 2 years after the relocation.

Based on the information available, you are required to:

Prepare a valuation and advise your client on the amount of claims for compensation allowed under the Land Acquisition Act 1960 (amended) that should be submitted to the Land Administrator of Petaling District.

Suitable assumptions may be made to support your advice.

(25 marks)

Q6 Lot 56789 is an oil palm estate of 90 hectares in size. It is cultivated with matured oil palm of about 25 years of age and its physical terrain is flat and at road level. Lot 56789 is located at the fringe of the Multimedia Super Corridor (MSC).

The registered owner of the estate has come to seek your advice regarding his estate upon receiving news that his estate has been gazetted by the State Government for compulsory land acquisition. In the course of the meeting the land owner provided you with the following information:

- A portion of Lot 56789 approximately 9.5 hectares as seen shaded in the above diagram (**Figure Q6**) was gazetted under **Section 4** of the Land Acquisition Act 1960 (amended) on the **15th October 2002** and it was again gazetted under **Section 8** of the same Act on the **31st March 2003**.
- The purpose of the land acquisition is for a new highway linking the MSC with Klang.

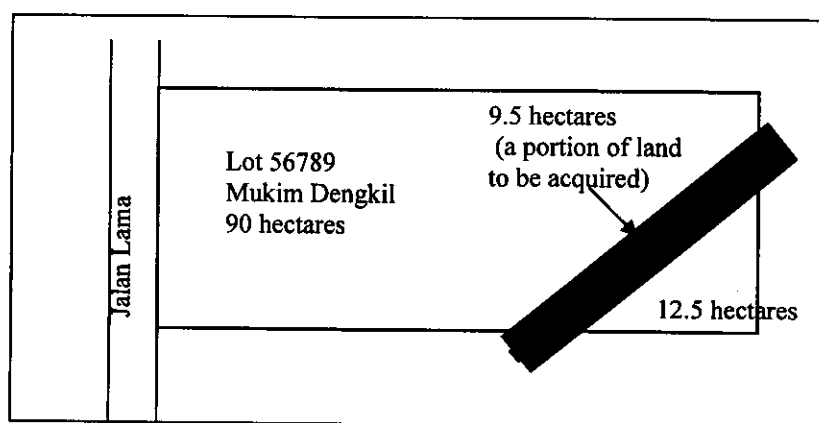


Figure Q6: A portion of land to be acquired.

From your investigation and research of the area you have found the following transaction data involving agricultural properties in the vicinity of the subject lot.

Lot No	Title	Category of land use	Land Area (ha)	Location	Date of transaction	Sale Price (RM)	Notes
30221	Freehold	Agriculture	25	Road frontage	1.6.2002	8,027,500	Matured oil palm
25612	Freehold	Agriculture	48	Road frontage	10.8.2002	14,014,440	Matured oil palm
32651	Freehold	Agriculture	67	Road frontage	8.9.2002	19,858,800	Matured oil palm
54345	Freehold	Agriculture	22	Road frontage	6.5.2002	6,738,000	Matured oil palm

25833	Freehold	Agriculture	88	Highway frontage	30.12.2001	25,213,760	Old rubber
25767	Freehold	Agriculture	98	Highway frontage	10.12.2002	29,047,200	Matured oil palm
45913	Freehold	Agriculture	55	Road frontage	5.1.2003	19,019,000	Matured oil palm
25411	Freehold	Agriculture	38	Highway frontage	6.12.2002	12,201,800	Matured oil palm

Other information gathered from your client are as follows:

- New fencing needs to be placed along the new boundaries approximately 2.3 km in length. Cost of fencing is approximately RM25 per meter run.
- The estate drainage system needs to be realigned including the installation of a new flood gate. Cost of realignment of drainage system is estimated at RM55,000 including the flood gate.
- The existing estate roads need to be realigned as well including the construction of a box culvert at certain point of the estate to link the severed part of the estate. The cost of realigned of road is estimated at about RM75,000 and the box culvert about RM200,000.
- 5 contract workers have to be terminated as a result of the acquisition and 5 units of workers quarters will be left vacant. The cost of construction of the quarters is RM15,000 per unit.
- Due to the realignment of roads and drains, 100 palm trees have to be cut resulting in a loss of income approximately RM9,000 per annum.
- As a result of the acquisition the estate has been severed into 2 parts with the remaining part at the south-eastern portion of the estate becoming a triangular piece with an area of 12.5 hectares.
- On the acquired portion there is a Hindu temple which sits on a site approximately 0.5 hectares. According to your client, the Hindu temple is newly reconstructed at the cost of RM150,000. The temple site was leased to the temple management committee for a period of 99 years about a year ago.

Based on the Land Acquisition Act 1960 (amended), the transaction data available and other information gathered, you are required to:

Prepare a valuation and advise the registered owner on the amount of compensation that he should claim from the Government. Suitable assumptions may be made to support your advice.

(25 marks)

END OF QUESTION PAPER