

Occupier Perspective Obligations of Occupation 2013 EMEA



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We are pleased to release the 2013 EMEA edition of our 'Obligations of Occupation' report. This edition provides a summary of key cost responsibilities and obligations associated with occupying and purchasing office space in 33 markets across the EMEA region.

'Obligations of Occupation' is a reference guide to local market conventions as to how key cost responsibilities are shared between owners and occupiers. It is designed as a useful reference document for comparing practices and liabilities across countries and markets.

The report covers:

- Main aspects of lease structures
- Landlord and tenant responsibilities
- Occupier transaction costs
- Taxation liabilities of tenants related to occupancy
- Ownership restrictions
- Purchaser transaction costs
- Key changes in market practice since last year

This guide should be used alongside our yearly 'Global Occupancy Costs - Offices' publication, our occupier flagship report which looks at total occupancy costs per workstation across 126 business districts in 49 countries worldwide.

Report coverage



Source: DTZ Research, ESRI

Definitions

This document is not intended as a comprehensive guide and in a number of cases the information provided should be treated as illustrative of the typical way in which the individual markets work rather than being applicable to all situations.

1B*: In some markets, buildings are delivered in 'bare shell' conditions meaning that only service and common areas are fully finished by the landlord. In others, landlords provide finished ceilings and/or flooring as standard delivery conditions. These have cost implications to the occupier of the space.

Shell and core: Bare concrete shell (slab to slab), with service capped off at the core. The tenant carries out the interior fit-out of everything within the demised area, delivering floors, ceilings, interior A/C and all M&E work

Warm shell: Office building with a minimally finished interior, a heating & cooling system, drop ceilings, plumbing and restrooms, and interior lighting. No partitioning or raised floors

Category A: Raised floors and ceilings only. All lighting and A/C delivered for an open plan space. No partitioning provided. The tenant does the rest

Fully Fitted: Turnkey fit-out provided by the landlord. The office building is ready for the tenant to move in

1B1*: In most cases, fit-out costs are paid by tenants. However, there are increasing instances of landlords paying for some of the fit-out costs incurred by tenants.

1C1*: Typical amount of rent used to secure the lease (depending on covenant strength).

1Di*: Typical rent-free months a tenant can obtain from a landlord upon signing a new lease term. The rent-free period takes place at the beginning of a tenancy and throughout its duration no rent is payable by the tenant. It is given either as an inducement to the tenant to enter into a new lease or as recognition of the fact that until the tenant's fit-out work is complete, it cannot use the premises for its business.

1Dii*: Other incentives may include free parking space, cash contributions to tenants' fit-out costs etc.

1F*: Where the tenant's right to renew the lease after expiration is protected by legislation and unless notice is served (by either party), current occupancy terms carry over.

1Ji*: GLA (Gross Lettable Area) is the total area occupied and payable by the tenant. There is no standard global definition of lettable area. Whilst some countries use measurement standards based on BOMA (i.e. most CEE countries), other countries apply RICS Code of Measuring Practice.

1Jiii*: Payments regularly included in the rental charge.

1Jiv*: Regular payments to the landlord not included in the rental charge.

2*: Responsibilities of the landlord and tenant for extraordinary costs (other than those agreed to be paid such as rent, service charge, insurance etc).

2A*: Repairs necessary to the structure of the building itself.

2B*: Repairs to tenant's premises (common areas not included) and often as a result of wear and tear and occupation.

2C*: Maintenance of the space that the tenant has leased (not maintenance of common areas paid through the service charge).

3C*: In some countries it is not a requirement to have leases drafted by lawyers; however, many international clients normally seek legal advice.

