

Occupier Perspective User Guide to Asia Pacific 2014



DTZ Research

transforming the world
of property services

User Guide to Asia Pacific 2014

Introduction

We are pleased to present the 2014 Asia Pacific edition of our Occupier Perspective 'User Guide' publication. The report has been published for over ten years. We have given this year's edition a new name, focus and look – presenting local real estate practices for each market on a single page. In addition to publishing separate reports for The Americas and EMEA, we now make the guide available in a consolidated global format.

This 12th edition references local market conventions, allowing owners and occupiers to compare liabilities across countries and markets. It provides a summary of key cost responsibilities and contractual obligations associated with occupying and purchasing office space in 15 markets across the region.

The report covers:

- Lease structures
- Tenant and landlord responsibilities
- Occupier transaction costs
- Taxation liabilities of tenants
- Ownership restrictions
- Purchaser transaction costs
- Key changes since last year

This guide can be used alongside our online [Global Occupier Metrics Tool](#). The tool combines data from our most relevant occupier research and provides occupiers easy online access to useful market information across more than 130 global locations. The tool allows occupiers to navigate cross market leasing practices as well as calculate occupancy costs. Occupiers are able to identify potential cost savings by considering their own space utilisation against the local markets' best practice. By combining workplace strategy with the most up-to-date and forecasted market information, DTZ is helping occupiers to make informed choices.

We hope you will find this publication useful and informative. As usual, we welcome any feedback you might have.



Nigel Almond
Head of Strategy Research



Milena Kuljanin
Occupier Research



David Jones
Head of Global Occupier Services, Asia Pacific



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Australia



1. LEASE STRUCTURE

The basics

Standard lease document: No

Standard space delivery conditions: Category A (see Definitions on page 19)

Standard fit-out costs: AUD 700+ per sq m

Rent guarantee period: 6-12 months gross rent (includes outgoings)

Typical lease length: 5-10 years

Statutory right to renew the lease: No

Incentives

Typical rent-free period: Up to 18 months on a five year lease. Varies significantly between local markets and may be longer for longer leases

Other incentives: Varies between local markets and depends on the rent free period. Possible capital contribution from landlord and/or landlord undertakes fit-out.

Rent

Rent payable every: Month

Basis of measurement: Net lettable area

Unit of measurement: AUD per sq m per year

Inclusions: Gross rents include outgoings. Net rents are exclusive of outgoings

Exclusions: Structural maintenance of building or capital upgrades to building which is covered by landlord, car parking and utilities

Frequency of rent reviews: By negotiation

Frequency and basis of indexation of rent: Yearly, based on fixed percentage uplifts (4-5%)

Lease disposal

Subletting/assignment rights: Generally yes

Early termination rights: By negotiation, usually via break clause only

Reinstatement to original condition on termination: Yes. Fair wear and tear exempted with negotiable terms on lease expiry.

2. LANDLORD & TENANT RESPONSIBILITIES

Structural repairs: Landlord

Internal repairs: Tenant

Maintenance of tenant area: Tenant

Landlord insures and recovers cost from tenant: Yes, with recoverable outgoings

3. OCCUPIER TRANSACTION COSTS

Transfer tax: None

Legal fees: By agreement

4. ONGOING TAXATION LIABILITIES OF TENANT RELATED TO OCCUPANCY

Local tax (% of annual rent): Land tax (varies by lease value) and council rates (varies by councils)

VAT/GST (% of annual rent): 10% GST (subject to refund from the Taxation Office)

5. PURCHASER INFORMATION

Restriction on ownership of property by foreigners

Yes, a number of restrictions can apply for buildings over AUD 50m and Heritage buildings over AUD 5 m.

Purchaser transaction costs

Transfer tax: Varies from state to state, with highest rate in Australian Capital Territory (6.75%) and lowest in Tasmania (4%)

VAT/GST: 0% on properties sold as a going concern. Otherwise 10% GST

Legal fees: By agreement

VAT/GST on transaction fees: 10% GST

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Cambodia



1. LEASE STRUCTURE

The basics

Standard lease document: No

Standard space delivery conditions: Warm shell (see Definitions on page 19)

Standard fit-out costs: USD 250-500 per sq m

Rent guarantee period: 3 months rent

Typical lease length: 1-3 months per lease length

Statutory right to renew the lease: No

Incentives

Typical rent-free period: 1-3 months per lease length

Other incentives: Negotiable (motorbike/car parking)

Rent

Rent payable every: Month

Basis of measurement: Gross lettable area

Unit of measurement: USD per sq m per month

Inclusions: None

Exclusions: Service charge, utilities, season car park

Frequency of rent reviews: None

Frequency and basis of indexation of rent: None. Rental level change based on market fluctuation

