

**Premium Assessment and Appeal against Premium Assessment
for Lease Modifications, Land Exchanges,
Private Treaty Grants and Other Land Transactions**

(1) Procedures for Premium Assessment

(i) Initiation of Premium Assessment

Unless some essential procedures are still outstanding, the applicant's acceptance of PBTO will normally follow by the next step of premium assessment immediately.¹ To facilitate the preparation of premium assessment, the applicant may provide DLO/ Section with such information which he considers useful to the premium assessment within 2 weeks from the date of the PBTO. A submission prepared by DLO/Section will be provided to the Valuation Section in LandsD/HQ ("Valuation Section") for action under paragraphs 1(ii) and 1(iii) below.

(ii) Preparation of the Premium Assessment Submission

Upon receipt of a submission from DLO/Section, the Valuation Section will notify the applicant and prepare the valuation assessment to the Valuation Committee (V. Com.)/Valuation Conference (V. Conf.) (as the case may be) for consideration and approval. During this period, the applicant may submit additional information and/or clarifications he considers relevant and useful to the premium assessment directly to Valuation Section. For the avoidance of doubt, the Valuation Section has the absolute discretion on whether and how to consider the information on the understanding that this shall not cause delay in the referral of the premium assessment to V. Com./V. Conf. No negotiation on the premium assessment would be permitted.

(iii) Consideration and Approval of the Premium Assessment

The assessment will be considered by either V. Com. or V. Conf., as the case may be, to determine the premium. V. Conf. will also consider the appeal against premium assessment previously approved by V. Com.

¹ For cases such as those requiring the completion of statutory procedure as a condition for execution of the land document, the actual timing of the premium assessment will be adjusted to take into account the progress of the statutory process involved

(iv) **Binding Basic Terms Offer**

After the premium has been approved by V. Com./V. Conf., BBTO including the premium amount will be issued to the applicant.

(v) **Appeal against the Premium**

If the applicant does not find the premium acceptable, the applicant may appeal against the premium assessment, by returning the appeal letter (“Appeal Letter”) enclosed at the BBTO within the period specified in the BBTO. Once the Appeal Letter is submitted, the premium stated at the BBTO will automatically lapse. Any revised assessment to be carried out will be at the market value prevailing at the time of re-assessment, which could be the same as, or higher or lower than, the premium originally offered.

Upon receipt of the Appeal Letter, the Valuation Section will verbally advise the valuation approach and major parameters of premium assessment adopted by V. Com. or V. Conf., as the case may be, to the applicant for his preparation of the appeal report and counter-offer. The applicant must submit a counter-offer of premium together with supporting information to justify the amount of the counter-offer within 3 months from the date of the Appeal Letter.

(vi) **Consideration of Appeal against Premium Assessment**

On receipt of an appeal against the premium assessment, DLO/Section will refer the case to the Valuation Section. Prior to submission of the revised premium assessment to V. Conf. for considering the premium appeal, case officer of the Valuation Section will communicate with the applicant on a non-committal and without prejudice basis. The case officer will exchange views with the applicant on matters relevant to the premium assessment, which may include the basis of valuation, gross development values, construction costs of the development, comparables and relevant transaction evidence etc. Normally, at the final stage of premium assessment, the case officer will also enquire if the applicant will update his counter-offer of premium for the proposed transaction for incorporation into a submission to V. Conf.

(vii) **Attendance at Valuation Conference**

The applicant will be invited to attend the meeting of the V. Conf. in

connection with his premium appeal and will have the opportunity to elaborate on any information and arguments which he may have already provided in support of a revised assessment. Deliberation of the case by members of the V. Conf. will take place after the applicant has left the meeting.

To help expediting the premium appeal process, LandsD may consider acceding to a request made by the applicant to be informed of the revised premium figure as determined by the V. Conf. prior to the issue of the BBTO by DLO/Section. Upon receipt of such request, the applicant may be invited to attend the next V. Conf. meeting (normally the following week) in which he will be informed of the revised premium figure on a without prejudice and subject to contract basis. At that meeting, the applicant may comment on the revised premium figure. Deliberation of the V. Conf. will take place after the applicant has left the meeting in case an improved counter-offer is made.

For the avoidance of doubt, all discussions with the applicant at the V. Conf. meetings are conducted on a without prejudice and subject to contract basis. LandsD reserves all its rights in making a BBTO which may be different from what have been discussed at the V. Conf. meetings.