| | 1. Lease structure | | | | | | |
|----------------|---------------------------|--|--|---------------------------------|---|--|--|
| | A Standard lease document | B Standard space delivery conditions* | B1 Standard fit-out costs per sq ft or sq m (local currency)* | C Rent payable every | C1 Rent guarantee period* | D Incentives | |
| | | | | | | i Typical rent free period* | ii Other incentives* |
| Abu Dhabi | No | Shell and core but the market is moving towards Category A | AED 4,000 per sq m | Year but moving towards quarter | 1-3 months | 1-6 months | None |
| Bahrain | No | Varies - Shell and core or Warm shell | BD 150-300 per sq m | Month or quarter | 1-3 months | 1-3 months | None |
| Belgium | No | Category A | EUR 300 per sq m (excl. furniture) | Quarter | 6 months | 1 to 1.5 months per year | Negotiable (free parking space, cash contributions to tenant's fit-out costs, etc.) |
| Czech Republic | No | Category A | EUR 250-550 per sq m | Month or quarter | 3-6 months (incl. VAT+ service charges) | 3 months. Large requirements with longer lease term: 1 month per year | Contributions to fit-out costs of EUR 40-80 per sq m for large requirements |
| Denmark | No | Fully fitted | DKK 3,500 per sq m | Quarter | 6 months | 6-12 months ¹ | Stepped rents and enhanced fit-out may be negotiated depending on lease length |
| Dubai | No | Warm shell but the market is moving towards Category A | AED 375 per sq ft | Quarter | 1-3 months | 1-6 months | None |
| Estonia | No | Fully fitted | EUR 150-250 per sq m | Month | 2 months | Not common | Not common |
| Finland | No | Fully fitted | EUR 200-400 per sq m | Month | 3 months | 1-2 months | Contributions to fit-out costs |
| France | Yes | Warm shell | EUR 250-600 per sq m | Quarter | 3 months | 1-2 months per year | Contributions to fit-out costs and/or relocation costs on large deals |
| Germany | No | Fully fitted | Included in rental agreement | Month | 3 months | 3-6 months | Contributions to relocation costs and fit-out costs (where the fit-out is of a higher standard than usually offered) |
| Greece | Yes | Warm shell | EUR 250+ per sq m | Month | 2 months | Per agreement if at all | Negotiable (free parking space, cash contributions to tenant's fit-out costs, etc.) |
| Hungary | No | Fully fitted | EUR 80-250 per sq m (depending on existing status) ¹ | Month or quarter | 3-6 months (depending on the credit report of the company) ¹ | 3-10 months (depending on lease term: 3-5 years) ¹ | Contributions to fit-out costs (occasionally relocation costs) / cash contribution |
| Ireland | Yes | Shell and core | EUR 500-750 per sq m | Quarter | 0-6 months | 2-3 months per year | Floor box and carpet allowance |
| Israel | No | Shell and core with HVAC and electricity to entrance of the unit (raw floor and ceiling) | Landlord contributes EUR 250 to total cost of EUR 750 per sq m | Quarter | 6-12 months | None | None |
| Italy | Yes | Category A | EUR 1,000 per sq m | Quarter | 3 months (minimum) | 6-12 months | Contributions to fit-out costs, and/or stepped rent, and/or rent free |
| Latvia | No | Fully fitted | EUR 150-250 per sq m | Month | 1-2 months | None | Contributions to fit-out costs; free parking for each 100 sq m |
| Lithuania | No | Fully fitted | EUR 145-230 per sq m (excl. VAT) | Month | 1-2 months | None | Contributions to fit-out costs |
| Luxembourg | Yes | Category A | EUR 350-540 per sq m (excl. VAT) | Month | 3 - 6 or 12 months | 1 month per fixed year | Cash contributions: EUR 100-200 per sq m excl. VAT |
| Netherlands | Yes | Warm Shell | EUR 350-450 per sq m incl. project management (excl. furniture and ICT) | Quarter | 3 months | 18-25% of lease length | Contributions to fit-out costs |
| Norway | Yes | Fully fitted for both small and large space users | NOK 2,500-3,000 per sq m (high end) | Quarter | 6-12 months | 1-3 months ¹ | Contributions to fit-out costs |
| Poland | No | Fully fitted | EUR 250-400 per sq m | Month | 3 months | 3-6 months | Contributions to fit-out costs |
| Portugal | No | Category A | Eur 300 per sq m (excl. furniture) | Month | 6-12 months | 2 months | Contributions to fit-out costs |
| Qatar | No | Shell and core | QR 2,500-3,000 per sq m | Quarter | 1-3 months | 1-3 months | None |
| Romania | No | Warm shell | No standard (usually the landlord's contribution covers 20% of the standard partition walls) | Month or quarter | 3 months | 1-6 months | Contributions to fit-out costs, free parking |
| Russia | No | Shell and core or Fully fitted | vary from \$600 to \$1000 per sqm | Quarter | 2-3 months | 3 months for Shell and core 2 weeks for Fully fitted | Fit-out by landlord |
| Saudi Arabia | No | Shell and core | SAR 2,000 per sq m (incl. furniture) | Quarter | 1 month or 10% of lease | 2-3 months | None |
| South Africa | Yes | Varies - Shell and core or Fully fitted | R 1,500-2,000 per sq m | Month | 1-5 months | 1 month | Contributions to fit-out costs |
| Spain | No | Category A | EUR 300-550 per sq m | Month | 2 months | 3-6 months | Contributions to fit-out costs; stepped rent |
| Sweden | Yes | Fully fitted (excl. IT, telephone cabling and alarm) | Varies, but normally around SEK 2,500-5,000 per sq m paid for by landlord | Quarter | 6-12 months | Not common for prime; around 3 months for secondary | Not common, but stepped rents and contributions to fit-out costs exist |
| Switzerland | No | Warm shell | CHF 750-1,250 per sq m | Month or quarter | 3-6 months | 3-6 months | Contributions to fit-out costs; stepped rent; exemption from reinstatement, pre-financing of fit-out |
| Turkey | No | Shell and core | USD 600 per sq m ¹ | Month or quarter | 1-3 years | 1-3 months | Free parking space |
| UK | No | Category A | London: GBP 70-80 per sq ft Regional cities: GBP 35-50 per sq ft | Quarter | Highly dependant on covenant and lease term- not always applicable | Between 1-3 months per year certain (dependant on market and covenant) | Rent free paid as capital equivalent |
| Ukraine | Yes (some exceptions) | Varies - Shell and core or Warm shell | USD 200-600 per sq m | Month or quarter | 1-3 months | Not common; where used up to 3 months | Not common - some fit-out contributions available |

