

SYNOPSIS OF QUESTIONS AND ANSWERS (NO. 1) FOR SALE OF SITE FOR COMMERCIAL DEVELOPMENT AT ORCHARD ROAD / SOMERSET ROAD (SOMERSET CENTRAL)
(Total of 6 Q&A – dated 22 May 2006)

ORCHARD ROAD DEVELOPMENT COMMISSION

Q1 MND and URA recently announced the setting up of an Orchard Road Development Commission (ORDEC) which will evaluate development proposals for sites along Orchard Road and consider variations from established planning parameters. Can the successful tenderer make an application to ORDEC to seek variations to the planning parameters specified in the tender conditions?

A1 The purpose of ORDEC is to review proposals for the redevelopment or major addition & alteration of existing developments along Orchard Road. In the course of review, ORDEC can consider granting Gross Floor Area (GFA) incentives and variations to planning requirements that will help to facilitate new innovative projects that will contribute to the enhancement of Orchard Road.

The subject sale site at Orchard Road/Somerset Road is for a new commercial development. The detailed development parameters for the site such as the permissible land uses and gross floor areas and other planning and urban design requirements prescribed in the tender conditions are sufficient to guide the new development and ensure that it also contributes to the enhancement of Orchard Road. The successful tenderer of the site will therefore not be eligible to apply for any further ORDEC concession for the development of the site.

However, should the sale site at Orchard Road/Somerset Road be amalgamated with adjacent private land/properties for comprehensive redevelopment, the owners of these private land/properties may apply to ORDEC for GFA incentives or variations from the prevailing planning requirements and any incentives or variations allowed shall be applicable only to the private land/properties. The portion of the amalgamated development within the sale site will remain subject to the development parameters and planning, urban design and other requirements prescribed in the tender conditions.

USES AND GROSS FLOOR AREA (GFA)

Q2 What types of uses will be considered as activity-generating uses?

A2 Activity-generating uses are uses that generate high levels of pedestrian movement and activity both day and night such as shops, restaurants and entertainment uses. The uses should further contribute to the vibrancy of Orchard Road. Offices, banking halls and other uses that cease operations after office hours would not fall under the definition of activity-generating uses.

Q3 After setting aside 60% of the GFA for retail, food and beverage and/or entertainment uses, can the remaining 40% of the GFA be for residential use only?

A3 Yes, the remaining gross floor area of the site amounting up to 40% of the maximum GFA of the development can be solely for residential use, subject to the successful tenderer providing at least 60% of the maximum permissible gross floor area (GFA) for retail, food and beverage and/or entertainment uses. Please refer to the detailed requirements spelt out in Condition 4.1 of the Technical Conditions of Tender.

LETTER OF UNDERTAKING TO UOL

Q4 Part of the Stamford Canal Drainage Reserve falls within the adjoining private land belonging to UOL. Under condition 4.17.8 and 4.17.9, the successful tenderer of the sale site at Orchard Road/Somerset Road is required to liaise with UOL and take all necessary steps including providing a letter of undertaking to UOL for its consent for carrying out works on the private land to implement the Discovery Walk. If the successful tenderer is unable to reach such an agreement with UOL, what are the consequent obligations of the successful tenderer ?

A4 As stated in condition 4.17.1, the successful tenderer of the sale site at Orchard Road/Somerset Road is required to construct a deck over the Stamford Canal Drainage Reserve (DR) from the rear of Orchard Fountain Park to Specialists' Shopping Centre and Hotel Phoenix. Part of the Stamford Canal DR falls within the adjoining private land belonging to UOL. For the requirement to construct a deck over the Stamford Canal, URA has obtained UOL's in-principle agreement to allow the successful tenderer access to its land to construct the deck over the Stamford Canal DR. UOL's consent is subject to the successful tenderer providing a letter of undertaking which sets the key

conditions under which UOL is prepared to grant such access to and use of its land. A copy of the letter of undertaking is enclosed in Appendix 1 of the Technical Conditions of Tender.

The successful tenderer is expected to make reasonable effort to arrive at an agreement with UOL to construct the deck over the Stamford Canal DR within UOL's land. However, the successful tenderer of the sale site has the flexibility to propose alternative means for decking over the canal that does not require consent from UOL or access to or support from UOL's land. The Authority reserves the absolute discretion to decide on such alternative proposals, and if allowed, it shall be subject to such terms and conditions as may be prescribed by the Authority, including the payment of land premium and other costs.

GST REMISSION FOR RESIDENTIAL PORTION WITHIN DEVELOPMENT

Q5 The sale site at Orchard Road/Somerset Road is zoned Commercial and therefore involves the payment of Goods and Services Tax (GST). However, if we were to have residential use within the development, can we claim the GST remission on the residential portion from IRAS? What are the conditions or criteria that we have to fulfil to qualify for GST remission?

A5 The sale site at Orchard Road/Somerset Road, which is zoned Commercial, is a taxable supply and is thus subject to GST. The successful tenderer will incur GST on the land purchase for the site.

In the event where the site is used partly for residential development (which results in subsequent sale or lease of developed residential units), the GST incurred on the purchase of the land is not claimable under the GST law as the sale and lease of residential properties are exempt supplies. However, IRAS is prepared to allow GST relief by way of tax remission, to the successful tenderer who incurred GST on the purchase of land which is to be used partly for residential development, if the required criteria are met and it conforms to the policy intent of relieving land to be used for residential purpose from GST. The required criteria and the procedures for seeking such GST relief are specified in the GST e-tax guide published on 29 Nov 04 (Reference No. 2004/GST/5), which is available in IRAS website <http://www.iras.gov.sg>. Essentially, the successful tenderer who wishes to develop part of the site for residential purpose can apply to the Comptroller of GST for tax remission if he satisfies the following criteria:

- a) he is the legal owner/ lessee of the land,
- b) he is the developer of the residential component,
- c) he has paid the purchase price, including the GST chargeable on the land,

- d) he has obtained Written Permission from URA to develop mixed residential and non-residential developments on the land, and
- e) his claim for relief of GST is made to the Comptroller of GST within six years from the date of purchase of the land.

IRAS will consider the merit of the application and may allow the relief where it is just and equitable to do so.

DESIGN ADVISORY PANEL (DAP)

Q6 To what extent can the DAP influence the design of the new development?

A6 The development on the sale site at Orchard Road/Somerset Road is envisaged to be a well-designed and well-integrated development of a high quality that will contribute to the enhancement of Orchard Road as a premier shopping street. To ensure that the proposed development fits in well with the surrounding area and is well-integrated with the MRT station, the development proposal will be reviewed by a Design Advisory Panel (DAP), in accordance with Conditions 2.4 and 5.0 of the Technical Conditions of Tender.

The DAP review process is intended as a collaborative effort between the DAP members, the successful tenderer and their appointed architects where all parties will work together to identify design opportunities that will enhance the overall development and the urban surroundings at Orchard Road given its landmark location. As such, the intention is not for DAP to dictate design solutions that the successful tenderer is bound to comply with. Where the DAP suggests an area for improvement, the successful tenderer has the opportunity to clarify or propose alternatives to address DAP's concerns. The successful collaboration between similar design panels and the appointed architects have resulted in many quality developments in the city, such as One Fullerton and One Raffles Link.