



Concessions to Building Covenant Extensions

The purpose of imposing a Building Covenant (BC) in lease conditions is to ensure that land is developed to a reasonable scale and within a realistic period. Although extensions to the BC may be granted on valid grounds, such extensions will normally be granted subject to the imposition of a premium. As a further measure to ensure timely completion of development, the amount of premium payable increases progressively consequent upon the number and length of such extensions.

2. In the current economic situation under which developers may find it advisable to adjust their development programmes in response to changing market conditions, Government has agreed to introduce a temporary concessionary scheme in assessing premiums for approved BC extensions.

3. Under this scheme, for a lot having its unfulfilled BC expiring between 1.11.2003 and 31.10.2004 and where any required extension could be justified under the prevailing criteria, the premium for such extension will be assessed according to the following concessionary rates: -

<u>Extension</u>	<u>Normal Rates</u>	<u>Concessionary Rates</u> (For BCs expiring between 1.11.2003 & 31.10.2004)
1 st year	2%	Nil
2 nd year	4%	2%
3 rd year	8%	4%
4 th year	14%	8%
5 th year	22%	14%
6 th and subsequent year	32%	22%

4. For a lot having its unfulfilled BC expiring between 1.11.2003 and 31.10.2004 and seeking extension beyond 31.10.2004, the concessionary rates will apply only to one extension to run beyond 31.10.2004 up to a period not exceeding 12 months from date of BC expiry. Any further extensions required thereafter will be subject to a premium calculated on the normal rates.