¹See comments on pages 9-10

| | 1. Lease structure | | | | | | |
|----------------|--|--|---|---|---|--|---|
| | E Typical lease length | F Statutory right to renew the lease* | G Frequency of rent reviews | H Frequency and basis of indexation of rent | I Lease disposal | | |
| | | | | | i Subletting/ assignment rights | ii Early termination rights | iii Reinstatement to original condition on termination |
| Abu Dhabi | 1-3 years | Yes | Rare (leases brought up to market value upon expiry) | If applicable - fixed uplift or to open market | Subject to landlord's consent- generally no | Via break clause or by mutual consent | Yes |
| Bahrain | 2-5 years | Yes | Once during term of occupation (not lease term) or as per lease | None or as per lease | Subject to landlord's consent | Via break clause or rolling break after an initial fixed period | By agreement but typically no |
| Belgium | 3/6/9 years | No | 3 years | Annual (Health Index) | Subject to landlord's consent | Via break clause | Yes. Removal of tenant's fixtures & fittings. Fair wear & tear exempted |
| Czech Republic | 5 years plus rent free period | Common, but not statutory | None | Annual (based on CPI or HICP index) | Subject to landlord's consent | Via break clause or by mutual consent | Usually requested by landlord, subject to agreement |
| Denmark | 3-5 years then until either party terminates with 6-12 months notice | No. Leases automatically roll on after initial period | No sooner than 4 years unless otherwise agreed | Annual (based on CPI, some leases may be subject to minimum increases) | Subject to landlord's consent | All leases have rolling breaks after an initial fixed period | Yes. Removal of tenant's fixtures & fittings |
| Dubai | 1-3 years | No, only by mutual consent | 1-3 years | If applicable - fixed uplift or to open market | Subject to landlord's consent- generally no | Via break clause or mutual consent | Yes |
| Estonia | 3-5 years or up to 10 years for larger and new premises | No | None or yearly fixed uplifts | Annual (fixed index, indexation based on CPI or indexation based on CPI with fixed maximum level) | Subject to landlord's consent | Via break clause only | By agreement. Fair wear & tear exempted |
| Finland | 3-5 years or 5-10 years for a new building | No | None | Annual (based on CPI) | Subject to landlord's consent | Via break clause only | By agreement. Fair wear & tear exempted |
| France | 3/6/9 years or fixed term of 6, 9 years | Yes | None | Annual by agreement (INSEE Cost of Construction Index) | Subject to landlord's consent | Via break clause only | By agreement but typically yes |
| Germany | 5+5 years | No | Rare | Annual (based on CPI) | Subject to landlord's consent | Via break clause only | Yes. Removal of tenant's fixtures & fittings |
| Greece | 12 years | No | Annually | Annual inflation | Subject to landlord's consent which cannot be unreasonably withheld | Per Law: tenant may terminate early after 12 months providing a 3 month notice and paying 1 month's rent penalty | Yes. Removal of tenant's fixtures & fittings. Fair wear & tear exempted |
| Hungary | 3-5 years | No | None | Annual (based on Eurozone inflation) | Subject to landlord's consent | Via break clause only | Yes. Removal of tenant's fixtures & fittings. Fair wear & tear exempted |
| Ireland | 10 years with a 5 year break option | Yes (if the lease term exceeds 5 years, unless tenant renounces rights) | 5 years - upwards & downwards | None | Legal entitlement to assign subletting subject to landlord's consent | Via break clause only | Yes. Removal of tenant's fixtures & fittings |
| Israel | 5 years with tenant option for additional 5 years | No | None | Fully indexed | Subject to landlord's consent | By mutual consent | Yes. Fair wear & tear exempted |
| Italy | 6+6 years | Right to renew after first term, but not subsequently, if given the correct notice by the landlord | None | Annual (75% of ISTAT index) | Subject to landlord's consent | Via break clause only | Yes, unless specific changes agreed in advance. Landlord has the option to ask for reinstatement or accept completed improvements |
