Many landlords and local agents in these markets are relatively inexperienced when it comes to the expectations of an international occupier. It is beneficial to clearly define all demands at the outset. Therefore, it is recommended to draft a comprehensive non-binding letter of intent around the important lease terms. This will reduce the likelihood of later misunderstandings.

The terms provided below are only an example of lease terms. These should be adapted to the particulars of each location and the country laws and regulations.

|  |  |
| --- | --- |
| **Main lease terms** | **Agency and location** |
| **Unit of measurement** | Square Metres |
| **Rent** | Quoted in US$ or local currency/sqm/year |
| **Typical lease term** | 3-5 years |
| **Frequency of rental payments (in advance)** | 3 years in advance, second payment 2 years in advance or full term upfront  Need to negotiate lease provision for repayment of unused rent if lease determined early |
| |  | | --- | | **Typical rent deposit (expressed as x months rent)** | | None |
| **Does tenant have statutory rights to renew** | No – unless negotiated for in original lease |
| **Basis of rent increases or rent review** | Rents are usually fixed for upfront payment |
| **Frequency of rental increases or rent review** | After end of upfront payment |
| **Responsibility for service charges / management fees** | Tenant responsible for his pro-rata share in addition to the rent – payable yearly but and reconciled although may be subject to a ‘reasonableness’ test |
| **Responsibility for utilities** | Either landlord is responsible for all utilities, but costs are charged back to tenant via service charge, or costs are separately metered and payable by each tenant |
| **Responsibility for internal repairs** | Tenant responsible within the private leased area |
| **Responsibility for repairs of common parts (reception, lifts, stairs, etc.)** | Landlord responsible but costs charged back to tenant via service charge |
| **Responsibility for external/structural repairs** | Landlord responsible |
| **Responsibility for building insurance** | Landlord responsible, costs only charged back if premiums are raised due to tenant’s particular activity |
| **Responsibility for stamp duty** | Tenant responsible |
| **Responsibility for local property taxes** | Landlord responsible |
| **Responsibility for VAT/GST payable on rent and service charge** | Tenant responsible (5% on both rent and service charge). N.B. Legitimacy of VAT on rent is uncertain and subject to final judgement. Therefore currently some landlords do and some don’t charge VAT on top of rent |
| **Tenant subletting and assignment rights** | Subletting and assignment to group companies possible subject to landlord’s approval.  Subletting and assignment to third parties are subject to negotiation, however, generally only permitted where proof of good standing can be provided |
| **Tenant early termination rights** | By break clause or through negotiation with landlord (may be subject to financial indemnity or securing a replacement tenant). Breaks are not usual: lease renewal is accepted method |
| **Tenant’s building reinstatement responsibilities at lease end** | Original condition allowing for wear and tear |