

SEMINAR - ENGINEERING SHOPPING MALLS IV 2019

Date : 27th November 2019 (Wednesday)
Time : 9.00 am – 5.15 pm
Venue : Sime Darby Convention Centre
 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur



Ir. YL Lum - Persatuan Pengurusan Kompleks Malaysia (PPK)

Ir. Lum Youk Lee is a Professional Engineer of Board of Engineers Malaysia (BEM) and past chairman of Mechanical Engineering Technical Division of The Institution of Engineers Malaysia (IEM), 2016/18 Vice President of Malaysia Shopping Malls Association (PPK), a known lecturer and trainer specialising in shopping mall and high rise building subjects in university, private commercial conferences and seminars. He has a unique hybrid professional experience in both design & construction and post construction operation & management. He was formerly M&E consultant of leading consultancy firms involved in construction of few national projects, and later headed property and facility management for public listed and REIT companies. His recent assignment was the complex manager of gateway@KLIA2, in charge of the lease & marketing and operation of the first airport mall in the country. Currently, he is the General Manager of Investment Properties Division of a Property Developer, overseeing retail and property management of the group investment assets and the Research Committee of PPK Malaysia.

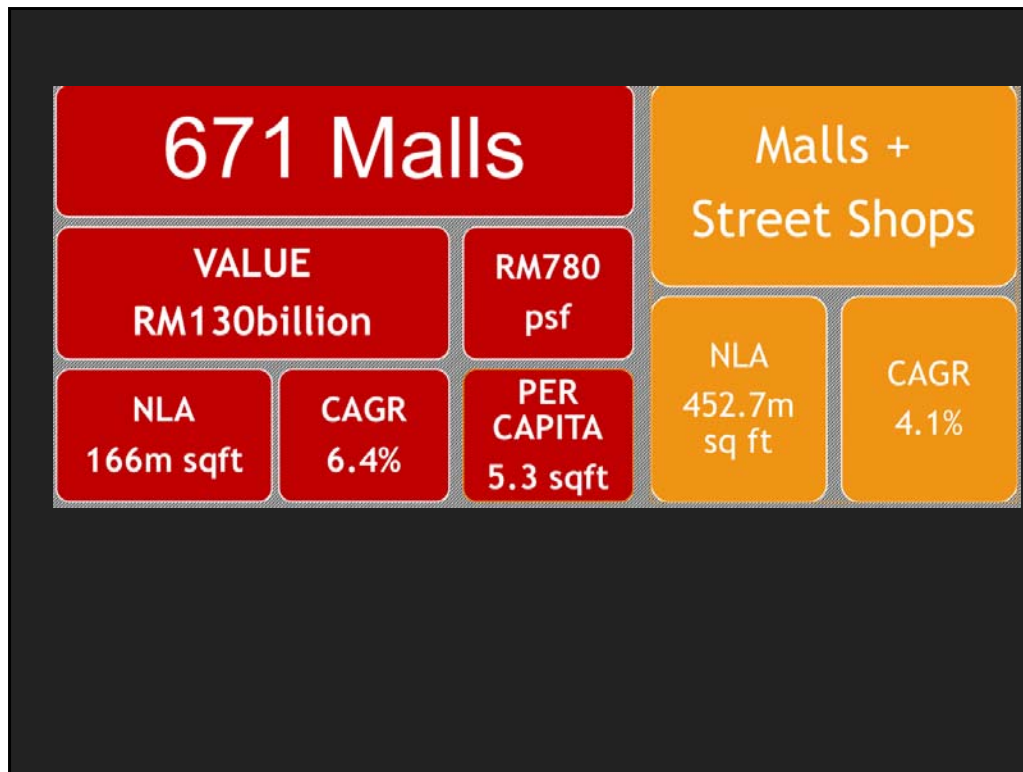
1

STRATA DESPICABLE ME

- THE INDUSTRY, AND STRATA
- STRATA HISTORY & RELEVANCE TILL NOW
- IMPORTANCE OF SPLITTING A BUILDING
- THE LAW IS UN-SCIENCE



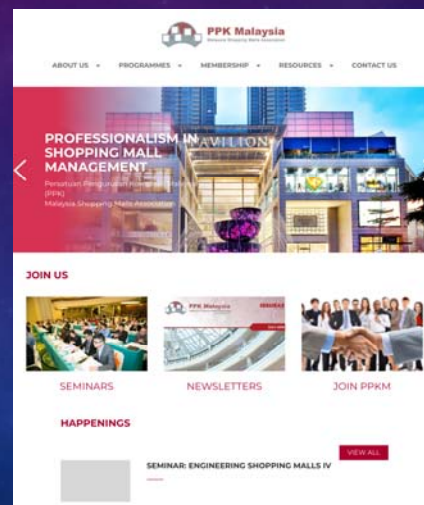
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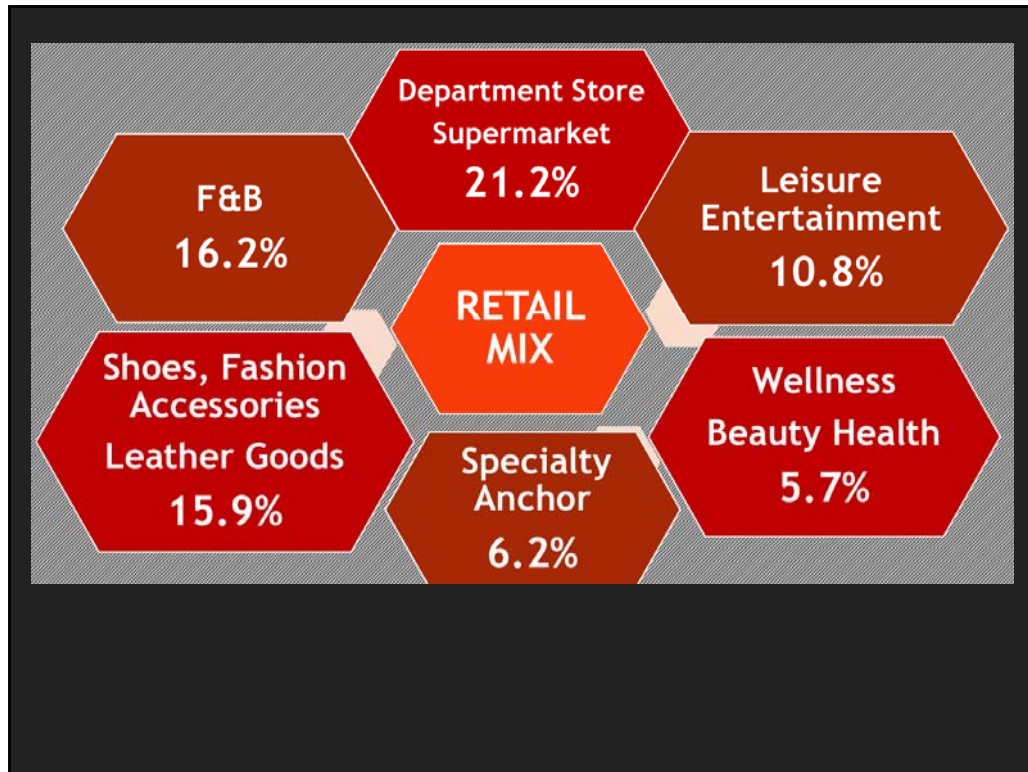
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PERSATUAN PENGURUSAN KOMPLEKS MALAYSIA (PPK)