(viii) **Issue of Revised Offer on Premium Assessment**

After the premium has been re-assessed, a revised BBTO will be made. After the revised BBTO is issued, the case officer will verbally advise the applicant of the major arguments/comparable transactions/parameters contained in the applicant's submission that have not been accepted by the V. Conf. The arrangement serves to facilitate the applicant's consideration of the premium at the revised BBTO.

(ix) **Fast Track Procedure for Processing the Second and Third Appeals Against Premium Assessment**

(a) **Triggering the Fast Track Procedure for Second and Third Appeal²**

² To support this fast track procedure, the revised BBTO (excluding the enclosures such as plans and special conditions, etc. Document(s)) will be sent by fax to the applicant whereas the original of the offer letter together with the enclosures Document(s) will be sent by post. Applicants may also arrange with the DLO/Section to collect the offer letter by hand.

After a decision has been made by V. Conf. on the first and second premium appeal, a revised BBTO with the option for fast track procedure will be made by DLO/Section to the applicant. If the applicant disagrees with the amount of the revised premium, he may submit an appeal in the usual way, i.e. by returning the Appeal Letter within the period specified in the revised BBTO and submitting a counter-offer of premium supported by justifications within three months from the date of Appeal Letter. Alternatively, the applicant may trigger the fast track procedure by returning the Appeal Letter and submitting a counter-offer supported by justifications within 12 working days³ from the date of the revised BBTO. For the avoidance of doubt, the fast track procedure is limited and applicable to the second and third appeal only. To facilitate fast track action, the counter-offer together with the justifications shall be submitted concurrently to both DLO/Section and the Valuation Section.

Once the Appeal Letter is submitted, the premium stated at the revised BBTO will automatically lapse. The revised premium will be assessed with reference to the market value prevailing at the time of re-assessment, which could be the same as, or higher or lower than, the premium previously offered.

(b) **Counter Offers qualified for Fast Track Procedure**

Upon receipt of counter-offer together with justifications within the 12-working days period as specified in paragraph 1(ix)(a) above, the Valuation Section will consider whether the counter-offer is qualified for processing under the fast track procedure. If it is considered not eligible, the case will join the normal queue for appeals and be dealt with under the normal procedure. In either situation, the applicant will be notified in writing accordingly not later than 7 working days from the expiry of the 12-working days period.

While all cases that meet the requirement referred to in paragraph 1(ix)(a) above for triggering the fast track procedure will generally be qualified, there are cases not qualified for processing under the fast track procedure including, examples where (a) no justifications have

³ The reference to working days excludes Saturdays, Sundays and public holidays.

been submitted; (b) no fresh justifications are submitted i.e. repeated same justifications which have already been considered by V. Conf. at the previous appeal; (c) the justifications submitted would require follow up actions that could not be achieved within the time frame for processing appeals under the fast track procedure, e.g. policy clearance or legal advice would need to be obtained in the first place rendering actions for fast track impracticable; (d) amendments to the basic terms of the proposed transaction are being proposed, etc.

For a qualified counter-offer to be processed under the fast track procedure, a revised BBTO will be issued by DLO/Section to the applicant within 24 working days from the date of receipt of the counter-offer by the Valuation Section.

In the event that the justifications are not submitted simultaneously with the counter-offer but both the counter-offer and the justifications are submitted within the 12-working days period mentioned in paragraph 1(ix)(a) above, the 24-working days period will only count from the date when both the counter-offer and the justifications have been received by the Valuation Section. The applicant will be so notified in writing accordingly not later than 7 working days from the expiry of the 12-working days period.

(c) **Consideration of the Second and third Appeal**

The procedures are similar to those set out in paragraph 1(vi) above. While clarifications on the justifications submitted may be made by the applicant, normally, any further new evidence submitted after the expiry of the 12-working days period mentioned in paragraph 1(ix)(a) above will unlikely be considered due to time constraint under the fast track procedure.