Lease disposal

Subletting/assignment rights: Subject to landlord's consent (usually not allowed)

Early termination rights: By negotiation

Reinstatement to original condition on termination: Yes. Fair wear and tear exempted

2. LANDLORD & TENANT RESPONSIBILITIES

Structural repairs: Landlord

Internal repairs: Tenant

Maintenance of tenant area: Tenant

Landlord insures and recovers cost from tenant:

Landlord insures the building, while the tenant is expected to purchase insurance for leased space

3. OCCUPIER TRANSACTION COSTS

Transfer tax: None

Legal fees: By agreement

4. ONGOING TAXATION LIABILITIES OF TENANT RELATED TO OCCUPANCY

Local tax (% of annual rent): 10% withholding tax

VAT/GST (% of annual rent): 10%

5. PURCHASER INFORMATION

Restriction on ownership of property by foreigners

Yes, ownership of land is restricted to Cambodian citizens. Foreign nationals are allowed to own 49% or lease up to 50 years. Foreign nationals are allowed to own condominiums above the ground floor to a maximum of 70% of any apartment building, provided that the building has a strata title.

Purchaser transaction costs

Transfer tax: A transfer tax of 4% is levied on all "hard title" property transfers (registered locally and nationally). Those private properties registered only with the local authorities (known as "soft title" - technically constitute a weak 'possession') do not attract a transfer tax.

VAT/GST: 10%

Legal fees: By agreement

VAT/GST on transaction fees: 10%

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China



1. LEASE STRUCTURE

The basics

Standard lease document: Yes in all tier I cities and single owner buildings in tier II cities. For small landlords' buildings (strata-titled, mostly in small cities) there is no standard lease document

Standard space delivery conditions: Category A (see Definitions on page 19)

Standard fit-out costs: RMB 1,500 - 2,500 per sq m (excluding furniture and IT)¹

Rent guarantee period: 2-3 months rent plus service charge

Typical lease length: 3 years for Tier I cities, 2 years for Tier II cities and up to 5 years for large space occupancy

Statutory right to renew the lease: No

Incentives

Typical rent-free period: 0-3 months per lease length

Other incentives: Turnkey services, paid fit-out, upfront cash contribution, hold-over period, first right of refusal

Rent

Rent payable every: Month or quarter

Basis of measurement: Varies between gross and net floor lettable area

Unit of measurement: RMB per sq m per month or RMB per sq m per day. Varies by location.

Inclusions: None

Exclusions: Service charge, utilities, season car park

Frequency of rent reviews: 2-3 years

Frequency and basis of indexation of rent: None, rental level change based on market fluctuation

Lease disposal

Subletting/assignment rights: Subject to landlord's consent

Early termination rights: By negotiation via break clause only

Reinstatement to original condition on termination: Yes. Fair wear and tear exempted

2. LANDLORD & TENANT RESPONSIBILITIES

Structural repairs: Landlord

Internal repairs: Tenant

Maintenance of tenant area: Tenant

Landlord insures and recovers cost from tenant: No

3. OCCUPIER TRANSACTION COSTS

Transfer tax: 0.03-2% (normally shared equally between landlord and tenant)

Legal fees: By agreement

4. ONGOING TAXATION LIABILITIES OF TENANT RELATED TO OCCUPANCY

Local tax (% of annual rent): None

VAT/GST (% of annual rent): 5% in all tier I cities and single owner buildings. Where VAT is charged, it is usually excluded from the rent, thus paid separately by the landlord

5. PURCHASER INFORMATION

Restriction on ownership of property by foreigners

No, provided that the foreign national follows the correct procedures and sets up a Wholly-Owned Foreign Enterprise

Purchaser transaction costs

Transfer tax: 0.05% Stamp duty, 3-5% Deed tax (depending on the location)

VAT/GST: 30-60% progressive rate for Land Value Appreciation Tax (payable by vendor)

Legal fees: By agreement

VAT/GST on transaction fees: No

¹ Note that the costs in 2013 ranged from RMB 1,000 to RMB 2,000 per sq m

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Hong Kong



1. LEASE STRUCTURE

The basics

Standard lease document: No

Standard space delivery conditions: Category A (see Definitions on page 19)

Standard fit-out costs: HKD 800 per sq ft

Rent guarantee period: 3-5 months rent plus utility charge

Typical lease length: 3-6 years

Statutory right to renew the lease: No

Incentives

Typical rent-free period: 1-3 months on a 3 year lease, may be longer for longer leases

Other incentives: None

Rent

Rent payable every: Month

Basis of measurement: Gross or net lettable area

Unit of measurement: HKD per sq ft per month

Inclusions: None

Exclusions: Service charge, utilities, season car park

Frequency of rent reviews: Usually every 3 years

Frequency and basis of indexation of rent: None. Rental level change based on market fluctuation

Lease disposal

Subletting/ assignment rights: Subject to landlord's consent

Early termination rights: Via break clause only. However, the right to early termination is rarely obtained

Reinstatement to original condition on termination: Yes.