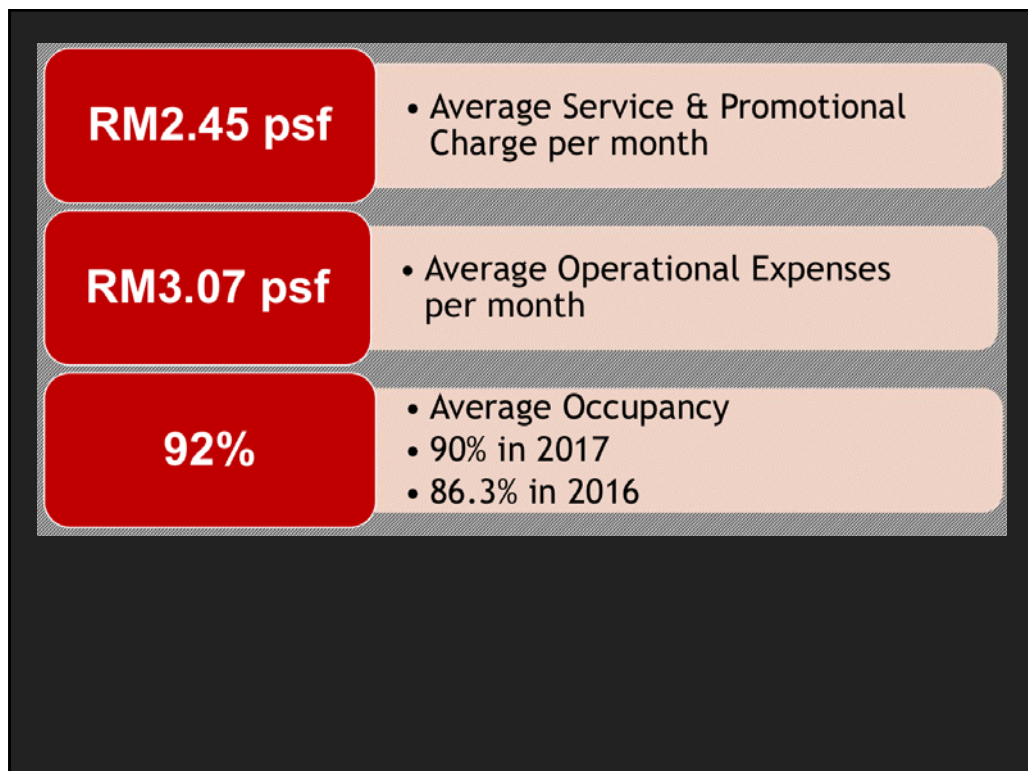
- Since 1984
- Represents 671 shopping malls in Malaysia of combined RM 130billion worth of real estate
- Of which 141 (21%) are strata malls, that is RM 26billion estate value.



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5



6

WHAT IS STRATA?



7



Ampang Park 15 March 1973



WHERE ARE THESE
RM26B 141 STRATA
MALLS?



8

Campbell Shopping Complex, KL opened in May 1973



<https://says.com/my/lifestyle/old-malls-that-still-exist-in-malaysia-and-what-made-them-so-happening>

9

Sungei Wang opened in 1977



10



SOGO, KL opened in 1994



Lot 10, KL opened in 1989



Subang Parade, Subang Jaya opened in 1988

11



Cheras Leisure Mall opened in 1994



Amcorp Mall, PJ opened in 1998

12



Berjaya Times Square 2003



Plaza Low Yat, KL opened in 1999



IMBI Plaza

13



Prangin Mall, Penang 2001



Summit USJ 1999 - 2016



Kompleks Bukit Jambul 1997

14

SAME ACTS



ICON CITY PJ



15

UNIQUE ISSUES ABOUT STRATA MALLS AND MIXED DEVELOPMENTS

- Accessories large amount of car parks to single main parcel
- Limitation on terms of office bearers and duration contracts engaged by JMB / MC
- Misrepresentation in sales impressions
- Multiple rates
- Predicament caused to existing strata mixed by Schedule One

16

**DALAM MAHKAMAH RAYUAN MALAYSIA (BIDANGKUASA RAYUAN)
[RAYUAN CIVIL NO: W-02-1326-08/2014] ANTARA PERANTARA
PROPERTIES SDN BHD ... PERAYU JMC-KELANA SQUARE ...
RESPONDEN**

Hence it is our view that to sustain the Respondent's contention, the provisions contained in BCPA 2007 would contravene Article 13 of the Federal Constitution. So as not to invalidate the provisions in BCPA 2007, we hold that the aforesaid provisions do not apply to the 1995 sales and purchase agreements. Thus the proprietary rights in the car parks of the Appellant remain with it pursuant to the sales and purchase agreements signed with the purchasers



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**IDEAL ADVANTAGE SDN BHD V PALM SPRING
JMB & ANOR [2014] 7 MLJ 812**

- Parcelization of kindergarten
- Accessorised large quantity of car parks to one main parcel



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MALAYSIA LAND PROPERTIES SDN BHD V WALDORF & WINDSOR JMB [2014] 3 MLJ 467

- Common Facility being Parcelised



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MALAYAN LAW JOURNAL UNREPORTED/2018/VOLUME/PARK ACCESS SDN BHD & ORS V BADAN PENGURUSAN BERSAMA PRIMA AVENUE DAN DPCC FASA 1 (BLOK G,H,I) AND OTHER APPEALS - [2018] MLJU 647 - 18 MAY 2018 [2018] MLJU 647

- Parcelised basement carpark & surface carpark being contested as “common area”



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NEW TREND IN STRATA MALLS



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22



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Strata will still be relevant. People are still buying Sophisticated hybrid mixed developments.