| Latvia | 1/3/5 years | No | By agreement | Annual (based on CPI) | Subject to landlords's consent | Via break clause or mutual consent | By agreement but typically yes |
| Lithuania | 5yrs + 5 yrs (according to market situation) | No | By agreement | If applicable - fixed uplift or to open market. The indexation is based on CPI annually | Subject to landlord's consent | Via break clause only | By agreement but typically yes |
| Luxembourg | 3/6/9 years | No | By agreement | Annual (based on CPI) | Subject to landlord's consent | Via break clause only | Yes. Removal of tenant's fixtures & fittings. "Pristine state" |
| Netherlands | 5-10 years (trend towards shorter leases) | No | By agreement | Annual (based on CPI) | Subject to landlord's consent (although not typically permitted by standard contract ROZ) | Via break clause only | Yes. Removal of tenant's fixtures & fittings. Fair wear & tear exempted |
| Norway | 3-10 years. 10 + years for newbuilt | No statutory right, but can be agreed upon in lease agreement | None | Annual (based on CPI) | Subject to landlord's consent | Via break clause only | Yes. Removal of tenant's fixtures & fittings. Fair wear & tear exempted |
| Poland | 5 years | No | Rare | Annual (based on HICP index) | Subject to landlord's consent | Via break clause or lease buy-out | Yes. Removal of tenant's fixtures & fittings. Fair wear & tear exempted |
| Portugal | 5 years | No | 3 years | Annual (based on CPI) | Subject to lanlord's consent | Via break clause only | Yes. Removal of tenant's fixtures & fittings. Fair wear & tear exempted |
| Qatar | 3-5 years | No | None or yearly fixed uplifts | 2.5-3.5% yearly uplifts | Subject to landlord's consent | Via break clause only | Yes. Fair wear & tear exempted |
| Romania | 3-5 years | No | None | Annual (based on CPI, Eurozone index) | Subject to landlord's consent | Via break clause only | Yes |
| Russia | 3-5 years | No | By agreement (law provision - no more than once a year) | Annual (US CPI, HICP, Russian CPI, fixed percentage) | Subject to landlord's consent | By mutual consent | Not common |
| Saudi Arabia | 2-3 years | No | None or yearly fixed uplifts | None or as per lease | Subject to landlord's consent | Penalty of 1 year rent | Yes. Fair wear & tear exempted |
| South Africa | 3-5 years | No | By agreement | Fixed escalation rate ranging between 8-10% per year | Subject to landlord's consent | By agreement | Yes. Removal of tenant's fixtures & fittings. Fair wear & tear exempted |
| Spain | 3-5 years | Yes, but the parties always agree to cancel it from the lease contract | 3-5 years | Annual (based on CPI) | Subject to landlord's consent | Via break clause only | Yes. Removal of tenant's fixtures & fittings. Fair wear & tear exempted |
| Sweden | 3-5 years | Yes | None | Annual or quarterly (based on CPI, usually 100% indexed) ¹ | Subject to landlord's consent | Via break clause only | Yes but only the fixtures & fittings that have been added during the lease period, not the original fit-out |
| Switzerland | 5+5 years | Common but not statutory to renew for a further 5 year period | None | Indexed annually to Swiss Consumer Price Index | Subject to landlord's consent | By mutual consent | By agreement |
| Turkey | 3-5 years ¹ | Yes | None | Annual (Turkish CPI or 3%/Libor/Euribor depending on denomination of rent) | Subject to landlord's consent | Via break clause only | Yes. Removal of tenant's fixtures & fittings. Fair wear & tear exempted |
| UK | 5-15 years | Yes | 5 years (upwards only) | Annual RPI linked uplifts (not applicable to all leases) | Subject to landlord's consent | Via break clause only | Yes. Removal of tenant's fixtures & fittings. Fair wear & tear exempted |
| Ukraine | 3-5 years | Yes (although not frequently exercised) | Rare | Annual (3-5%) | Subject to landlord's consent | Via break clause only | Rare |