Fair wear and tear exempted

2. LANDLORD & TENANT RESPONSIBILITIES

Structural repairs: Landlord

Internal repairs: Tenant

Maintenance of tenant area: Tenant

Landlord insures and recovers cost from tenant: No

3. OCCUPIER TRANSACTION COSTS

Transfer tax: 1% plus HKD 5 for 3-6 year lease (normally shared equally between landlord and tenant)

Legal fees: By agreement

4. ONGOING TAXATION LIABILITIES OF TENANT RELATED TO OCCUPANCY

Local tax (% of annual rent): 5% (Rates)

VAT/GST (% of annual rent): None

5. PURCHASER INFORMATION

Restriction on ownership of property by foreigners

No restrictions apply.

Purchaser transaction costs

Transfer tax: 1.5-8.5%²

VAT/GST: None

Legal fees: By agreement

VAT/GST on transaction fees: None

² Note a change since 2013 (0-4.25%)

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India



1. LEASE STRUCTURE

The basics

Standard lease document: No

Standard space delivery conditions: Shell and core or Warm shell (see Definitions on page 19)

Standard fit-out costs: INR 1,800-2,500 per sq ft depending on quality of finishes

Rent guarantee period: 6-15 months rent plus tax

Typical lease length: 3+3 years or 5+5 years (Special Economic Zone)

Statutory right to renew the lease: No, but negotiable where lessee has fixed renewal rights

Incentives

Typical rent-free period: 1-3 months per lease length for warm shell (for the compensation of fit-outs), 0-15 days for furnished space. Varies depending on submarket

Other incentives: First right of refusal, hold-over period, and reduction of rental deposit

Rent

Rent payable every: Month

Basis of measurement: Super built-up / gross area

Unit of measurement: INR per sq ft per month

Inclusions: None

Exclusions: Statutory government levies or charges, common area maintenance charges, utilities, car park

Frequency of rent reviews: Typically every 3 years,

Frequency and basis of indexation of rent: None. Rental level change based on market fluctuation

Lease disposal

Subletting/ assignment rights: Yes to group companies and affiliates on prior intimation to landlord. For any third party, subletting is subject to landlord's consent

Early termination rights: Allowed only after a pre-agreed lock-in period of usually 2-3 years (depending on lease agreement) with 3-6 months notice or rent in lieu thereof

Reinstatement to original condition on termination: Full reinstatement only if specified in the lease agreement - not widely insisted. Fair wear and tear exempted.

2. LANDLORD & TENANT RESPONSIBILITIES

Structural repairs: Landlord

Internal repairs: Tenant

Maintenance of tenant area: Tenant

Landlord insures and recovers cost from tenant: Landlord insures the building and services, while tenant is expected to purchase insurance for fit-outs carried out by them inside the lease space

3. OCCUPIER TRANSACTION COSTS

Transfer tax: Stamp duty of 0.5 - 2% of average annual rent and/or rent security deposit. Registration charges of 0.5-2% of average annual rent and/or rent security deposit or a fixed registration charge (varies across states)

Legal fees: By agreement

4. ONGOING TAXATION LIABILITIES OF TENANT RELATED TO OCCUPANCY

Local tax (% of annual rent): Property Tax (varies by location) and is paid by either landlord or tenant depending on micro market and terms of agreement

VAT/GST (% of annual rent): 10.3% (Service tax)

5. PURCHASER INFORMATION

Restriction on ownership of property by foreigners

Yes. Multinational companies can own property for self use. Developers and investors are also entitled to ownership subject to certain FDI guidelines and state specific regulations

Purchaser transaction costs

Transfer tax: 1.5-12.5%, varies from state to state

VAT/GST: No

Legal fees: By agreement/respective party

VAT/GST on transaction fees: 10.3% (Service tax)

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Indonesia



1. LEASE STRUCTURE

The basics

Standard lease document: No

Standard space delivery conditions: Shell and core (see Definitions on page 19)

Standard fit-out costs: IDR 5,000,000 to 6,500,000 per sq m, depending on the quality of finishes³

Rent guarantee period: 3 months rent plus service charge

Typical lease length: 2-3 years

Statutory right to renew the lease: No

Incentives

Typical rent-free period: 1-2 months per lease length, depending on the size of the premises

Other incentives: None

Rent

Rent payable every: Quarter

Basis of measurement: Semi-gross area

Unit of measurement: IDR per sq m per month or USD per sq m per month

Inclusions: None

Exclusions: Service charge, season car park

Frequency of rent reviews: Every 2 years

Frequency and basis of indexation of rent: None. Rental level change based on market fluctuation

