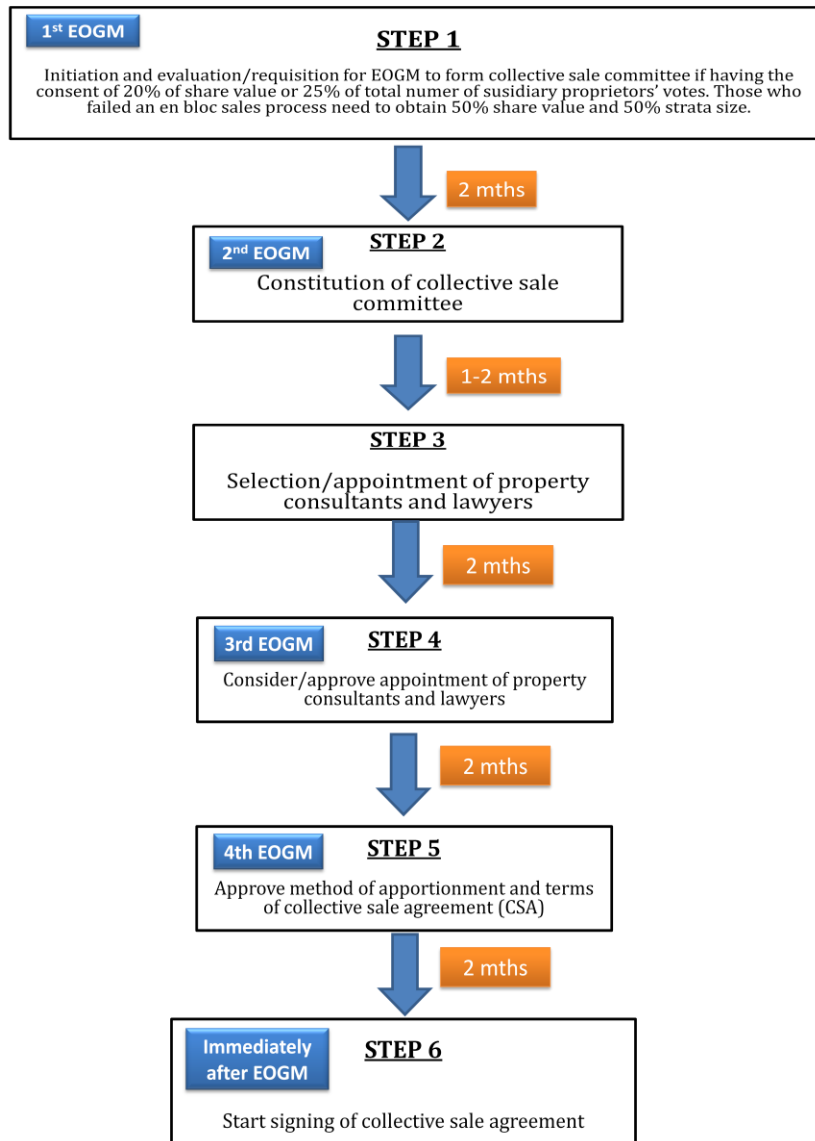


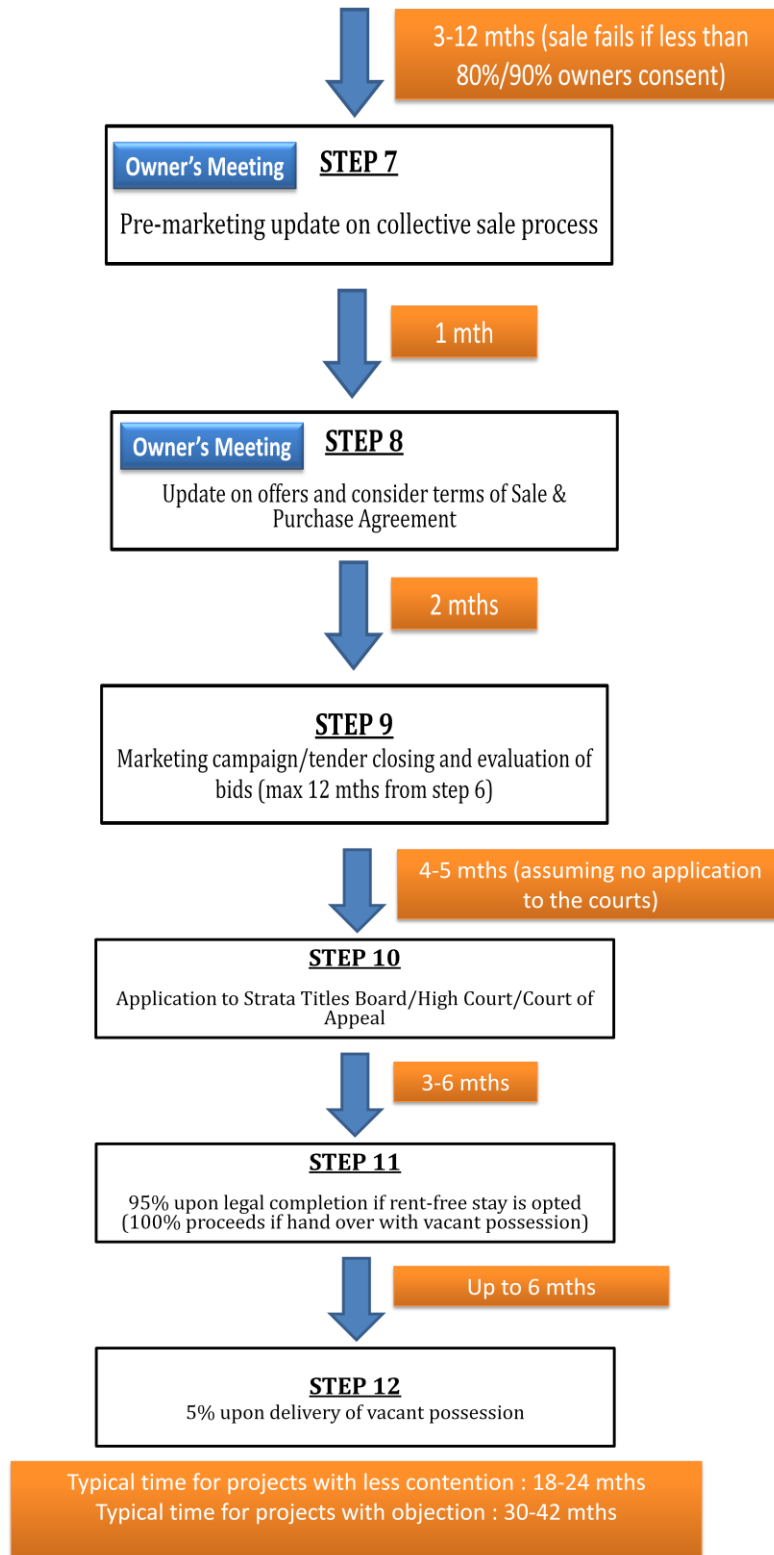
En Bloc Sales Process

En bloc Sales Process starts off officially with the forming of the Collective Sales Committee (CSC). A minimum of 20% of the share values or owners comprising 25% of the total number of subsidiary proprietors' votes in favor.

Owners of developments which had failed in an earlier round of En bloc sales in Singapore needs to wait 2 years before re-starting the En Bloc sales process by proceeding to obtain a higher threshold of 50% of the share values or 50% of the subsidiary proprietors' votes before calling for an Extra-ordinary General Meeting (EOGM).

Typical Steps & Estimated Time Frame of A Collective Sale





All or any potential candidates running for En bloc sales collective sales committee (CSC) must make full disclosure of any actual or potential conflicts of interest.