¹See comments on pages 9-10

| | 1. Lease structure | | | | 2. Landlord and tenant responsibilities* | | | |
|----------------|--|--|--|---|--|---|---|---|
| | J Rents | | | | A Structural repairs* | B Internal repairs* | C Maintenance of tenant area* | D Landlord insures and recovers cost from tenant |
| | i Basis of measurement* | ii Unit of measurement | iii Inclusions* | iv Exclusions* | | | | |
| Abu Dhabi | Gross internal area (excl. the building core) | AED per sq m per year | None | Utilities | Landlord | Tenant | Landlord | No - both landlord and tenant share insurance costs |
| Bahrain | Gross lettable area but moving towards net lettable area | BD per sq m per month | None | Service charge, utilities, parking, municipality tax | Landlord | Tenant | Tenant | Yes |
| Belgium | Gross external area | EUR per sq m per year | None | Service charge, utilities, taxes | Landlord | Tenant | Tenant | Yes |
| Czech Republic | Gross internal area | EUR per sq m per month | None | Service charge, utilities, parking, taxes, VAT | Landlord | Tenant | Tenant | Yes |
| Denmark | Gross external area | DKK per sq m per year | None | Service charge, utilities, parking, taxes | Landlord | Tenant | Tenant | Yes |
| Dubai | Gross internal area (excl. the building core) but moving towards net internal area | AED per sq ft per year | Service charge | Utilities, community charge | Landlord | Tenant | Landlord | No - both landlord and tenant share insurance costs |
| Estonia | Net lettable area | EUR per sq m per month | None | Service charge, utilities, parking | Landlord | Tenant | Tenant | Yes |
| Finland | Net lettable area | EUR per sq m per month | Service charge | Parking, reception services | Landlord | Tenant | Tenant | Building insurance paid by landlord, tenant insures own equipments and furnishing |
| France | Gross lettable area | EUR per sq m per year | None | Service charge, utilities, parking, on site corporate restaurant | Landlord | Tenant | Tenant | Yes (apart from when the tenant is the sole occupier in the building) |
| Germany | Varies with market (gif-standard, Gross lettable area) | EUR per sq m per month | None | Service charge, parking, VAT | Landlord | Tenant | Tenant | Yes |
| Greece | Gross areas, including common areas | EUR per sq m per month | None | Service charges, utilities, stamp tax, all other taxes | Landlord | Tenant | Tenant | No |
| Hungary | Gross lettable area | EUR per sq m per month | None | Service charge, utilities, parking, VAT | Landlord | Tenant | Tenant | Yes |
| Ireland | Net internal area (central locations). Gross internal area (suburban locations) | EUR per sq m per year | None | Service charge, rates, utilities, taxes, car parking | FRI lease = Tenant; IRI lease = Landlord | Tenant | Tenant | Yes |
| Israel | GLA = NLA plus a portion of shared walls and public space | ILS per sq m per month | None | Service charge, rates, utilities, taxes, car parking | Landlord | Tenant | Tenant | Yes |
| Italy | Gross lettable area | EUR per sq m per year | None | Service charge, utilities, car parking | Landlord | Tenant | Tenant | Structural building insurance: landlord; tenant insures damage to premises |
| Latvia | Gross lettable area | EUR per sq m per month | None | Management costs, utilities, VAT, parking | Landlord | Tenant | Tenant | Typically the landlord insures and does not recover cost from tenant |
| Lithuania | Lettable or gross area (by agreement and size) | LTL per sq m per month | None (occasionally parking) | Service charge, utilities, occasionally parking | Landlord | Tenant | Tenant (sometimes both landlord and tenant) | Landlord |
| Luxembourg | Gross lettable area | EUR per sq m per month | None | Service charge, utilities | Landlord | Tenant | Tenant | Typically yes - triple net lease |
| Netherlands | Lettable floor area | EUR per sq m per year | None | Service charge, utilities, VAT, fit-out | Landlord | Tenant | Tenant | Typically the landlord and does not recover cost from tenant |
| Norway | Gross external area | NOK per sq m per year | None | Service charge, utilities | Landlord | Tenant | Tenant | Landlord insures external building, tenant takes partial insurance |
| Poland | Gross rentable area (incl. add-on factor) | EUR per sq m per month | None | Service charge, utilities | Landlord | Tenant | Tenant | Yes |
| Portugal | Gross lettable area | EUR per sq m per month | None | Service charges, utilities, parking and VAT | Landlord | Tenant | Tenant | Landlord: external building, tenant insures their demise |
| Qatar | Gross lettable area | QAR per sq m per month | None | Service charge, utilities | Landlord | Tenant | Tenant | No - both landlord and tenant share insurance costs |
| Romania | Gross lettable area | EUR per sq m per month | None | Service charge, utilities | Landlord | Tenant and landlord (costs passed to the tenant via service charge) | Tenant and landlord (costs passed to the tenant via service charge) | Yes |
| Russia | Gross lettable area (according to BOMA) | USD, consecutive unit, RUB per sq m per year | None | Service charge, utilities, VAT, parking | Landlord | Tenant | Tenant | Yes |
| Saudi Arabia | Gross lettable area | SAR per sq m per year | None (occasionally parking) | Service charge, utilities | Landlord (unless structurally altered) | Tenant | Tenant | No - both landlord and tenant share insurance costs |
| South Africa | Gross lettable area | ZAR per sq m per month | Dependant on lease. Usually includes municipal rates, taxes and air-conditioning | Utilities, VAT, parking, increases in assessment rates | Landlord | Tenant | Tenant | Yes |
| Spain | Gross internal area | EUR per sq m per month | None | Service charge, utilities, property tax | Landlord | Tenant | Tenant | Yes |
| Sweden | Net lettable area | SEK per sq m per year | Usually none, but sometimes heating/cooling | Service charge, utilities, taxes and in most cases also heating and cooling | Landlord | Tenant | Tenant | Landlord: external building, tenant insures their demise |
| Switzerland | Net internal area | CHF per sq m per year | None | Service charge, utilities, insurance | Landlord | Tenant | Tenant | Typically the landlord insures the building and does not recover cost from tenant; tenant insures all remaining risks pertaining to the rented area |
| Turkey | Gross external area | USD/EUR per sq m per month | None | Service charge, rent related taxes | Landlord | Tenant | Tenant | Typically the landlord insures and does not recover cost from tenant |
| UK | Net internal area | GBP per sq ft/sq m per year | None | Service charge, utilities, taxes | Tenant (some exclusions and other protection for tenant through negotiation) | Tenant | Tenant | Yes |
| Ukraine | Gross lettable area (according to BOMA) | USD linked per sq m per month, payable in UAH (EUR rare) | None | Service charge, utilities non-coverable by service charge, taxes, parking | Landlord | Tenant | Tenant | By agreement |