Lease disposal

Subletting/ assignment rights: Subject to landlord's consent

Early termination rights: Via break clause only

Reinstatement to original condition on termination: Yes. Fair wear and tear exempted

2. LANDLORD & TENANT RESPONSIBILITIES

Structural repairs: Landlord

Internal repairs: Tenant

Maintenance of tenant area: Tenant

Landlord insures and recovers cost from tenant: Yes

3. OCCUPIER TRANSACTION COSTS

Transfer tax: Stamp duty (IDR 6,000 for leases with total lease value of IDR 1 million and above)

Legal fees: By agreement

4. ONGOING TAXATION LIABILITIES OF TENANT RELATED TO OCCUPANCY

Local tax (% of annual rent): None

VAT/GST (% of annual rent): 10% (applicable to both base rent and service charge)

5. PURCHASER INFORMATION

Restriction on ownership of property by foreigners

Yes, foreign nationals are only allowed to occupy premises on a leasing basis.

Purchaser transaction costs

Transfer tax: No

VAT/GST: 10%

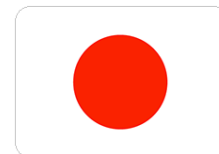
Legal fees: By agreement

VAT/GST on transaction fees: 10%

³ Note that the costs in 2013 ranged from IDR 2,000,000 to 3,500,000 per sq m

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Japan



1. LEASE STRUCTURE

The basics

Standard lease document: No

Standard space delivery conditions: Category A (see Definitions on page 19)

Standard fit-out costs: JPY 50,000 per sq m from standard space delivery condition to a turnkey fit-out (including cabling, excluding furniture and server room)

Rent guarantee period: 12 months, often negotiable

Typical lease length: 2 years (standard lease) / 3-5 years (fixed term lease)

Statutory right to renew the lease: Yes, for standard lease, no for fixed term lease

Incentives

Typical rent-free period: 3 months for 2 year lease; 6 months or longer for 5 year lease

Other incentives: Stepped rent, expansion rights, reduced deposit

Rent

Rent payable every: Month

Basis of measurement: Net lettable area

Unit of measurement: JPY per tsubo per month (1 tsubo = 3.3 sq m or 35.6 sq ft)

Inclusions: Service charge in several cases. Normal office hour air-conditioning

Exclusions: Utilities, season car park

Frequency of rent reviews: Usually on auto-renewal dates or anytime during the term for a standard lease. No rent review during the term for a fixed term lease

Frequency and basis of indexation of rent: None. Rental level change based on market fluctuation

Lease disposal

Subletting/ assignment rights: Subletting subject to landlord's consent / assignment not possible

Early termination rights: Subject to 6 months notice under standard lease, none under fixed term lease

Reinstatement to original condition on termination: Yes

2. LANDLORD & TENANT RESPONSIBILITIES

Structural repairs: Landlord

Internal repairs: Tenant

Maintenance of tenant area: Tenant

Landlord insures and recovers cost from tenant: Landlord insures the building, while the tenant is expected to purchase fire insurance for leased space

3. OCCUPIER TRANSACTION COSTS

Transfer tax: None

Legal fees: By agreement

4. ONGOING TAXATION LIABILITIES OF TENANT RELATED TO OCCUPANCY

Local tax (% of annual rent): None

VAT/GST (% of annual rent): 8% (Consumption tax). Not applicable to lease of land⁴

5. PURCHASER INFORMATION

Restriction on ownership of property by foreigners

No restrictions apply

Purchaser transaction costs

Transfer tax: 4% of assessed value of fixed assets (Real Estate Acquisition Tax) and 2% of assessed value of fixed assets (Registration and license tax)

VAT/GST: 8% (Consumption tax). Not applicable on sale of land

Legal fees: By agreement

VAT/GST on transaction fees: 8% (Consumption tax)

⁴ Note that the consumption tax was 5% prior to the increase on 1 April 2014

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Malaysia



1. LEASE STRUCTURE

The basics

Standard lease document: No

Standard space delivery conditions: Category A (see Definitions on page 19)

Standard fit-out costs: RM 150 per sq ft

Rent guarantee period: 3 months rent

Typical lease length: 3 years

Statutory right to renew the lease: No, but renewal option for a similar duration is standard

Incentives

Typical rent-free period: 1 month per lease length, may be longer for larger premises specifically for fit out works

Other incentives: None

Rent

Rent payable every: Month

Basis of measurement: Gross internal area

Unit of measurement: RM per sq ft per month

Inclusions: Service charge

Exclusions: Season car park

Frequency of rent reviews: None

Frequency and basis of indexation of rent: None. Rental level change based on market fluctuation

Lease disposal

Subletting/ assignment rights: Subject to landlord's consent

Early termination rights: Via break clause only

Reinstatement to original condition on termination: Yes. Fair wear and tear exempted.