STAR AVENUE



DAMEN, USJ

24



1 MONT KIARA



PLAZA ARKADIA, DESA PARKCITY



SUNWAY GIZA

25

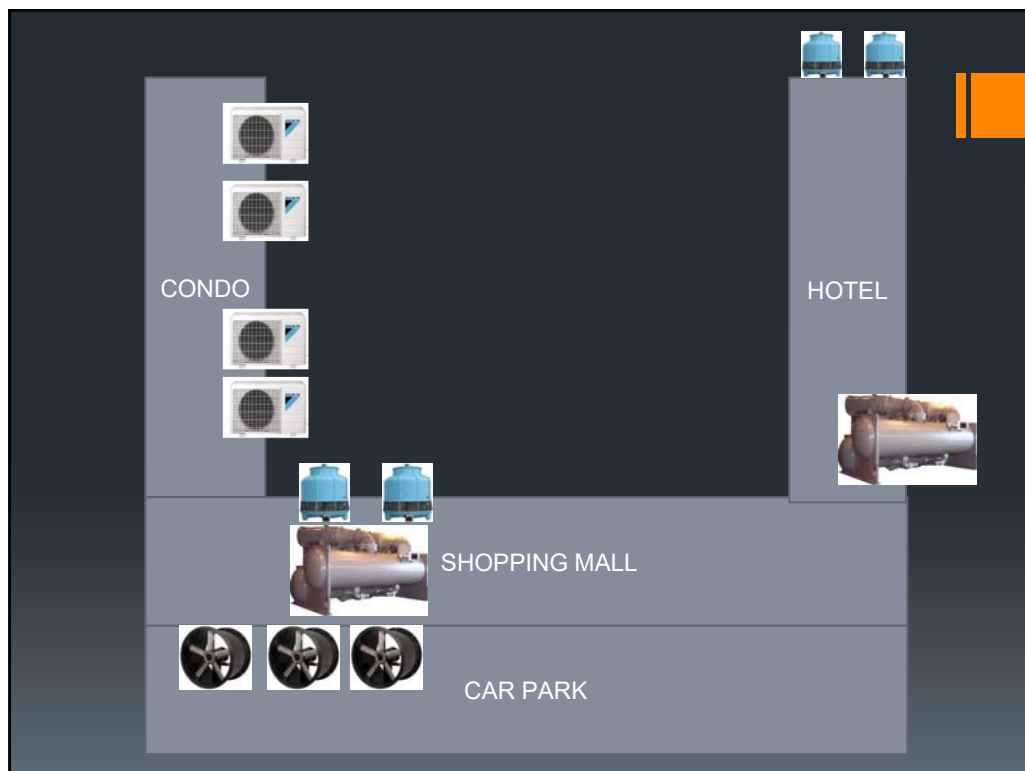
101 THINGS ENGINEERS MUST KNOW BEFORE STARTING TO DESIGN A STRATA ASSET

26

HORIZONTALLY SPLIT CONCEPT



27



28

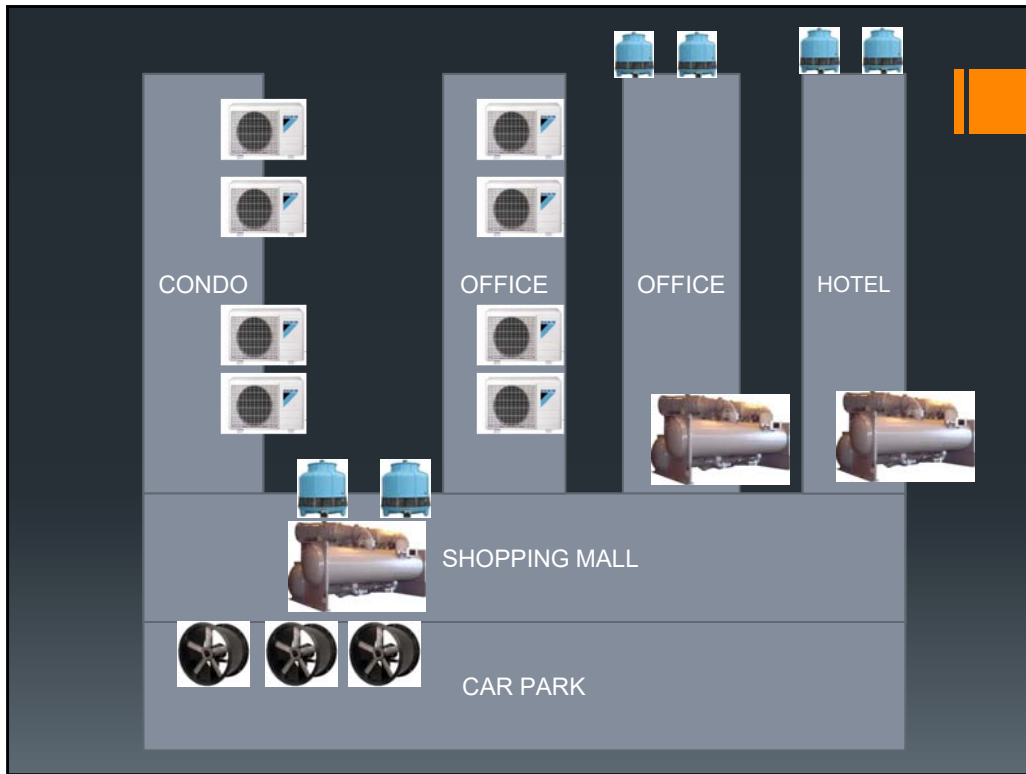
HORIZONTALLY SPLIT CONCEPT



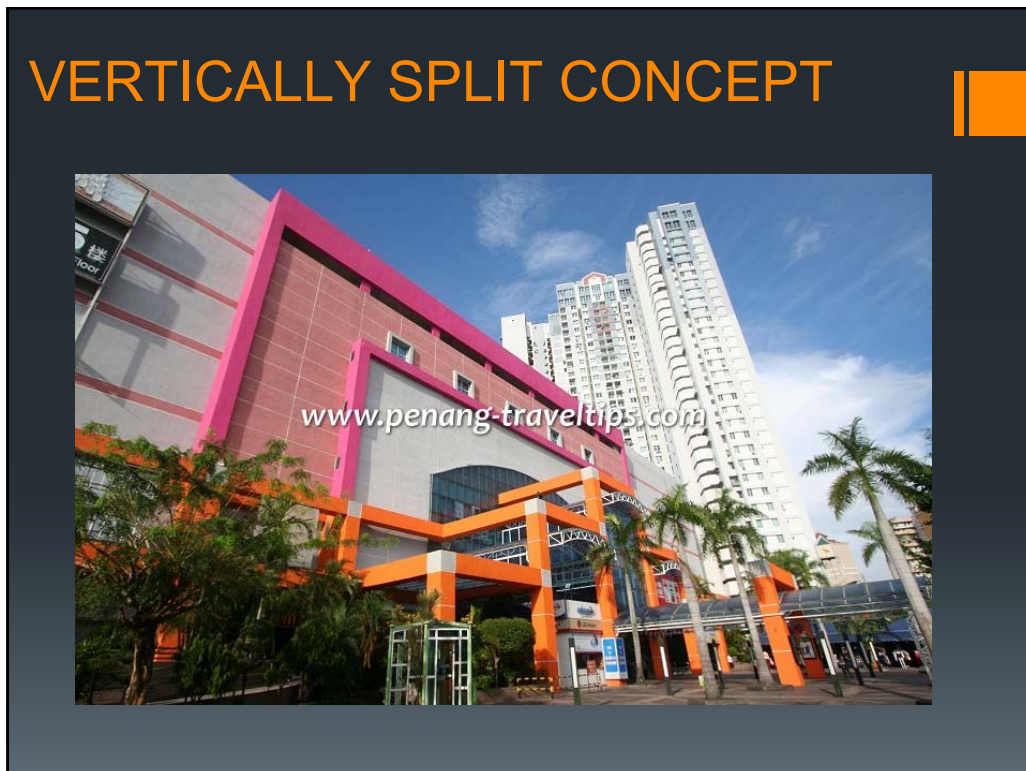
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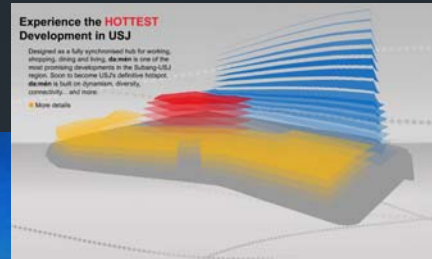