| | 3. Occupier transaction costs | | | | 4. Ongoing taxation liabilities of tenant | |
|----------------|---|---|--|---|---|---|
| | A Transfer tax | B Agent's fees | B1 Tenant's agent's fees - responsible party (tenant/landlord) | C Legal fees* | A Local tax (% of annual rent) | B VAT (% of annual rent) |
| Abu Dhabi | None | 5% of annual rent | Tenant | By agreement | No | None |
| Bahrain | None | 5-8.33% of annual rent | Landlord, unless the tenant specifically retains the agent for the acquisition | By agreement | Municipality tax 10% of rent | None |
| Belgium | Stamp duty (0.2% of NPV of entire lease) - generally paid by the tenant | 15% of annual rent (+ performance fees) | Tenant | By agreement | Property tax (variable), municipality tax, regional tax | None |
| Czech Republic | None | 8-15% of annual rent excl. service charge | Tenant | By agreement | No | 21% on rent and service charge |
| Denmark | None | 10-15% of annual rent incl. service costs | Tenant | By agreement | Property tax (varies between locations) | 25% |
| Dubai | None - only minimal registration fee | 5-8.3% of annual rent | Landlord, unless the tenant specifically retains the agent for the acquisition | By agreement | No | No - planned introduction shelved |
| Estonia | None | Ca. 8% of annual rent | By agreement (Market practice: Landlord) | By agreement | Land tax (varies between plot sizes, usage and location) typically included in service charge | 20% |
| Finland | None | 8-15% of annual rent | By agreement (Market practice: Landlord) | By agreement | No | 24% ¹ |
| France | None | 8-15% of annual gross rent | Tenant but landlord on larger deals | 0.6% (for 3/6/9 year lease) | Property tax (varies between types of premises), extra tax in Île de France | 19.6% |
| Germany | None | 3-4 months rent | Landlord | By agreement | Property tax (variable), typically included in the service charge | 19% (where parties opt to tax) |
| Greece | Stamp Tax 3.6% on monthly rent - generally paid by tenant | 1 month rent | Either landlord or tenant or both parties | By agreement | Income tax | 23% but applicable only on very special circumstances |
| Hungary | None | 10-16% of annual rent ¹ | Tenant representation - tenant Tenant introduction - landlord | By agreement | Property tax (variable) | 27% |
| Ireland | Stamp duty (1% of annual rent and VAT at 23% of annual rent) | 10% of annual rent | Tenant | By agreement | Municipal rates | 23% |
| Israel | Not for lease | 8-10% annual rent | Both parties | By agreement | Municipal taxes | 17% ¹ |
| Italy | 1% registry duty paid annually | 10-15% of annual rent | Tenant | By agreement | Waste tax (TARSU) - dependent on the size and use of the building and the municipality | 21% |
| Latvia | None | Typically 1 month rent | Landlord | By agreement | Property tax usually included in management costs | 21% ¹ |
| Lithuania | None | 8-16% of annual rent | By agreement | By agreement | Property tax, rarely included in service charge | 21% |
| Luxembourg | Stamp duty (0.6% of NPV of entire lease if tenant is not liable for VAT; otherwise EUR 12.5) | 8-15% of annual rent | Depends on the lease mandate, usually landlord | By agreement (each party can have a lawyer but it varies from one client to the next) | Property tax (variable) | 15% |
| Netherlands | None | 8-16% of annual rent (typically 16%, even more when dealing with lower grade buildings) + performance fees | Depending on the lease mandate, can be either tenant or landlord | None | Property tax called OZB (varies between locations) | 21% (where parties opt to tax) ¹ |
| Norway | None | 10-15% of annual rent | Tenant responsible, but often financed by the landlord. | By agreement | Property tax (varies between locations) typically paid by landlord | 25% (where parties opt to tax) |
| Poland | None | 1-2 months rent | Typically the tenant | By agreement | Land tax (varies between plot sizes) typically included in service charge | 23% |
| Portugal | Stamp duty (10% of one month rent) - generally paid by the landlord | 15% of the annual rent | Depends on the lease mandate | By agreement | Property tax (landlord obligation) | 23% (where applicable) |
| Qatar | None | 5-8% of annual rent | Landlord, unless the tenant specifically retains the agent for the acquisition | By agreement | No | None |
| Romania | None | 12-24% of annual rent | Typically the landlord | By agreement | Property tax, typically included in service charge | 24% (where applicable) |
| Russia | None | 8.33% of annual rent | Tenant in case of tenant representation | By agreement | Property tax, typically included in service charge | 18% (no VAT on representative offices) |
| Saudi Arabia | None | 5 to 8.33% of annual rent | Landlord and tenant in some instances | By agreement | No | None |
| South Africa | None - all stamp duty has been waived | 5% of first 2 years rent. 2.5% of next 3 years rent. 1% on the remaining lease. Minimum fee of 1 month rent | Landlord | By agreement | No | 14% |
| Spain | Stamp duty (0.5-1.5%) | 8.5-12% of annual rent | Landlord in most cases | By agreement | Property tax (landlord obligation but normally passed on to tenant) | 21% ¹ |
| Sweden | None | 8-15% of annual rent | Tenant | By agreement | Property tax (based on the value of the building in proportion to the space occupied) | 25% (where landlord opts to tax) |
| Switzerland | None | 10-15% of annual rent | Tenant | By agreement | No | 8% (where landlord opts to tax) |
| Turkey | Stamp duty (0.98%) ¹ | 8-10% of annual rent | Tenant | By agreement | Environmental tax (varies between locations and nature of the property) | 18% (l/lor=company) or 25% withholding tax (l/lord=individual). Banks & Ins. Co's. Exempt |
| UK | Stamp duty (1% of NPV of entire lease when > GBP 150,000) | 10% of annual rent | Tenant | Paid seperately by each party (varies on location and transaction size) | Business Rates (variable- not standardised and subject to discounts for quantum) | 20% (where landlord opts to tax) |
| Ukraine | Stamp duty of 0.01-1% of full contract value is obligatory for contracts of 3 years or longer | 8.33-12.5% of annual rent | Depends on the lease mandate | By agreement | No property tax. Repatriation tax of 15% (payable only if rent is paid into an account outside Ukraine) | 20% |