2. LANDLORD & TENANT RESPONSIBILITIES

Structural repairs: Landlord

Internal repairs: Tenant

Maintenance of tenant area: Tenant

Landlord insures and recovers cost from tenant: Yes

3. OCCUPIER TRANSACTION COSTS

Transfer tax: Annual rent less RM 2,400, divided by 250 and multiplied by factor of 1 to 4 depending on number of years of tenancy

Legal fees: 25% of 1 month's rent for the first RM 120,000 annual rent, 10% of 1 month's rent for the next tier up to RM 1.08 million, negotiable for excess

4. ONGOING TAXATION LIABILITIES OF TENANT RELATED TO OCCUPANCY

Local tax (% of annual rent): None

VAT/GST (% of annual rent): 6% (Service tax)

5. PURCHASER INFORMATION

Restriction on ownership of property by foreigners

No restrictions with the exception of agriculture properties and residential properties not exceeding the price of RM 1,000,000

Purchaser transaction costs

Transfer tax: 1% on first RM 100,000, 2% on next RM 400,000 and 3% thereafter

VAT/GST: No

Legal fees: 1% on first RM 150,000, 0.7% on next RM 850,000, 0.6% on next RM 2 million, 0.5% on next RM 2 million and 0.4% on next RM 2.5 million

VAT/GST on transaction fees: 6%

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New Zealand



1. LEASE STRUCTURE

The basics

Standard lease document: Yes although there are many specific leases drafted by individual lawyers as well

Standard space delivery conditions: Warm shell (see Definitions on page 19)

Standard fit-out costs: NZD 900-1,200 per sq m

Rent guarantee period: 3-6 months gross rent (includes outgoings). Usually not required in new buildings

Typical lease length: 6-9 years. Up to 12 years for large space occupiers/design build

Statutory right to renew the lease: No

Incentives

Typical rent-free period: 1 month per year of lease (certain term)

Other incentives: Fit-out contribution typically included in the rent-free

Rent

Rent payable every: Month

Basis of measurement: Net lettable area plus % share of common areas

Unit of measurement: NZD per sq m per year

Inclusions: Service charge in Wellington where gross rents are predominant. In Auckland and Christchurch, typically net rents plus operating expenses are quoted

Exclusions: Maintenance of common areas which is covered by landlord

Frequency of rent reviews: 2-3 years

Frequency and basis of indexation of rent: Generally every 2-3 years. Market rent reviews are most common, although reviews based on CPI are becoming more common

Lease disposal

Subletting/ assignment rights: Subject to landlord's consent

Early termination rights: Via break clause only

Reinstatement to original condition on termination: Yes. Fair wear and tear exempted

2. LANDLORD & TENANT RESPONSIBILITIES

Structural repairs: Landlord

Internal repairs: Tenant

Maintenance of tenant area: Depends on the terms and conditions of the lease agreement (usually tenant)

Landlord insures and recovers cost from tenant: Yes with net lease. No with gross lease

3. OCCUPIER TRANSACTION COSTS

Transfer tax: None

Legal fees: By agreement

4. ONGOING TAXATION LIABILITIES OF TENANT RELATED TO OCCUPANCY

Local tax (% of annual rent): None

VAT/GST (% of annual rent): 15% GST (subject to refund from Taxation Office)

5. PURCHASER INFORMATION

Restriction on ownership of property by foreigners

Approval is required for 25% or more ownership or controlling interest in business or non-land assets worth more than NZD 100 million; sensitive land; land with unimproved value of more than NZD 10 million; land on most offshore islands

Purchaser transaction costs

Transfer tax: No

VAT/GST: 0% on properties sold as going concern. Otherwise 15% (if GST is levied provided both the vendor and purchaser are registered for GST)

Legal fees: By agreement

VAT/GST on transaction fees: 15% GST

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Philippines



1. LEASE STRUCTURE

The basics

Standard lease document: No

Standard space delivery conditions: Warm shell (see Definitions on page 19)

Standard fit-out costs: PHP 15,000-30,000 per sq m

Rent guarantee period: 3 months rent

Typical lease length: 3-5 years

Statutory right to renew the lease: No

Incentives

Typical rent-free period: 1-3 months per lease length

Other incentives: None

Rent

Rent payable every: Month

Basis of measurement: Net lettable area

Unit of measurement: PHP per sq m per month

Inclusions: None

Exclusions: Service charge, season car park

Frequency of rent reviews: Yearly

Frequency and basis of indexation of rent: None. Rental level change based on market fluctuation

Lease disposal

Subletting/ assignment rights: Subject to landlord's consent

Early termination rights: Via break clause only

Reinstatement to original condition on termination: Yes.