31



32

VERTICALLY SPLIT CONCEPT

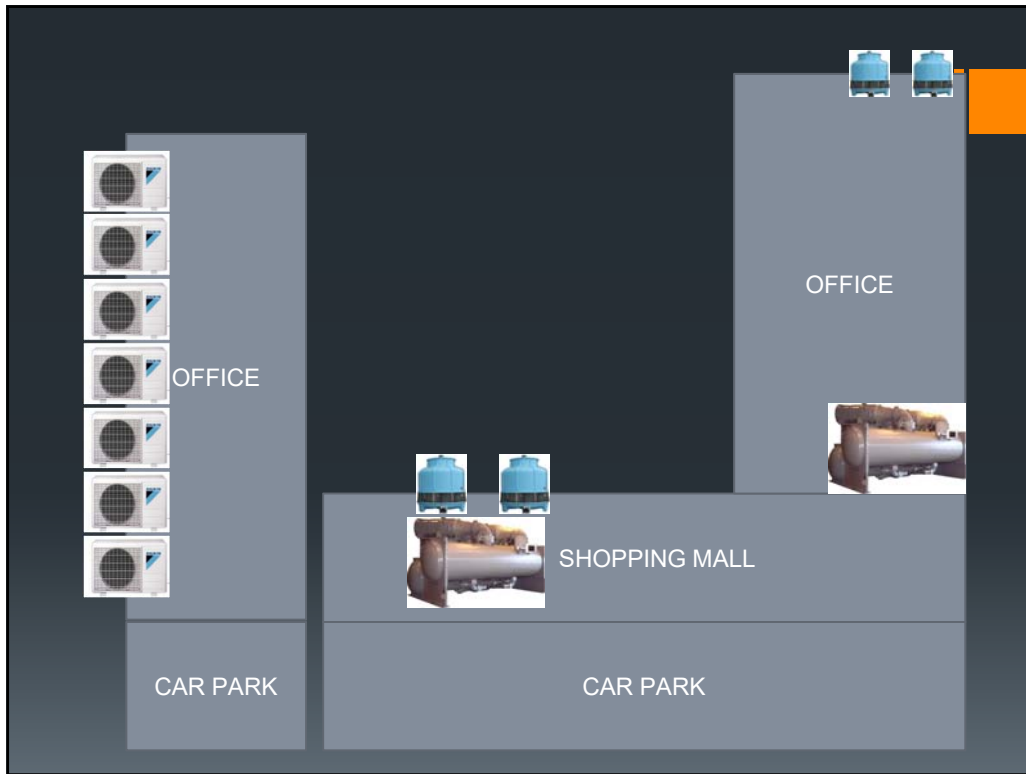


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VERTICALLY SPLIT CONCEPT



34

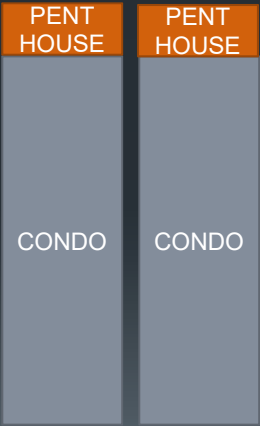


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ENGINEERS NEED TO HAVE SOME COMMON SENSE
ABOUT STRATA LAW

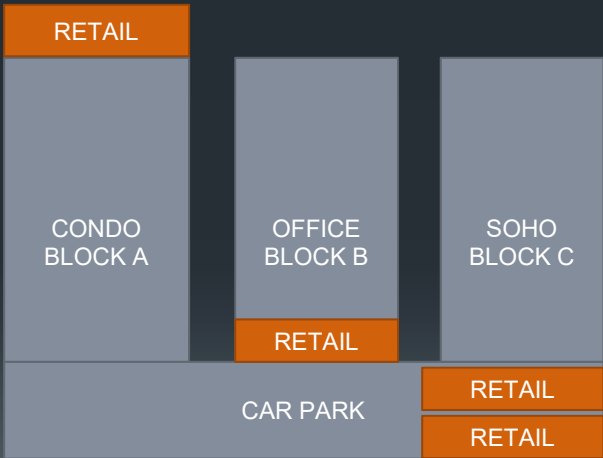
36

UNSOLD UNITS WITH HIGH COMMITMENTS



37

LARGE SIZED UN-TENANTED UNITS



38

SOMETHING ABOUT THE **LAW** THAT **ENGINEERS** CAN NEVER
UNDERSTAND AND CAN NEVER **AGREE TO**

39

HOW WOULD YOU CALCULATE SERVICE
CHARGE PAYABLE BY EVERY MEMBER
OF A MIXED DEVELOPMENT?


$$\begin{aligned} \text{RM}_{\text{MALL}} &= \text{FT}^2_{\text{MALL}} \times \text{RM/FT}^2_{\text{MALL}} \\ \text{RM}_{\text{OFFI}} &= \text{FT}^2_{\text{OFFI}} \times \text{RM/FT}^2_{\text{OFFI}} \\ \text{RM}_{\text{RESI}} &= \text{FT}^2_{\text{RESI}} \times \text{RM/FT}^2_{\text{RESI}} \end{aligned}$$



40

~~$RM_{MALL} = FT^2_{MALL} \times RM/FT^2_{UNIFORM}$~~
 ~~$RM_{OFFI} = FT^2_{OFFI} \times RM/FT^2_{UNIFORM}$~~
 ~~$RM_{RESI} = FT^2_{RESI} \times RM/FT^2_{UNIFORM}$~~

$RM_{MALL} = SU_{MALL} \times RM/SU_{MALL}$
 $RM_{OFFI} = SU_{OFFI} \times RM/SU_{OFFI}$
 $RM_{RESI} = SU_{RESI} \times RM/SU_{RESI}$



41

~~$RM_{MALL} = FT^2_{MALL} \times RM/FT^2_{UNIFORM}$~~
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$RM_{MALL} = SU_{MALL} \times RM/SU_{MALL}$
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 $RM_{RESI} = SU_{RESI} \times RM/SU_{RESI}$



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ALLOCATION OF DIFFERENT RATES IS AS SOPHISTICATED AN ISSUE AS ALLOCATING SHARE UNITS

Q: What are some current and common issues faced by owners of strata-titled residential property and how would these be best settled?