(d) **Attendance at Valuation Conference**

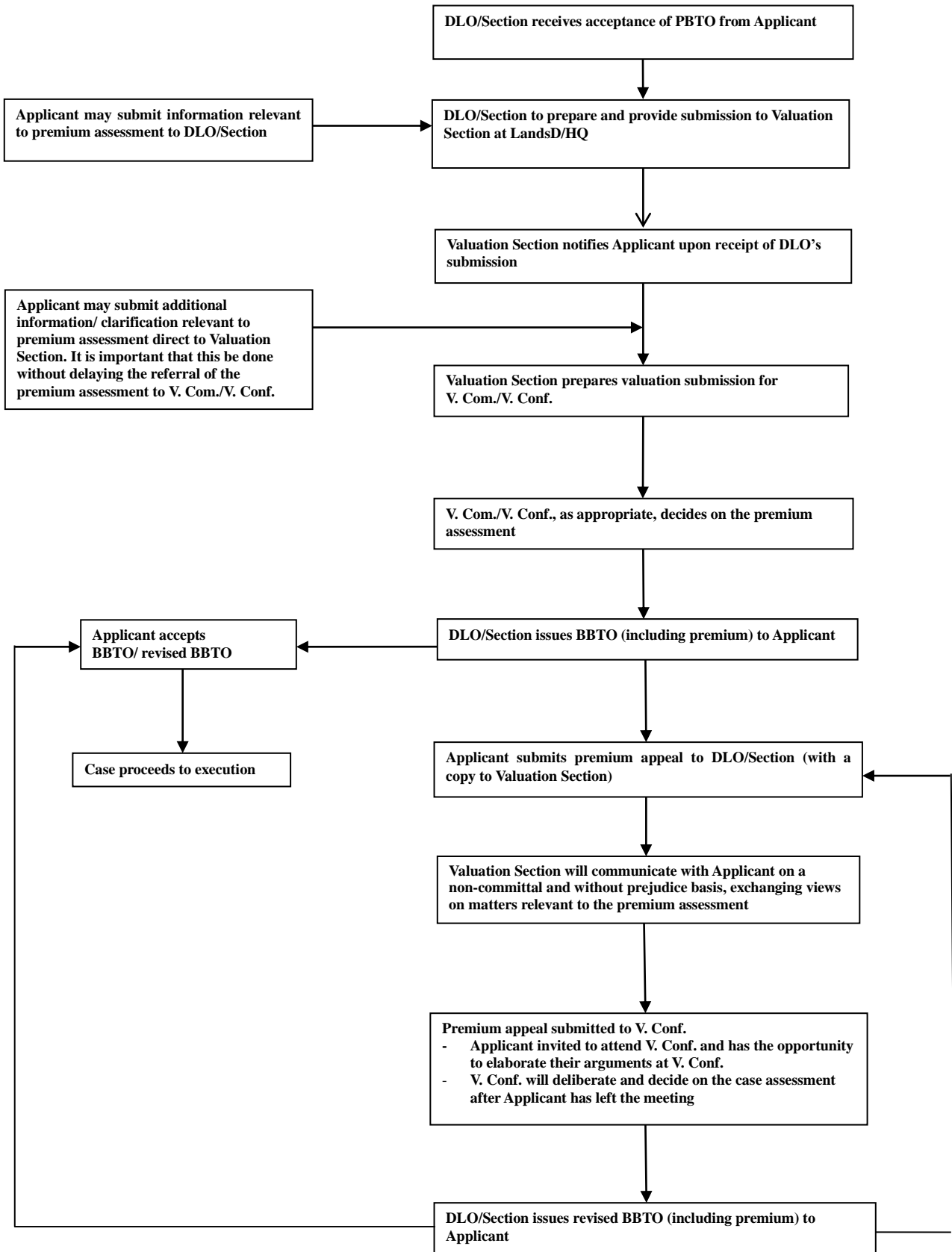
Applicant will be invited to attend the meeting of the V. Conf. to consider his counter-offer similar to the procedures as set out in paragraph 1(vii) above.

(e) **Issue of a Revised Offer**

The procedures are similar to those set out in paragraph 1(viii) above but the fast track procedure will no longer be available to the fourth appeal and any subsequent appeals.

2. Flow charts which highlight the key steps referred to above are put at Annex A and B hereto.

Flow Chart
(Premium Assessment Procedure for Lease Modifications, Land Exchanges,
Private Treaty Grants and Other Land Transactions)



Flow Chart
(Fast Track Procedure for Processing the Second and Third Appeals
Relating to Premium Assessment for Lease Modifications, Land Exchanges,
Private Treaty Grants and Other Land Transactions)