Fair wear and tear exempted

2. LANDLORD & TENANT RESPONSIBILITIES

Structural repairs: Landlord

Internal repairs: Tenant

Maintenance of tenant area: Tenant

Landlord insures and recovers cost from tenant: Yes

3. OCCUPIER TRANSACTION COSTS

Transfer tax: PHP 3 for the first PHP 2,000, and PHP 1 for every PHP 1,000 in excess of the first PHP 2,000 for each year of the lease term

Legal fees: By agreement

4. ONGOING TAXATION LIABILITIES OF TENANT RELATED TO OCCUPANCY

Local tax (% of annual rent): None

VAT/GST (% of annual rent): 12%

5. PURCHASER INFORMATION

Restriction on ownership of property by foreigners

Yes. Various restrictions apply and typically restrict ownership to 40% or less with the majority held by a Filipino National(s).

Purchaser transaction costs

Transfer tax: 1.5% (Documentary Stamp Tax), 0.5% (Transfer Tax); PHP 8,796 for the first PHP 1.7million and PHP 90 for every PHP 20,000 in excess of PHP 1.7million (Registration Fee), based on consideration or fair market value, whichever is higher

VAT/GST: 12%

Legal fees: By agreement

VAT/GST on transaction fees: 12%

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Singapore



1. LEASE STRUCTURE

The basics

Standard lease document: No

Standard space delivery conditions: Warm shell (Category A for premium offices), see Definitions on page 19

Standard fit-out costs: SGD 70-130 per sq ft, depending on the quality of finishes⁵

Rent guarantee period: 3 months rent

Typical lease length: 3 years. Up to 6 years for large space occupiers

Statutory right to renew the lease: No

Incentives

Typical rent-free period: 1-3 months per lease length, may be longer for larger premises or longer leases

Other incentives: Typically none

Rent

Rent payable every: Month or quarter

Basis of measurement: Net lettable area

Unit of measurement: SGD per sq ft per month

Inclusions: Service charge

Exclusions: Season car park, utilities

Frequency of rent reviews: None, except via rent review clause

Frequency and basis of indexation of rent: None. Rental level change based on market fluctuation

Lease disposal

Subletting/ assignment rights: Subject to landlord's consent

Early termination rights: Via break clause only. However, the right is rarely obtained.

Reinstatement to original condition on termination: Yes. Fair wear and tear exempted

2. LANDLORD & TENANT RESPONSIBILITIES

Structural repairs: Landlord

Internal repairs: Tenant

Maintenance of tenant area: Tenant

Landlord insures and recovers cost from tenant: Yes,

3. OCCUPIER TRANSACTION COSTS

Transfer tax: Stamp duty (0.4% for leases under 1 year, 0.8% for leases between 1 to 3 years, 1.6% for leases exceeding 3 years)

Legal fees: By agreement

4. ONGOING TAXATION LIABILITIES OF TENANT RELATED TO OCCUPANCY

Local tax (% of annual rent): None

VAT/GST (% of annual rent): 7% GST

5. PURCHASER INFORMATION

Restriction on ownership of property by foreigners

No restrictions apply

Purchaser transaction costs

Transfer tax: 1% on first SGD 180,000, 2% on next SGD 180,000 and 3% thereafter

VAT/GST : 7% GST

Legal fees: By agreement

VAT/GST on transaction fees: 7% GST

⁵ Note that the costs in 2013 ranged from SGD 65 to SGD 120 per sq ft

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South Korea



1. LEASE STRUCTURE

The basics

Standard lease document: No

Standard space delivery conditions: Category A (see Definitions on page 19)

Standard fit-out costs: KRW 300,000 - 500,000 per sq m

Rent guarantee period: 10 months rent

Typical lease length: 2-3 years

Statutory right to renew the lease: No

Incentives

Typical rent-free period: 1-2 months per year

Other incentives: Fit-out costs and moving costs are negotiable

Rent

Rent payable every: Month

Basis of measurement: Gross floor area

Unit of measurement: KRW per pyong per month (1 pyong = 3.3 sq m or 35.6 sq ft)

Inclusions: None

Exclusions: Service charge, season car park

Frequency of rent reviews: Yearly

Frequency and basis of indexation of rent: Yearly, based on either CPI or fixed percentage

Lease disposal

Subletting/ assignment rights: Subject to landlord's consent (usually not allowed)

Early termination rights: By negotiation

Reinstatement to original condition on termination: Yes. Fair wear and tear exempted.