CT: Issue 1: Contribution to service charges and sinking funds from the owners have always been done on the total size (in sf.) of the main parcel. Under the new regime since June 2015, it should now be based on per share unit instead.

Share unit is a concept that takes into account the size and the usage (of different allocated weight) of both the main parcel as well as the accessory parcel. It's stated clearly in the strata title when it is issued. It is also the basis of voting by poll if so requested in any General Meeting. Share unit is therefore now the basis of both contribution and control as opposed to just control in the past.

In theory, it should be a fair method for all. The issues are:

(i) Some strata owners find themselves paying more than before while some strata owners now pay less; and



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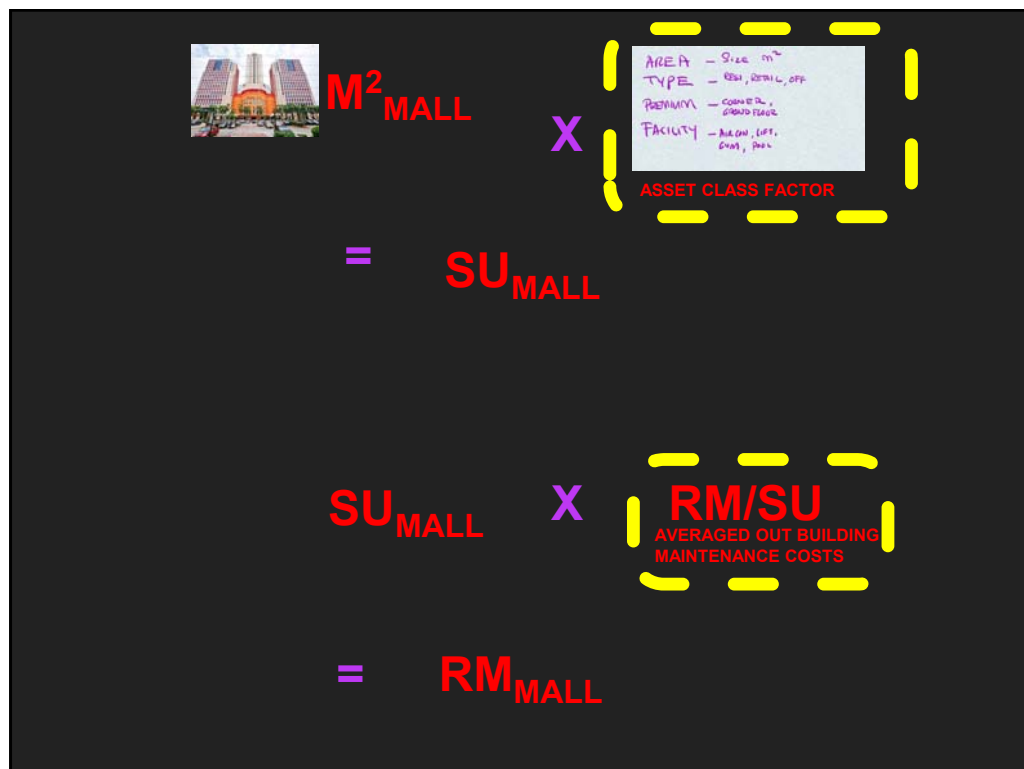
AREA	Size m2
TYPE	Residential, retail , office
PREMIUM	Corner Ground Floor
FACILITY	Airconditioning , Lift Gym, Pool

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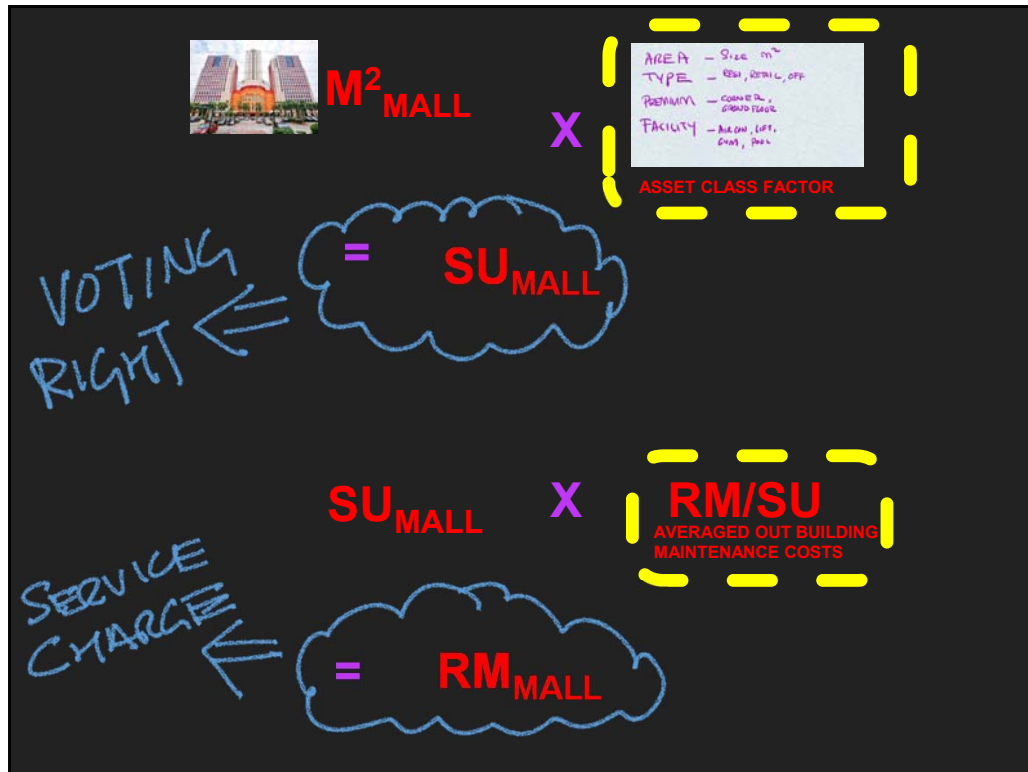
AREA	Size m2	
TYPE	Residential, retail , office	} RENT
PREMIUM	Corner Ground Floor	} PURCHASED PRICE
FACILITY	Airconditioning , Lift Gym, Pool	} COSTS & EXPENSES

Share unit is then being allocated

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ASSET CLASS FACTOR

TABLE 1

No.	Type of parcel	Without air-conditioning to common areas of corridors, lobbies and foyers		With air-conditioning to common areas of corridors, lobbies and foyers	
		WF, having benefit of common lift/escalator facility	WF, having no benefit of common lift/escalator facility	WF, having benefit of common lift/escalator facility	WF, having no benefit of common lift/escalator facility
1.	Apartment/Small Office Home Office (SOHO)	1.00	0.85	1.30	1.15
2.	Office/Institution (College) complex	1.00	0.85	1.30	1.15
3.	Retail complex	2.00	1.70	3.20	2.90
4.	Hotel/Medical centre complex	2.20	1.90	2.80	2.45
5.	Industrial complex	1.00	0.85	1.45	1.30
6.	Car park (whole floor parcels)	0.75	0.65	0.85	0.75
7.	Shop-houses, shop-apartments and shop-offices—				
	(a) Upper floor parcel	1.00	0.85	1.30	1.15
	(b) Ground floor parcel	0.85	0.85	1.15	1.15
8.	Land parcels	Not applicable	Not applicable	Not applicable	Not applicable