En bloc sales process: Triggering the 1st Extra-ordinary General Meeting (EOGM) to set up the Collective Sales Committee (CSC)

- 20% of Share values or owners comprising 25% of the total number of subsidiary proprietors votes.
- 50% of share values or owners comprising 50% of the total number of subsidiary proprietors votes if an earlier En Bloc collective sales attempt failed. There is a waiting time of 2 years before re-starting the En Bloc process.
- Call for the 1st Extra-ordinary General Meeting (EOGM) to appoint the Collective Sales Committee (CSC).

A responsible collective sales committee should have owner representation from a variety of different sizes of the units within the Strata development.

En Bloc Sales Process – Age of Condominium or strata titled development

In the case of an En bloc sale where there is less than 100% consent, it is governed under the Strata Titles (Strata) Act, Section 84A.

- Developments less than 10 years will require 90% consent by share value as well as strata area.
- Developments older than 10 years will require 80% consent by share value as well as strata area.

The age of a development is counted from the date when the development obtains its temporary occupation permit (TOP), or if no TOP was issued, from the date of the Certificate of Statutory Completion (CSC).

When to Appoint Property Consultants, Lawyers and valuers – usually 2nd EOGM

The Collective Sales Committee (CSC) could be empowered if such mandate is not given. The appointment of lawyers and property consultants will be decided at the 2nd Extra-Ordinary General Meeting (EOGM).

En bloc Sales Process – Method of Apportionment

This is usually done at the 2nd EOGM or after 2nd EOGM. This is usually discussed along with the Collective sales agreement (CSA) terms and conditions. The property consultants or valuers could have inputs to how to apportion the sales proceeds fairly. Typically the sales proceeds can be apportioned by ways of share value as well as strata built-up size. Of course more complex methods can also be proposed if they can be easily administered and explained. Many home owner are blissfully unaware of the En bloc sales process and hence are really not in a position to know if it is a fair deal or not. They tend to say, “We will go with the majority”. Often it is the Minority that set the stage for the majority to follow and then when the numbers are reached, the majority would have been guided by the minority, the rest of the clueless minority often blindly follow along in the en bloc sales process.

En Bloc sales committee - To decide the Collective Sales Agreement reserve price - Usually at 3rd EOGM

If the Reserve Price and valuation is not decided and confirmed at the 2nd EOGM, this will be discussed at the 3rd EOGM. The valuer’s report and justifications for the valuation will be presented at the 3rd EOGM for approval. Terms and conditions of the Collective sales agreement (CSA) is discussed in this meeting.

The discussion of the reserve price usually takes into consideration (but not limited to) the following:

- Current land plot ratio baseline based on URA zoning.
- Actual built plot ratio.
- Development charge (DC) if any for land use intensification what the developer has to pay.
- Differential Premium (DP) for topping up the land lease (if any).
- Surrounding En Bloc sales launch and successful prices achieved.
- Potential development of the plot of the land.
- Nearby older estate price trend.
- URA master plan and other factors such as LTA road plans, possible encroachment or future government land requirement which could result in loss of land via the land acquisition act, thereby affecting the value of the development.

- Current construction cost, labour and ability of developers to price the properties.
- Price trend movement as En bloc sales process takes easily 18 to 40 months to complete. In a rising market, the prices of properties could easily have risen by 5 to 10% a year, rendering the premium obtained from En Bloc not worth it.

Hence, the owners can then estimate what price would be reasonable for the developers to bid and yet make a profit. This price must also be fair to the owners.

Not many have considered a profit sharing arrangement with the developers.

Signing of the En Bloc Collective Sales Agreement (CSA)

The collective sales committee has 12 months to conclude and reach the required threshold for En bloc collective sales. Once the threshold for collective sales mandate is reached, the collective sales committee will call for an “Owners Meeting” before the launch of the public tender for sale.

Owners’ meeting before launch of Public tender for Sale

Owners will meet to discuss details of the public tender for sale. There will be a series of meetings which will take roughly 1 to 2 months.