2. LANDLORD & TENANT RESPONSIBILITIES

Structural repairs: Landlord

Internal repairs: Tenant

Maintenance of tenant area: Tenant

Landlord insures and recovers cost from tenant: Yes

3. OCCUPIER TRANSACTION COSTS

Transfer tax: None

Legal fees: By agreement

4. ONGOING TAXATION LIABILITIES OF TENANT RELATED TO OCCUPANCY

Local tax (% of annual rent): None

VAT/GST (% of annual rent): 10%

5. PURCHASER INFORMATION

Restriction on ownership of property by foreigners

No restrictions apply

Purchaser transaction costs

Transfer tax: 4% (Acquisition Tax), 0.2% (Special Tax for Rural Development), 0.4% (Local Education Tax)

VAT/GST: 10%

Legal fees: By agreement

VAT/GST on transaction fees: 10%

User Guide to Asia Pacific 2014

Taiwan



1. LEASE STRUCTURE

The basics

Standard lease document: No
Standard space delivery conditions: Category A (see Definitions on page 19)
Standard fit-out costs: TWD 1,265 per sq ft
Rent guarantee period: 2 months rent
Typical lease length: 2-3 years
Statutory right to renew the lease: Yes

Incentives

Typical rent-free period: 1 month per year (negotiable)
Other incentives: Fit-out costs are negotiable

Rent

Rent payable every: Month
Basis of measurement: Gross floor area
Unit of measurement: TWD per ping per month (1 ping = 3.3 sq m or 35.6 sq ft)
Inclusions: None
Exclusions: Utilities, service charge, season car park
Frequency of rent reviews: Yearly
Frequency and basis of indexation of rent: Yearly, based on fixed percentage uplifts of 2-3%

Lease disposal

Subletting/ assignment rights: Subject to landlord's consent
Early termination rights: Via break clause only
Reinstatement to original condition on termination: Yes.
Fair wear and tear exempted

2. LANDLORD & TENANT RESPONSIBILITIES

Structural repairs: Landlord
Internal repairs: Tenant
Maintenance of tenant area: Tenant
Landlord insures and recovers cost from tenant: No

3. OCCUPIER TRANSACTION COSTS

Transfer tax: None
Legal fees: By agreement

4. ONGOING TAXATION LIABILITIES OF TENANT RELATED TO OCCUPANCY

Local tax (% of annual rent): None
VAT/GST (% of annual rent): 5%

5. PURCHASER INFORMATION

Restriction on ownership of property by foreigners

Restrictions apply. Government approval is required for properties for self-use, investment and public welfare

Purchaser transaction costs

Transfer tax: 6% (Deed Tax) and 0.1% (Stamp Duty Tax)
VAT/GST: 5% on sale of building (payable by corporate vendor)
Legal fees: By agreement
VAT/GST on transaction fees: No

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Thailand



1. LEASE STRUCTURE

The basics

Standard lease document: No

Standard space delivery conditions: Warm shell (See Definitions on page 19)

Standard fit-out costs: THB 15,000-25,000 per sq m

Rent guarantee period: 3 months rent

Typical lease length: 3 years

Statutory right to renew the lease: No

Incentives

Typical rent-free period: 1 month (typically for fit-out), may be longer for larger premises

Other incentives: One car park space per 100-200 sq m of area leased

Rent

Rent payable every: Month

Basis of measurement: Gross lettable area

Unit of measurement: THB per sq m per month

Inclusions: Service charge

Exclusions: Season car park

Frequency of rent reviews: None

Frequency and basis of indexation of rent: None. Rental level change based on market fluctuation

Lease disposal

Subletting/ assignment rights: Subject to landlord's consent (usually not allowed)

Early termination rights: Not market practice

Reinstatement to original condition on termination: Yes. Fair wear and tear exempted

2. LANDLORD & TENANT RESPONSIBILITIES

Structural repairs: Landlord

Internal repairs: Tenant

Maintenance of tenant area: Tenant

Landlord insures and recovers cost from tenant: Yes. In some cases, the landlord insures the building while the tenant insures the leased space

3. OCCUPIER TRANSACTION COSTS

Transfer tax: 0.1% stamp duty on total lease. For leases which exceed 3 years, 1% registration fee on total lease or assessed rental value (whichever is higher). Payments negotiable between landlord and tenant

Legal fees: By agreement

4. ONGOING TAXATION LIABILITIES OF TENANT RELATED TO OCCUPANCY

Local tax (% of annual rent): None

VAT/GST (% of annual rent): 7% (applicable on service charge)

5. PURCHASER INFORMATION

Restriction on ownership of property by foreigners

Yes. Only foreign entities with Board of Investment (BOI) privileges are allowed to purchase land in designated BOI zones