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AREA - Size m²
 TYPE - RESI, RETAIL, OFF
 PARTIALITY - common area, ground floor
 FACILITY - lift, stairs, pool

$$M^2_{\text{OFFI}} \times$$

ASSET CLASS FACTOR

$$= SU_{\text{OFFI}}$$

TABLE 1

No.	Type of parcel	Without air-conditioning in common areas of corridors, lobbies and foyers		With air-conditioning in common areas of corridors, lobbies and foyers	
		WF, having benefit of common lift/staircase facility	WF, having no benefit of common lift/staircase facility	WF, having benefit of common lift/staircase facility	WF, having no benefit of common lift/staircase facility
1.	Apartment/Small Office Home Office (SOHO)	1.00	0.85	1.30	1.15
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8.	Land parcels	Not applicable	Not applicable	Not applicable	Not applicable

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$$M^2_{\text{MALL}}$$

X

=

$$SU_{\text{MALL}}$$

X

$$RM/SU =$$

$$RM_{\text{MALL}}$$



$$M^2_{\text{OFFI}}$$

X

=

$$SU_{\text{OFFI}}$$

X

$$RM/SU =$$

$$RM_{\text{OFFI}}$$



$$M^2_{\text{RESI}}$$

X

=

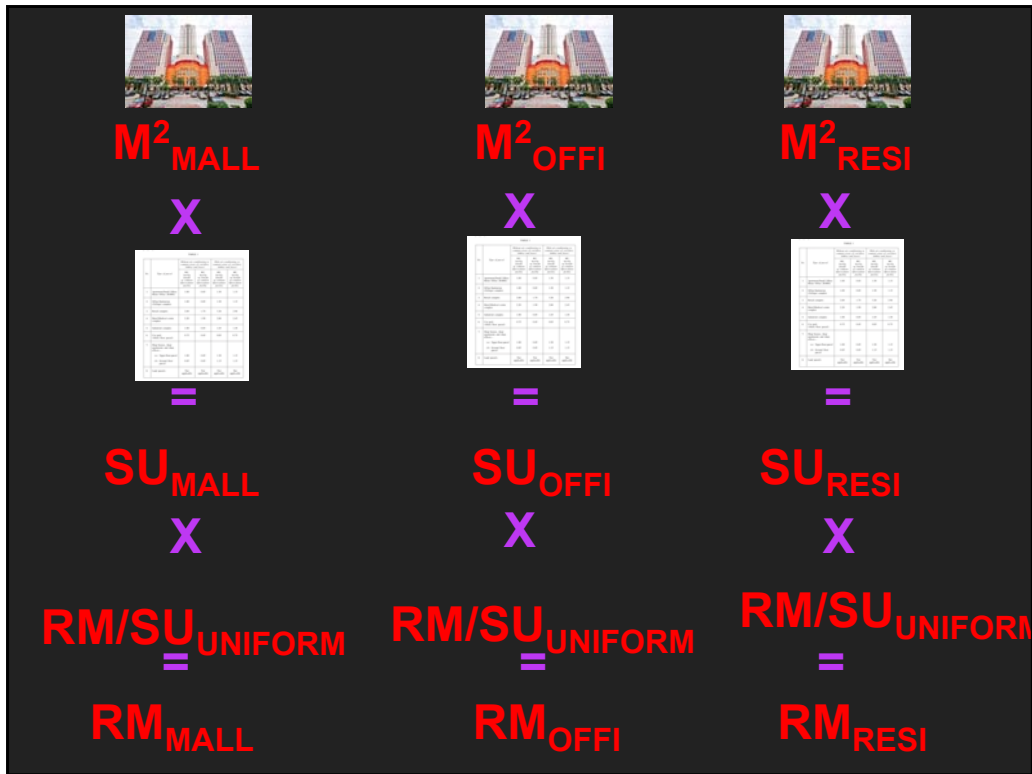
$$SU_{\text{RESI}}$$

X

$$RM/SU =$$

$$RM_{\text{RESI}}$$

50



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	SMC1 condo - 4 tower above podium	SMC2 retail complex en-bloc podium	MC car park en- bloc podium				
Usage							total
weightage factor WF1	1.00	3.20	0.75				
weightage factor WF2	1.00	0.80	0.80				
typical parcel area (sqm)	100	30,000	10,000				
typical parcel share unit	100	76,800	6,000				
total parcels	500	1	1				502
total share units	50,000	76,800	6,000				132,800
total expenses of LCP/CP	150,000	5,000	100,000				255,000
% share unit of typical parcel over aggregate share unit	0.08	57.83	4.52				100.00
rate & charge - different /LCP/SMC							
LCP charge per share unit RM	3.00	0.07					
LCP charge typical parcel RM	300.00	5,000.00					
CP charge per share unit RM	0.75	0.75	0.75				
CP charge typical parcel RM	75.30	57,831.33	4,518.07				
total charge typical parcel CP+LCP	375.30	62,831.33	4,518.07				255,000.00
% charge of typical parcel over aggregate charge	0.15	24.64	1.77				100.00
rate & charge - single /CP/MC							
charge per share unit CP RM	1.92	1.92	1.92				
total charge typical parcel CP+LCP RM	192.02	147,469.88	11,521.08				255,000.00
% charge of typical parcel over aggregate charge	0.08	57.83	4.52				100.00
Difference charge (different rate - single rate)							
amount save /loss monthly RM	183.28	-84,638.55	-7,003.01				
amount save / loss yearly RM	2,199.40	-1,015,662.65	-84,036.14				
Usage	condo - 4 tower above podium	retail complex en-bloc podium	car park en- bloc podium				

