Kwa Kim Li

From:	Kwa Kim Li
Sent:	30-Nov-2013 11:25 AM
To:	Kuan Yew LEE (PMO)
Subject:	your question on the properties in your name

Dear Uncle Harry,
I refer to our discussion last night, and I set out in 3 parts, A B and C ,what we talked about.

A)
You asked me to re-cap what is set out in your current Will dated 2 nov 2012.

To Loong : 38 Oxley Road.

To Ling [redacted]

To Yang [redacted]

Based on the email trail in 2012, it was agreed between Ling and Yang (and cc to Loong who did not participate in the email trail) that the above distribution of properties is the best way , that each child takes a specific property, rather than all of the properties being jointly held in 3 names. Holding the properties jointly in 3 names would cause friction if one wants to sell, another wants to rent out or stay or keep long term, or if one dies.

To address the fact that the properties will naturally be of unequal values, there is a clause in the Will to have a valuation done at the date of death.

Having established the values of the properties and the entire value of the estate, the entire estate will be divided into the proportions set out in the Will between the 3 children, with cash topping up out of the cash in bank or sale of shares, for the child who gets property value of the lesser value.

B)

Last night , you raised the possibility that Oxley may one day be " de- gazetted" after your passing, and on de-gazetting, the value of the Oxley property will escalate. As this property will be solely owned by Loong under your present Will, your sentiment is that if there is de-gazetting after your passing, and the property value escalates, then you would like Ling and Yang to benefit from the increased value, as this would only be fair.

One way to address this escalation in value owing to de – gazetting and to have the upside shared with Ling and Yang, would be to provide a clause that if Oxley is de -gazetted after your passing, and thus the value appreciates, Loong has to share the appreciated value with Ling and Yang. This will mean that Loong has to pay Ling and Yang for the increased value, as the property would remain in Loong's sole name at the increased value.

If this is something that you like to consider, then we should also set a time frame within which if the de-gazetting takes place, say within 3 (or 5?) years after your passing, that the value of the upside should be shared by Loong. This time frame is set so that the matter will not be open ended/ indefinite, and Loong can move on with the plans for Oxley with certainty after 3 or 5 years. Do you think that this is something that would work and not cause friction between the children?
It means that Loong has to pay Ling and Yang for his opportunity to re- develop Oxley.

C)
Another option is for Oxley to be given to the 3 children equally, and the children decide between themselves regarding the valuation , development, de-gazetting, and though this is not ideal, it may be a fair and simplistic way to treat the property where we do not have certainty of the timing of the de – gazetting. This way , all 3 children will always automatically share in the upside, and each will have the chance to buy the other out.

If this route is chosen, then Loong will get larger top up in cash as he does not get the whole of Oxley, only one third, and the one third is based on gazetted value.
I don't think this is a preferred course, as the property will be jointly owned in 3 names, and in my experience, there is usually friction in joint ownership as all the 3 owners may not be of the same mind.
However this is probably the " fairest" way because all 3 children will equal shares in Oxley and in the upside.

Please let me know your thoughts, and I can make the appropriate changes to the Will.

Kim Li

Kwa Kim Li
Managing Partner

D +65 65574709 | F +65 62243210
Email: kwakimli@leenlee.com.sg

LEE & LEE
50 Raffles Place
#06-00 Singapore Land Tower
Singapore 048623
www.leenlee.com.sg
UEN: 53130786K

Please note: This message may contain confidential and privileged information. Unless you are the intended addressee, any distribution, copying or disclosure of such information is strictly prohibited. If you have received this message in error, please advise the sender immediately and delete all copies of this message from your system. All views and opinions expressed in this message that do not relate to the official business of the firm do not necessarily represent those of the firm.