Launching the En bloc sales Process via Public tender

The launch of and closed of the En Bloc sales development tender will close within one month. The successful bidder will be declared.

If no bidder meets the reserve price, the collective sales committee (CSC) will then go into a “Sale by Private Treaty” arrangement.

If you do not find a buyer, the development has 12 months to find a buyer, failing which the En bloc sales process fails.

Award of Tender or Negotiate Sale by Private Treaty - Maximum 10 weeks

If there is a successful bidder that exceeds the minimum reserve price, the tender will be awarded. If the bid falls short of the reserve price, the collective sales committee (CSC) will be able to negotiate a sale by private treaty.

The collective sales committee (CSC) will have **10 weeks maximum** to complete the En Bloc Sale by private treaty.

The En bloc sales committee will need to seek further endorsement from the owners on the price for the Private sale.

A sale and purchase agreement will be signed by the Collective sales committee (CSC) and the property developer. At such point, any possible seller stamp duty (SSD) shall be due for those subsidiary proprietors who has bought their units within 3 years and are now selling it.

Apply to Strata Title Board (STB) or High Court for En Bloc Sales Permission

The typical time required for applying to the Strata title Board (STB) or High Court is between 3 to 9 months.

If there is a challenge to the En bloc sales process, objectors may apply to the High Court to block the En Bloc sales process based on certain grounds. This could drag out the process by a further 4 to 5 months.

Completion of En bloc Sales process

Once the relevant authorities such as Strata titles board (STB) or High Court approves the sale, it takes another 3 months to complete the en bloc sales process.

Once the en bloc sales deal is completed, owners can hand over the units with vacant possession for 100% of the sales proceeds, or opt to stay on for another 6 months.

- Move out upon completion of the En bloc sales process = Receives 100% of En bloc sales proceeds.
- Move out after 6 months (up to 6 months) of the completion of sale = Receives 95% of En Bloc sales proceeds upon Completion of sale, and 5% upon handing over vacant possession.

(**Note:** the terms can be negotiated and agreed with during the Collective Sales Agreement (Terms and Condition stage), so raise your objection early)

Challenge to the En Bloc Sales Process

A legal challenge to the En Bloc Sales Process can be filed to the Strata Title Board or the High Court by owners who has reasonable cause to object. This may drag out the completion date of the En Bloc sales process.

Timeline and Milestones of an En Bloc Sales Process

In order to understand how and whether to go into an En Bloc sales and sign on the Collective Sales Agreement (CSA), you will need to know how long it will take you to complete the En Bloc sales in case it is successful.

Stage	Milestone	Duration (Est.)	Timeline (months)
1	1st EOGM to appoint CSC.	1 month	1
2	2nd EOGM to appoint Marketing agents, solicitors and approve CSA.	1-2 months	2 – 3
3	Signing of Collective Sales Agreement (CSA)	12 months	3 to 15
4	Owners meeting prior to launch of public tender for sale	1-2 months	4 to 17
5	Launch and close of tender	1 month (Max)	5 to 18
6	Award of tender.	–	
7	Negotiate sale by private treaty (if bidding falls below reserve price)	10 weeks (Max)	7.5 to 20.5
8	Apply to STB or High Court	3 – 9 months	10.5 to 29.5
9	Completion of sale	3 months	13.5 to 32.5
10	Handover of vacant possession	6 months	18.5 to 38.5

The maximum and minimum duration of the en bloc sales process as indicated in the cumulative timeline in the table is roughly between 18.5 months to 38.5 months.

The earliest any home owners can receive any en bloc sales proceeds could be around 13.5 months and the latest will be 32.5 months.

Seller Stamp Duty (SSD) for those who bought recently

For those who bought their properties recently, they may be faced with Seller stamp duty (SSD) as Stamp duty is payable upon your buyer exercising the option to purchase your property. This could be around the time of stage 8 where they Apply to STB or High Court.