Source: Surveyor Chang, Penang

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	SMC1 retail complex	SMC2 office complex	SMC3 condo	SMC4 hotel en-bloc	SMC5 office en-bloc	MC car park en- bloc	
Usage							total
weightage factor WF1	3.20	1.30	1.00	1.90	0.85	0.75	
weightage factor WF2	1.00	1.00	1.00	0.80	0.80	0.80	
weightage factor WF3	0.00	0.00	0.00	0.00	0.00	0.00	
typical parcel area (sqm)	100	100	100	30,000	30,000	15,000	
typical accessory parcel area (sqm)	0	0	0	0	0	0	
typical parcel share unit	320	130	100	45600	20400	9000	
total parcels	500	200	500	1	1	1	1,203
total share units	160,000	26,000	50,000	45,600	20,400	9,000	311,000
total expenses of LCP/CP	800,000	100,000	100,000	10,000	10,000	100,000	1,120,000
% share unit of typical parcel over aggregate share unit	0.10	0.04	0.03	14.66	6.56	2.89	100.00
rate & charge - different/ LCP/SMC							
LCP charge per share unit RM	5.00	3.85	2.00	0.22	0.49		
LCP charge typical parcel RM	1,600.00	500.00	200.00	10,000.00	10,000.00		
CP charge per share unit RM	0.32	0.32	0.32	0.32	0.32	0.32	
CP charge typical parcel RM	102.89	41.80	32.15	14,662.38	6,559.49	2,893.89	
total charge typical parcel CP+LCP	1,702.89	541.80	232.15	24,662.38	16,559.49	2,893.89	1,120,000.00
% charge of typical parcel over aggregate charge	0.15	0.05	0.02	2.20	1.48	0.26	100.00
rate & charge - single /CP/MC							
charge per share unit CP RM	3.60	3.60	3.60	3.60	3.60	3.60	
RM	1,152.41	468.17	360.13	164,218.65	73,466.24	32,411.58	1,120,000.00
% charge of typical parcel over aggregate charge	0.10	0.04	0.03	14.66	6.56	2.89	100.00
Difference charge (different rate - single rate)							
amount save /loss monthly RM	550.48	73.63	-127.97	-139,556.27	-56,906.75	-29,517.68	
amount save / loss yearly RM	6,605.79	883.60	-1,535.69	-1,674,675.24	-682,881.03	-354,212.22	
Usage	retail complex	office complex	condo	hotel en-bloc	office en-bloc	car park en- bloc	

Source: Surveyor Chang, Penang

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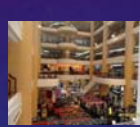
ISSUE 1: THE UNIVERSALITY OF THIS "MAGIC TABLE"

- ONE SIZE FITS ALL ?

EX: IS IT FAIR : THE DIFFERENT RATIO BETWEEN MALL, OFFICE, RESIDENCE HERE?

EX: SAME TABLE ACCURATELY CALCULATE S.C. FOR EACH OF THE 688 MALLS IN MALAYSIA?

No.	Type of parcel	Without air-conditioning in common areas of corridors, lobbies and foyers		With air-conditioning in common areas of corridors, lobbies and foyers	
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8.	Land parcels	Not applicable	Not applicable	Not applicable	Not applicable



55

$$\begin{aligned}
 RM_{MALL} &= SU_{MALL} \times RM/SU_{MALL} \\
 RM_{OFFI} &= SU_{OFFI} \times RM/SU_{OFFI} \\
 RESI_{RESI} &= SU_{RESI} \times RM/SU_{RESI}
 \end{aligned}$$

↓ FACILITY 1ST TIME

↓ FACILITY 2ND TIME

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ISSUE 2: TWO VARIABLES IN A FORMULA ARE FACTORS OF FACILITIES, ONE OF THEM IS REDUNDANT.

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ISSUE 3A: TWO VARIABLES IN SAME EQUATION

$$\begin{aligned} \text{RM}_{\text{MALL}} &= \text{SU}_{\text{MALL}} \times \text{RM/SU}_{\text{MALL}} \\ \text{RM}_{\text{OFFI}} &= \text{SU}_{\text{OFFI}} \times \text{RM/SU}_{\text{OFFI}} \\ \text{RESI}_{\text{RESI}} &= \text{SU}_{\text{RESI}} \times \text{RM/SU}_{\text{RESI}} \end{aligned}$$

ISSUE 3B: IN JMB PERIOD, SU RATE IS UNIFORM

$$\begin{aligned} \text{RM}_{\text{MALL}} &= \text{SU}_{\text{MALL}} \times \text{RM/SU}_{\text{UNIFORM}} \\ \text{RM}_{\text{OFFI}} &= \text{SU}_{\text{OFFI}} \times \text{RM/SU}_{\text{UNIFORM}} \\ \text{RESI}_{\text{RESI}} &= \text{SU}_{\text{RESI}} \times \text{RM/SU}_{\text{UNIFORM}} \end{aligned}$$

ISSUE 3C: IN FUTURE, THIS MAY HAPPEN

$$\begin{aligned} \text{RM}_{\text{MALL}} &= \text{SU}_{\text{UNIFORM}} \times \text{RM/SU}_{\text{MALL}} \\ \text{RM}_{\text{OFFI}} &= \text{SU}_{\text{UNIFORM}} \times \text{RM/SU}_{\text{OFFI}} \\ \text{RESI}_{\text{RESI}} &= \text{SU}_{\text{UNIFORM}} \times \text{RM/SU}_{\text{RESI}} \end{aligned}$$

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MUHAMAD NAZRI BIN MUHAMAD V JMB MENARA RAJAWALI AND DENFLOW SDN BHD [2018] 9 CLJ 547

The Plaintiff is a parcel owner of the residential component. The development area, namely Menara Rajawali consists of residential, retail and car park parcels. Allocated share units of the development area were assigned. The 1st Defendant is the Joint Management Body of Menara Rajawali and the 2nd Defendant the owner of the car park parcel.

In an AGM held on 25.6.2016, it was unanimously resolved that the mandate be given to the JMC to fix multiple rates of charges as below:

- (a) Residential parcels - RM3.26 per share unit
- (b) retail shop parcels - RM3.26 per share unit
- (c) car park parcel - RM1.68 per share unit

sinking fund is 10% of the different rates of charges imposed.

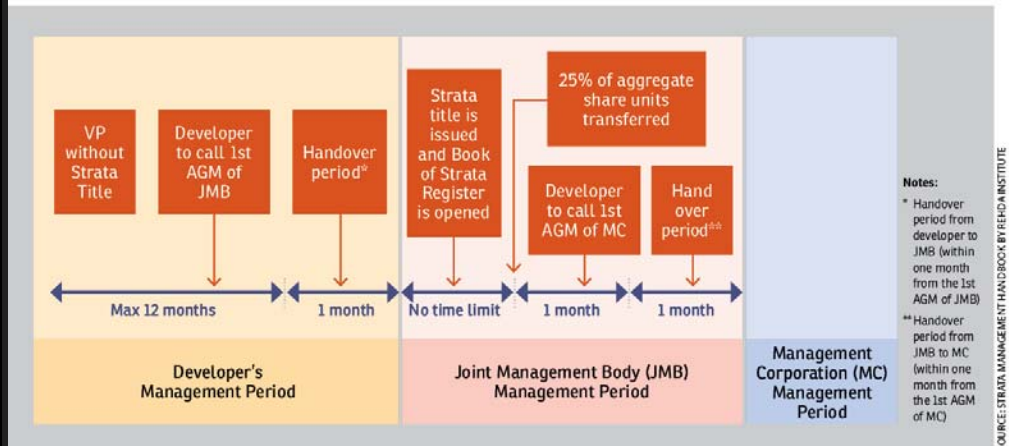
The Plaintiff alleged that the multiple rates imposed are invalid and null and void, filed an Originating Summons in the Kuala Lumpur High Court. The Originating Summons predicated only on interpretation of Sections 8, 12, 21, 25 and the 1st Schedule of the Strata Management Act 2013. The predominant issue is whether the Strata



