

IMPACT OF SINGLE-TIER TAXATION SYSTEM ON DIVIDEND RETURNS OF INDIRECT PROPERTY INVESTMENTS IN MALAYSIA

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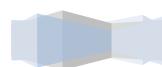
Abstract

The Budget 2008 has proposed to replace the existing dividend imputation system with a single-tier dividend tax system as part of the tax reform process to achieve efficiency and simplicity. The adoption of single-tier system has important implications for both companies and investors receiving dividends from their share investments.

The new single-tier dividend system is compared with the former two-tier dividend imputation system to examine the tax effects on dividends declared by listed companies of the property, hotel and plantation sectors of Bursa Malaysia.

The after-tax dividend income under the single-tier system is also compared with the holding tax imposed on REIT income to examine the relative attractiveness of different indirect property investment options i.e. shares in the property, hotel and plantation sectors versus REITs.

Keywords: single-tier dividend system, indirect property investment, REITs



DIVERSIFICATION EFFECTS OF INDIRECT REAL ESTATE IN A MIXED ASSET PORTFOLIO: THE MALAYSIAN EXPERIENCE

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Abstract

The high percentage of world investable wealth held in property coupled with price volatility and poor returns in the equity trading market have make investors turn to property for higher return. With the introduction of Modern Portfolio Theory, portfolio investments have become the norm whereby investors seek to achieve higher portfolio returns at a given risk level or lowest risk at a given level of return.

The intent of this study is to present the benefits of including indirect real estate in a mixed asset portfolio of stocks, bonds and cash using the Malaysian data. Indirect real estate is proxied by REITs and property share.

Different return interval (monthly, quarterly, semiannually and annually) for two study period (12/1995-12/2007- whole study period; 12/1998-12/2007- post crisis period) are used to analyze the benefits of including these two indirect real estate in a portfolio. First, by applying the optimal portfolio without the indirect real estate, and then, with the inclusion of indirect real estate for both the study periods.

Low correlation between assets class is one factor which determines the attractiveness of an asset for inclusion in a mixed asset portfolio. The mean-variance criterion shall be applied in which investors are assumed to try to achieve highest return of the portfolio based on average returns and standard deviations as measure of risk. Optimal portfolio returns is computed based on equal investments of asset class and highest Sharpe ratio.

Although earlier international and local studies suggested that REITs provide a good diversification benefits in a portfolio, the findings showed that Malaysian REITs is less appealing compared to stocks, bonds and cash. Property share as expected have very high correlation and underperformed stock and are more volatile making it a less attractive investment option.

The conclusion drawn is that indirect real estate in Malaysia does not provide diversification benefits. REITs may be considered for inclusion during good economic period, but not otherwise. Historical data computed for analysis should not be in the longer period as it erodes the effectiveness of the computation. A shorter period of analysis allows changing investment environment to be taken into consideration.

Keywords: indirect real estates, mixed asset portfolio, REITs, property share, Malaysia



LOCATION ANALYSIS FOR THE SHOP HOUSE VALUATION IN KOTA KINABALU USING GIS-MRA

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Abstract

The location of the shop houses is one of the most important factors that affecting its rental value. In the past studies, MRA has been used as an attribute analysis for property valuation problem since 1920s. Characterized by its “correlation” and “prediction” features, this technique provides statistical reasoning capabilities. However, although the statistical functions provides models that are capable of producing relatively accurate and consistent regression estimates, the technique does not possess distance measuring capability. This capability is felt necessary because the incidences of property values are locationally distributed. GIS fills in this gap. With a proper framework, both GIS and MRA can be combined as a new tool of spatial reasoning in property valuation analyses. This paper first described the influence of location factors on rental values in which the information is then measured and quantified using distance analysis that could portray how far the location factor affects the shop houses rental value. The outcome of this will then be analysed using MRA to show the relationship between all the location factors and rental value of shop houses. The results revealed that using GIS is possible to improve the variable of location factor in MRA and subsequently produce a better rental model.

Keywords: Location, Shop House, Rental Value, Multiple Regression Analysis (MRA), Geographic Information System (GIS).



OPTIMAL LIFE CYCLE COSTING ANALYSIS FOR FACULTY OF GEOINFORMATION SCIENCE AND ENGINEERING FLOOR'S MATERIAL

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Abstract

One of the biggest challenges facing regulated utilities today is aligning the management of their infrastructure with corporate objectives. The emerging discipline of asset management is a promising approach to this problem, because it can do things that techniques such as balanced scorecards and total quality cannot. Decisions must be made about operating and maintaining infrastructure assets. A misguided perception of life cycle costing is that the longer something lasts, the less it costs over time. The purpose of this research is to examine flooring materials including ceramic, homogeneous, vinyl and carpet for the Faculty of Geoinformation Science and Engineering. Besides, this paper concern of the creation of a decision making tool based on real life data that will facilitate practical evaluation of flooring materials. A life cycle cost (LCC) analysis will be used as an economic evaluation tool. LCCA quantifies incurring costs commonly overlooked (by property and asset managers and designers) as replacement and maintenance costs. The impact of the used substrate materials and the installation methods used for each alternative will be assessed for possible potential effects on the service life cycle cost. Using the life cycle cost analysis (LCCA), the true cost of each material will be computed projecting 60 years as the building service life and 5.4% as the inflation rate percentage.

Keywords: Life Cycle Costing Analysis, Assets, Flooring Material

