

## Response to Queries

**Announcement Number:** HDC (161)-EM/IU/2020/150  
**Announcement Title:** Development and Operation of an Office Building in Hulhumalé Plot D6-1B  
**Document Issue Date:** 25<sup>th</sup> August 2020  
**Proposal Submission Venue and Deadline:** 31<sup>st</sup> August 2020, Time and Proposal Submission procedure will be shared with the registered parties.

Below please find the answers to the queries raised for the subjected proposal.

#	Queries	Response
1	Will HDC publish the registered parties online to assure the registration is closed	Yes. Registration list will be uploaded on <a href="http://www.properties.hdc.com.mv">www.properties.hdc.com.mv</a>
2	Requesting for time extension for the Bid submission for the preparation of concept drawings	Proposal submission deadline will not be extended for this RFP.
3	Kindly clarify that the foreign company registered locally as a foreign investment company will be allowed to participate in the bid.	Majority share of the proponent shall not be owned by a foreign party.
4	Kindly clarify that the proponent may have agreed with HDC with certain payment term for some other previous or ongoing project, and the payment is progressing as per the agreed term. Whether it will be considered as an Overdue?	If an alternative payment arrangement is formally agreed between HDC and the proponent for a previous contract/contracts, and that the proponent has been making payments as per the agreed schedule till the date of proposal submission, it will not be considered as an overdue by the proponent to HDC.
5	Clarify whether the foreign companies are allowed to participate in the bid.	Majority share of the proponent shall be owned by a local party.
6	Due to COVID19, Request for 14 days from the notification of conditional award	Total Duration of the Conditional award is 30 days, where: 7 calendar days to pay the lease deposit and acquisition fee, and 30 calendar days to submit the performance guarantee.
7	As per the clause the construction period is 24 month and the proponent shall start paying the lease payment after 24 months completion. in case the proponent completes the construction earlier than 24 months. Can he able to rent the place and collect the rental.	Grace period is tied to the construction and development period, if the construction and development is completed before 24 months (from the date of agreement signing), rent shall be applicable from the date HDC issues the building usage permit. Also, in any circumstance, the grace period shall not exceed 24 months. The proponent can pre-lease the units (and may collect rent from other tenants as per the agreed terms between the proponent and the tenants), upon 20% completion of the building structure and getting written approval for pre-lease from HDC.



8	Any chance of increasing the lease period	The lease period will not be increased more than 30 years.
9	Can the loan duration increase beyond the development period	The loan repayment duration shall not exceed the contract duration, and the contract duration shall have at least 1 year remaining after the loan duration.
10	Kindly share the HDC mortgage policy	<p>The following are the three available options in the mortgage policy, other terms and conditions of the mortgage policy shall be shared with the proponent once the contract is awarded.</p> <p><b>Upfront Lease Payment</b></p> <ul style="list-style-type: none"> <li>• Upfront lease payment option is where the lessee shall pay the total lease amount for the mortgaged loan duration in advance at a discounted rate. The lessee may include the advance lease amount in the loan facility and make the payment through the bank.</li> <li>• Upfront rental payment for the loan duration shall be paid by the lessee at a discount rate (Rent is determined at a discount rate of the current rent amount charged on land (the discount rate shall be the WACC of HDC).</li> <li>• If rent is not defined for some period of the loan, the rental rate applied shall be a future rental rate calculated based on the rental growth (Cumulative growth) over the past years applied to the current market rental.</li> </ul> <p><b>Annual Lease Payment Guarantee Insurance Bonds</b></p> <ul style="list-style-type: none"> <li>• Under the annual lease payment guarantee insurance bond, the lessee shall submit an insurance bond that shall cover the lease default risk for one (1) year duration. The lessee shall then renew the insurance bond annually, until the loan is fully paid.</li> <li>• The lessee shall submit a lease payment guarantee insurance bond, amounting to 12 months lease payment.</li> <li>• Throughout the loan duration, the payment guarantee insurance bond shall be renewed annually at least two (2) months prior to the expiry.</li> <li>• A collateral equivalent to the bond value from the lessee shall be required by the insurance company.</li> <li>• The bank shall enforce the lessee on renewal of the insurance bond annually on behalf of HDC, and treat the annual renewal of the insurance bond equivalent as repayment of the loan facility by the lessee.</li> </ul> <p><b>Long-tail Lease Payment Guarantee Insurance Bonds</b></p> <ul style="list-style-type: none"> <li>• Under the long-tail payment guarantee insurance bond, instead of annual renewal of the insurance bond, the lessee shall submit an insurance bond that covers the lease default risk for the total duration of the loan period.</li> </ul>







18	For providing Basement the Ground floor slab shall be elevated between 1 to 2 meters. Upon elevating the total building height will be increased. Will HDC allow for increasing the building height.	Increase in Building height cannot be allowed.
19	Upon proposing the basement floor will HDC allows the proponent to construct few more floors by increasing the GFA, FSI, and the build height regulations. Confirm for the utilization of the ground floor and first floor for a commercial and retail shop? In the drawing cross-section the first floor shown as an office – clarification required	Basement will not be considered as a part of FSI in calculation. However, number of floors will remain same as shown in guideline drawings. Ground can be utilized as commercial and Service space as mentioned in guideline. First floor can be used for both office and commercial Space. This is not compulsory. <ul style="list-style-type: none"> <li>• Quality of content points are awarded to the medium and completeness of proposal presentation.</li> <li>• Area of Basement will not be included in the FSI calculations.</li> <li>• Ground, First and Terrace level can be utilized for commercial uses as according the Planning Guidelines</li> <li>• First floor is categorized commercial.</li> </ul>