¹See comments on pages 9-10

| | 5. Ownership restrictions | 6. Purchaser transaction costs | | | | |
|----------------|--|---|--|---|---|---|
| | A Restriction on ownership of property by foreigners | A Transfer tax | B VAT | C Agent's fees | D Legal fees | E VAT on transaction fees |
| Abu Dhabi | Yes (foreign ownership (long-leasehold) only permitted in investment zones) | 2% | None | 1-2% | By agreement | None |
| Bahrain | Yes (foreign ownership only permitted in selected areas) | 1% | None | 1-2% | By agreement | None |
| Belgium | No | 12.5% (10% Flanders) | 21% (for new buildings) | 1.5-3% (normally paid by vendor) | 0.5% | 21% |
| Czech Republic | No | 4% of the sale or the market value (whichever is higher) ¹ | None | 1-2% | By agreement | 21% ¹ |
| Denmark | Yes (if the purchaser does not intend to occupy the building) | DKK 1,400 (registry) + 0.6% of the sale or the public tax valuation (whichever is higher) | 25% (for new buildings) | 1-3% | By agreement | 25% |
| Dubai | Yes (foreign ownership only permitted in investment zones) | 2% | None | 1-2% | By agreement | No |
| Estonia | No | less than 1% in most cases | 20% (for new buildings) | 1-3% | By agreement | 20% |
| Finland | No | 4% (if a property is acquired); 2.0% (if shares of the property company are acquired) ¹ | None | 1-3% | By agreement | 24% ¹ |
| France | No | 6-6.2% incl. legal fees | 19.6% (for new buildings) | 0.4-2.5% | 1-4% | 19.6% |
| Germany | No | Varies between 3.5% and 5.5% depending on the Federal State (Real Estate Transfer tax; RETT) | None in most cases (sometimes 19% in cases where parties opt to tax) | 1-3% | 1-1.5% | 19% (where parties opt to tax) |
| Greece | Only in areas decreed "border" areas for non EU residents | Variable, starting from 11.5% upwards for older buildings. New buildings subject to VAT | 23% when applicable | 1-2% (depending on size of transaction - payable by either or both parties) | 1-3% | 23% when applicable |
| Hungary | No (only on agricultural land) | 4%+2% (4% for the sale price below HUF 1billion, and 2% for the remaining, and the total can not be higher than HUF 200 million/property) ¹ | 27% (where property is registered for VAT) | 0.75-3% | By agreement | 27% |
| Ireland | No | 2% stamp duty | 13.5% where VAT is applicable | 1-2% | 1-2% | 23% |
| Israel | Yes. Government land leases are limited to Jews or Israelis except with special permission which is usually granted to foreign companies | 5% purchase tax | 17% ¹ | 1-2% | 1% | 17% ¹ |
| Italy | No | 4% tax plus EUR 168 fixed registry duty | 21% | 0.5-2% | By agreement | 21% (where liable for VAT) |
| Latvia | No | 2% but not exceeded 43 000 EUR (LVL 30 000) | 21% (if applicable) ¹ | 2-3% | By agreement | 21% ¹ |
| Lithuania | No | Registry fee and notary fee: Registry - up to 900 EUR plus add. fee 0.03%-0.3% (total amount can not exceed 2,300 EUR), notary - 0.45%, but not more than 6,000 EUR | 21%, if the building is newly constructed | 1-3% | By agreement | 21% |
| Luxembourg | No | 10% (Luxembourg-City), 7% (other) | 15% (new bldgs, reduced to 0% pro-rata basis over 10 years) (VAT deductible where tenant > 51% liable for VAT) | 0.75-3% | None | 15% |
| Netherlands | No | 6% | 21% (VAT deductible only where tenant is more than 90% liable for VAT) ¹ | 1-1.5% ¹ | 0.25-0.5% | 21% (VAT deductible only where occupier is more than 90% liable for VAT) ¹ |
| Norway | No | 2.5% | 25% | 1-3% (typically paid by vendor) | Less than 0.5% | 25% |
| Poland | None for EU, Iceland, Norway and Liechtenstein nationals. Others must obtain a permit from the Ministry of Internal Affairs | 1% (share) or 2% (asset) of purchase price (unless VAT applicable) | 23%. Tax fully refundable | 1-2% | By agreement | 23% |
| Portugal | No | 7% | 23% (where applicable) | 1.5-5% (typically paid by the vendor) | By agreement | 23% |
| Qatar | Yes (except for 3 f/hold & 18 resi. l/hold areas available to foreigners on 99-yr leases) | 2.5% land tax | None | 2% ¹ | By agreement | None |
| Romania | Yes (non-Romanian citizens are required to form a local company to purchase property) | 1-2% | 24% | 1-3% | By agreement | 24% |
| Russia | Yes (partial restriction on land ownership) | None | 18% but no VAT is applicable when SPV is purchased | 1-3% | By agreement | 18% |
| Saudi Arabia | Yes | 2.5% commission and min legal fees | None | 2.5% | By agreement | No |
| South Africa | No | Zero rated between two VAT vendors. Otherwise sliding scale based on value of purchase | 14% | 5% of 1st million, 3.5% of 2nd & 2.5% of remaining price | By agreement | 14% |
| Spain | No | 6-7% (regional variation, not payable for new buildings) | 21% (for new buildings) ¹ | 1.5-3% | 0.5-1% | 21% ¹ |
| Sweden | No | 4.25% (no tax where property is sold as a company) | 25% (only on new buildings) | 0.25-1% ¹ | 0.1-1% | 25% (no tax where property is sold as a company) |
| Switzerland | Only for residential properties | Up to 0.35% (varies by canton) | 8% where VAT is applicable | 0.75-3% | By agreement | 8% where applicable |
| Turkey | Yes | Stamp duty (1.89%) & 2% as 'title deed charge' by both vendor & purchaser paid each (total 4%) ¹ | 18% (where vendor is a legal entity) | 1-3% | By agreement | 18% |
| UK | No | SDLT 4% (where price exceeds GBP 500,000) | 20% where applicable | 0.5-1.5% of transaction value | Paid separately by each party (varies on location and transaction size) | 20% |
| Ukraine | None for buildings. Yes for land | 1% to Pension Fund | 20% (not applicable for land purchases or resales of residential properties) | 0.7-5% | By agreement | 20% (payable only if payment is made into a Ukrainian account) |

