

RWANDA

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Broll Tenant Handbook

2014



PART OF THE CBRE AFFILIATE NETWORK

CBRE

INTRODUCTION

Because we understand how busy you are, we have put together this tenant handbook packed with quick snapshot information on what to expect when renting commercial property.

The information in this handbook has been prepared in consultation with our commercial property experts on what the common industrial, office and retail sector rental markets are like.

Expect to find useful information on what the lease term periods are, who is responsible for tenant fit-out, how lease renewals and agreements work, what you can expect from the landlord as a tenant as well as what your responsibilities are as a tenant among other things.

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RWANDA

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COUNTRY FACTS

Capital City	Kigali
Population	11.7 million (2014 estimate)
Unemployment	3.4% (2013)
GDP	9.9% (Q2:2014)
GDP per capita	US\$388
Inflation rate	0.9% (August 2014)
Interest rate	6.5% (July 2014)
Corporate tax	30% (January 2014)
Sales tax	18% (January 2014)
Currency	Franc (RF)
Business language	English/French
Ease of doing business	32 out of 186 countries
Global competitiveness	62 out of 144 countries

COMMON PRACTICE



OFFICE

Term	2-3 years
Break clause	Not customary
Renewal	At market rate
Rent basis	Gross
Rent free period	Negotiable
Escalation	No fixed escalation, rents reviewed upon renewal
Deposit	2 months' rent
Fit-out	Tenant's responsibility
Right to sublet	Only with landlord's prior approval
Brokerage	Landlord pays
Legal fees	A standard agreement is normally used by the landlord and no legal fees are payable by the tenant
Transparency	Limited market data



INDUSTRIAL

Term	2-3 years
Break clause	Not customary
Renewal	At market rate
Rent basis	Net
Rent free period	Negotiable
Escalation	No fixed escalation, rents reviewed upon renewal
Deposit	2 months' rent
Fit-out	Tenant's responsibility
Right to sublet	Only with landlord's prior approval
Brokerage	Landlord pays
Legal fees	A standard agreement is normally used by the landlord and no legal fees are payable by the tenant
Transparency	Limited market data



RETAIL

Term	2-3 years	Fit-out	Tenant's responsibility
Break clause	Not customary	Right to sublet	Only with landlord's prior approval
Renewal	At market rate	Brokerage	Landlord pays
Rent basis	Gross	Legal fees	A standard agreement is normally used by the landlord and no legal fees are payable by the tenant
Rent free period	Negotiable	Transparency	Limited market data
Escalation	No fixed escalation, rents reviewed upon renewal		
Deposit	2 months' rent		



LEASE AGREEMENTS

Term	Leases are typically for 2 to 3 years with no fixed rental escalations. Rentals are reviewed upon renewal.
Break clause	It is not customary to allow break clauses.
Renewal	All leases are renewable at market related rentals and most leases will have that stipulation. If not, the lease agreement will remain renewable unless the landlord gives notice otherwise.
Right to sublet	Subletting is allowed only with the landlord's prior permission and subject to the original tenant remaining liable.
Option to expand & right of first refusal	Very rarely included.
Late delivery by landlord	Landlord dictates and does not allow penalties imposed on himself for late delivery.
Holdover by Tenant	If a tenant remains in occupation after expiry of the lease, the lease agreement will remain in force on a month-to-month basis until formally renewed or until one party gives notice to the other party. The rental terms will remain unchanged unless agreed otherwise by mutual consent.
Signage and naming of building	Only if the building is occupied by a single tenant and this is subject to landlord and local authority approval.
Standard lease	Landlords have their own standard lease agreements and no lease management fees are payable by the tenant. The lease terms are basically prescribed by the landlord with little room to negotiate.
Laws and practices	There are no specific laws which relate specifically to leases but lease agreements must adhere to the laws of Rwanda.

SPACE MEASUREMENT

Measurement	Gross lettable areas are measured in square metres (m ²).
Definition	No standard definitions are available in the local market.