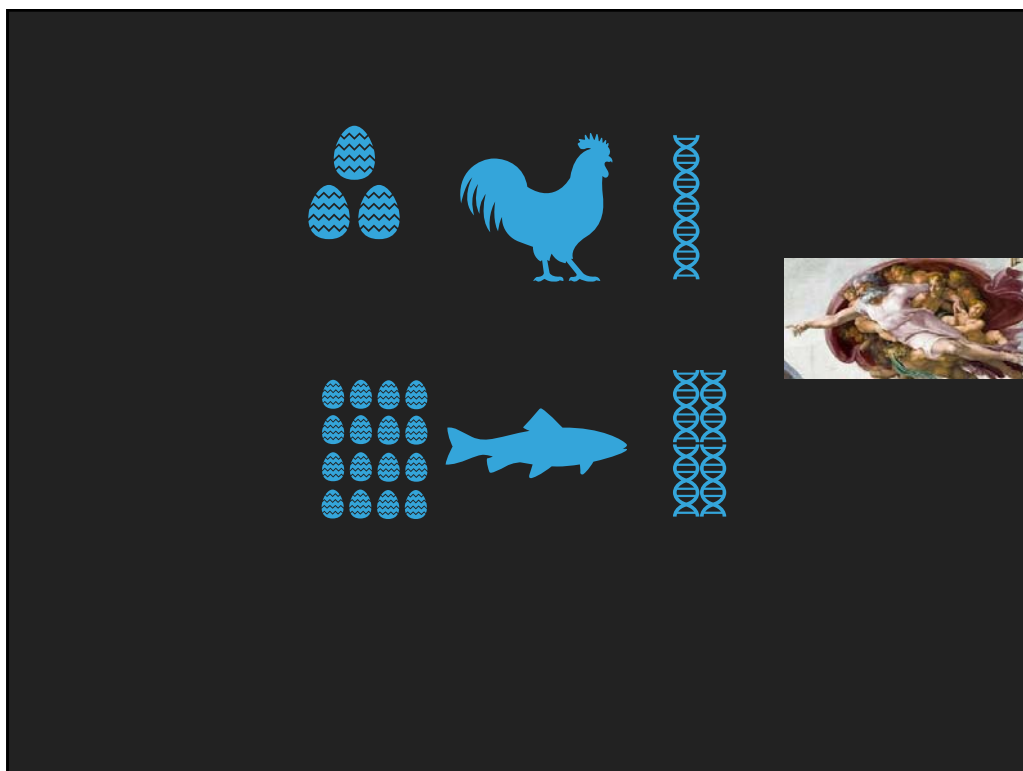
<https://blog.burgielaw.com/2018/10/29/strata-management-case-updates-10-can-a-jmb-apply-different-rates-of-charges/>

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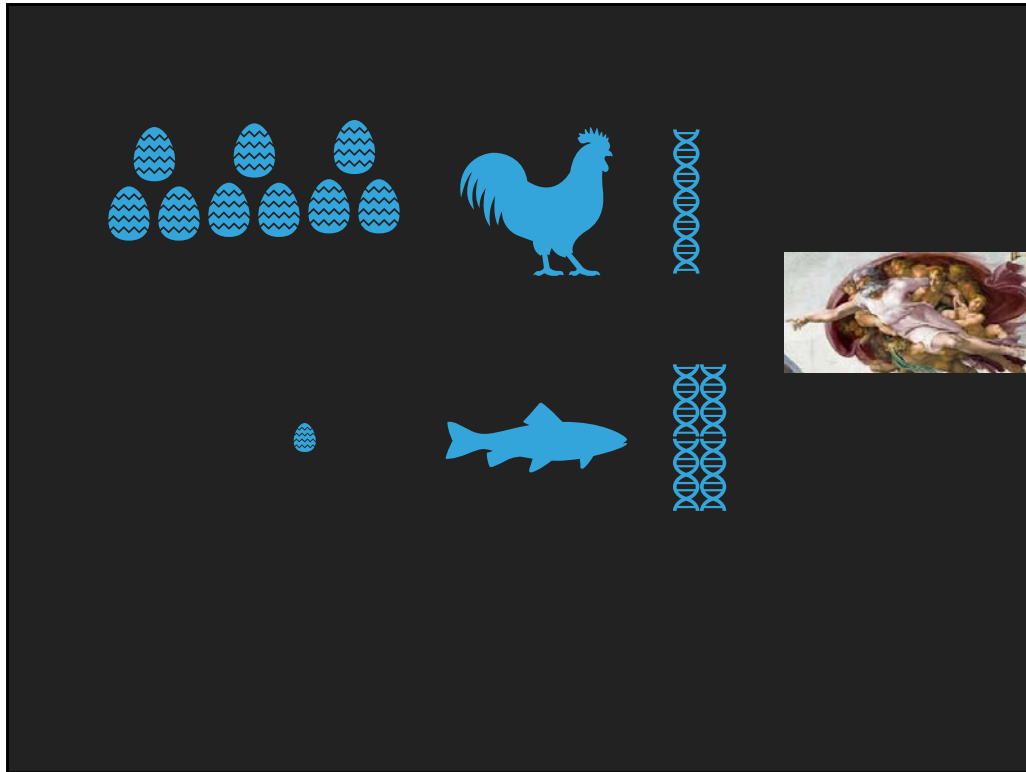
Handing over process of a strata development



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IEM
 The Institution of Engineers, Malaysia
 MECHANICAL ENGINEERING TECHNICAL DIVISION


PPK Malaysia
 Malaysia Shopping Malls Association

SEMINAR - ENGINEERING SHOPPING MALLS IV 2019

Date	: 27th November 2019 (Wednesday)
Time	: 9.00 am – 5.15 pm
Venue	: Sime Darby Convention Centre 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur



Ir. Yi Lum - Persatuan Pengurusan Kompleks Malaysia (PPK)

Ir. Lum Youk Lee is a Professional Engineer of Board of Engineers Malaysia (BEM) and past chairman of Mechanical Engineering Technical Division of The Institute of Engineers Malaysia (IEM), 2016/18 Vice President of Malaysia Shopping Malls Association (PPK), a known lecturer and trainer specialising in shopping mall and high rise building subjects in university, private commercial conferences and seminars. He has a unique hybrid professional experience in both design & construction and post construction operation & management. He was formerly M&E consultant of leading consultancy firms involved in construction of few national projects, and later headed property and facility management for public listed and REIT companies. His recent assignment was the complex manager of gateway@KLIA2, in charge of the lease & marketing and operation of the first airport mall in the country. Currently, he is the General Manager of Investment Properties Division of a Property Developer, overseeing retail and property management of the group investment assets and the Research Committee of PPK Malaysia.

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