Purchaser transaction costs

Transfer tax: 2% of assessed value

VAT/GST: No

Legal fees: Each party is responsible for their own respective legal fees

VAT/GST on transaction fees: No

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Vietnam



1. LEASE STRUCTURE

The basics

Standard lease document: No

Standard space delivery conditions: Warm shell (see Definitions on page 19)

Standard fit-out costs: USD 250-500 per sq m

Rent guarantee period: 3-6 months rent plus service charge

Typical lease length: 2-3 years

Statutory right to renew the lease: No

Incentives

Typical rent-free period: 1-3 months per lease length

Other incentives: Negotiable (motorbike/car parking, structured rental payments)

Rent

Rent payable every: Quarter

Basis of measurement: Gross lettable or net lettable area. Gross lettable usually quoted for grade A space and Net floor Area for lower grade space

Unit of measurement: USD per sq m per month (note that rents are converted and paid in VND)

Inclusions: None

Exclusions: Service charge, season car park

Frequency of rent reviews: None

Frequency and basis of indexation of rent: None. Rental level change based on market fluctuation

Lease disposal

Subletting/ assignment rights: Limited

Early termination rights: By negotiation, or via break clause

Reinstatement to original condition on termination: Yes.

Fair wear and tear exempted

2. LANDLORD & TENANT RESPONSIBILITIES

Structural repairs: Landlord

Internal repairs: Tenant

Maintenance of tenant area: Tenant

Landlord insures and recovers cost from tenant: Yes

3. OCCUPIER TRANSACTION COSTS

Transfer tax: None

Legal fees: By agreement

4. ONGOING TAXATION LIABILITIES OF TENANT RELATED TO OCCUPANCY

Local tax (% of annual rent): None

VAT/GST (% of annual rent): 10%

5. PURCHASER INFORMATION

Restriction on ownership of property by foreigners

Yes, land in Vietnam belongs to its citizens. Ownership is referred to as a "right to use land". The duration of this right is usually 50 years, but may be up to 70 years subject to approval.

Purchaser transaction costs

Transfer tax: 0.5% (Registration Fee)

VAT/GST: 10% VAT payable by vendor

Legal fees: By agreement

VAT/GST on transaction fees: 10%

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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.

Standard space delivery conditions: 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*

Standard fit-out costs: 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.

Rent-guarantee period: Typical amount of rent used to secure the lease (depending on covenant strength).

Typical rent-free period: 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.

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

Statutory right to renew the lease: 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.

Basis of measurement: 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, other countries apply the RICS Code of Measuring Practice.

Rent inclusions: Payments regularly included in the rental charge.

Rent exclusions: Regular payments to the landlord not included in the rental charge.

Frequency and basis of indexation of rent: Leases often contain so-called indexation clauses. Indexation clauses bind the lease to changes in price of specific goods or services.

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

Structural repairs: Repairs necessary to the structure of the building itself.

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

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

Legal fees (Occupier transaction costs): In some countries it is not a requirement to have leases drafted by lawyers; however, many international clients normally seek legal advice.

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Occupier Perspective

Updates on occupational markets from an occupier perspective, with commentary, analysis, charts and data.

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India Office Demand and Trends Survey 2013-14
Sweden Computer Games Developers November 2013

Property Times

Regular updates on occupational markets from a landlord perspective, with commentary, charts, data and forecasts.

Coverage includes Asia Pacific, Bangkok, Beijing, Berlin, Brisbane, Bristol, Brussels, Budapest, Central London, Chengdu, Chongqing, Dalian, Edinburgh, Europe, Frankfurt, Glasgow, Guangzhou, Hangzhou, Ho Chi Minh City, Hong Kong, India, Jakarta, Japan, Kuala Lumpur, Luxembourg, Madrid, Manchester, Melbourne, Milan, Nanjing, Newcastle, Paris, Poland, Prague, Qingdao, Rome, Seoul, Shanghai, Shenyang, Shenzhen, Singapore, Stockholm, Sydney, Taipei, Tianjin, Ukraine, Warsaw, Wuhan, Xian.

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DTZ Research

DTZ Research Contacts

Global Head of Research

Hans Vrensen

Phone: +44 (0)20 3296 2159

Email: hans.vrensen@dtz.com

Head of Strategy Research

Nigel Almond

Phone: +44 (0)20 3296 2328

Email: nigel.almond@dtz.com

Head of North Asia Research

Andrew Ness

Phone: +852 2507 0779

Email: andrew.ness@dtz.com

Head of South East Asia and Australia New Zealand Research

Dominic Brown

Phone: +61 (0)2 8243 9999

Email: dominic.brown@dtz.com

DTZ Business Contacts

Global Occupier Services

Steven Quick

Phone: +1 312 424 8182

Email: steven.quick@dtz.com

Global Occupier Services, Asia Pacific

David Jones

Phone: +65 6876 6160

Email: david.jones@dtz.com

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