¹See comments on pages 9-10

Comments

This section highlights changes in market practice since last year.

| 1B1. Lease Structure - Standard fit-out costs per sq ft or sq m (local currency) | | |
|--|---|---|
| Country | 2012 | 2013 |
| Hungary | EUR 150-300 per sq m | EUR 80-250 per sq m (depending on existing status) |
| Turkey | USD 500 per sq m | USD 600 per sq m |
| 1C1. Lease Structure - Rent guarantee period | | |
| Country | 2012 | 2013 |
| Hungary | 3 months | 3-6 months (depending on the credit report of the company) |
| 1Di. Lease structure - Incentives - Typical rent free period | | |
| Country | 2012 | 2013 |
| Denmark | 3-6 months | 6-12 months |
| Hungary | 3-7 months | 3-10 months (depending on lease term: 3-5 years) |
| Norway | 3-12 months | 1-3 months |
| 1E. Lease structure - Typical lease length | | |
| Country | 2012 | 2013 |
| Turkey | 3-7 years | 3-5 years |
| 1H. Lease structure - Frequency and basis of indexation of rent | | |
| Country | 2012 | 2013 |
| Sweden | Annual (based on CPI, usually 100% indexed) | Annual or quarterly (based on CPI, usually 100% indexed) |
| 3A. Occupier transaction costs - Transfer tax | | |
| Country | 2012 | 2013 |
| Turkey | Stamp duty (0.75%) | Stamp duty (0.98%) |
| 3B. Occupier transaction costs - Agent's fees | | |
| Country | 2012 | 2013 |
| Hungary | 8-15% of annual rent | 10-16% of annual rent |
| 4B. Ongoing taxation liabilities of tenant - VAT (of annual rent) | | |
| Country | 2012 | 2013 |
| Finland | 23% | 24% |
| Israel | 16% | 17% |
| Latvia | 22% | 21% |
| Netherlands | 19% (where parties opt to tax) | 21% (where parties opt to tax) |
| Spain | 18% | 21% |
| 6A. Purchaser transaction costs - Transfer tax | | |
| Country | 2012 | 2013 |
| Czech Republic | 3% of the sale or the market value (whichever is higher) | 4% of the sale or the market value (whichever is higher) |
| Finland | 4% (if a property is acquired); 1.6% (if shares of the property company are acquired) | 4% (if a property is acquired); 2.0% (if shares of the property company are acquired) |
| Hungary | 2-6% | 4%+2% (4% for the sale price below HUF 1billion, and 2% for the remaining, and the total cannot be higher than HUF 200 million/property). |

| 6A. Purchaser transaction costs - Transfer tax | | |
|---|--|--|
| Country | 2012 | 2013 |
| Turkey | Stamp duty (1.65%) & 1.65% as 'title deed charge' by both vendor & purchaser | Stamp duty (1.89%) & 2% as 'title deed charge' by both vendor & purchaser paid each (total 4%) |
| 6B. Purchaser transaction costs - VAT | | |
| Country | 2012 | 2013 |
| Israel | 16% | 17% |
| Latvia | 22% | 21% (if applicable) |
| Netherlands | 19% (VAT deductible only where tenant is more than 90% liable for VAT) | 21% (VAT deductible only where tenant is more than 90% liable for VAT) |
| Spain | 18% (for new buildings) | 21% (for new buildings) |
| 6C. Purchaser transaction costs - Agent's fees | | |
| Country | 2012 | 2013 |
| Netherlands | 1-2% | 1-1.5% |
| Sweden | 0.1-2% | 0.25-1% |
| 6E. Purchaser transaction costs - VAT on transaction fees | | |
| Country | 2012 | 2013 |
| Czech Republic | 20% | 21% |
| Finland | 23% | 24% |
| Israel | 16% | 17% |
| Latvia | 22% | 21% |
| Netherlands | 19% (VAT deductible only where occupier is more than 90% liable for VAT) | 21% (VAT deductible only where occupier is more than 90% liable for VAT) |
| Spain | 18% | 21% |

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