OCCUPATION COSTS

Rent	<p>Rent basis Gross rental amounts are inclusive of service charges and VAT (18%) but exclude the cost of metered electricity and water.</p> <p>Parking Parking is charged separately at a specific rate/bay/month excluding VAT for unreserved but guaranteed parking spaces.</p> <p>Rents quoted Rents are quoted in Rwandan Franc or US\$/m²/month.</p> <p>Rents payable Rents and parking charges are payable quarterly in advance.</p> <p>Rent free period A rent free period is negotiable and the landlord may allow a rental grace period to facilitate the fit-out especially if beneficial occupation is granted to the tenant before the building complex is open for trading.</p> <p>Rent escalation There are no fixed rental escalations, rentals are reviewed upon renewal.</p>
Operating costs	<p>In some instances, operating costs are calculated and labelled “service charges”, this charge is usually included in the gross rental amount. Operating costs for new high-rise office buildings typically consist of cleaning, security, general maintenance, standby generator costs, lift maintenance, fire-fighting and detection, common area utilities, insurance premiums, waste water treatment and landscaping.</p>
Taxes	<p>Property taxes are levied by the local authority but this charge is not recoverable from the tenants separately. The tax is fully absorbed by the landlords.</p>
Utilities	<p>These charges are recovered either on a metered or pro-rata basis.</p>
Fit-out	<p>The landlord provides a standard floor, ceiling and lighting but any additional fit-out costs are for the tenant's account, including anchor tenants. A rent free period is negotiable and the landlord may allow a rental grace period to facilitate the fit-out especially if beneficial occupation is granted to the tenant before the building complex is open for trading.</p>

Restoration	Landlord assumes obligation for exterior and structural maintenance of the property and the tenant is responsible for the internal maintenance of the rented space. Upon vacating the premises the tenant is responsible for restoring the premises to its original condition, fair wear and tear accepted.
Deposits and/or guarantees	Two month's rent is required as a cash deposit.
Parking	Parking charges are specified separately from rental at a rate/bay/month excluding VAT for unreserved but guaranteed parking spaces. Visitors pay for their own parking if charges are incurred.

TRANSACTION COSTS

Brokerage	<p>New leases</p> <p>If a landlord has appointed a broker or a property manager, commission is usually payable at half a month's rental for a 1 year lease, 1 month's rental for a two year lease, one and a half month's rental for a three year lease and two month's rental for a four year lease, maximum, payable by the landlord.</p> <p>Renewals</p> <p>On lease renewals, if a landlord has appointed a property manager, the fee is negotiated to be between 25% and 50% of the commission tariff for new leases payable by the landlord.</p>
Legal fees	A standard agreement is normally used by the landlord and no legal fees are payable by the tenant.

GENERAL LEASING MARKET

Transparency	There are no formal market statistics or formal data for vacancies, rental levels, rental growth patterns, yields etc. thus transparency is limited and terms of deals are not shared.
Building classification	No formal grading system is in place.



LEASE AGREEMENTS

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Renewal	All leases are renewable at market related rentals and most leases will have that stipulation. If not, the lease agreement will remain renewable unless the landlord gives notice otherwise.
Right to sublet	Subletting is allowed only with the landlord's prior permission and subject to the original tenant remaining liable.
Option to expand & right of first refusal	Very rarely included.
Late delivery by landlord	Landlord dictates and does not allow penalties imposed on himself for late delivery.
Holdover by Tenant	If a tenant remains in occupation after expiry of the lease, the lease agreement will remain in force on a month-to-month basis until formally renewed or until one party gives notice to the other party. The rental terms will remain unchanged unless agreed otherwise by mutual consent.
Signage and naming of building	Only if the building is occupied by a single tenant and this is subject to landlord and local authority approval.
Standard lease	Landlords have their standard lease agreements. The lease terms are basically prescribed by the landlord with little room to negotiate.
Laws and practices	There are no specific laws which relate specifically to leases but lease agreements must adhere to the laws of Rwanda.

SPACE MEASUREMENT

Measurement	Gross lettable areas are measured in square metres (m ²).
Definition	No standard definitions are available in the local market.

OCCUPATION COSTS

Rent	<p>Rent basis Net rental amounts are inclusive of VAT (18%) but exclude the cost of metered electricity and water.</p> <p>Parking In a multi-tenanted complex, the landlord allocates the number of parking bays per unit. These parking bays are free of charge.</p> <p>Rents quoted Rents are quoted in Rwandan Franc or US\$/m²/annum.</p> <p>Rents payable Rents are payable quarterly, semi-annually or annually in advance.</p> <p>Rent free period A rent free period is negotiable and the landlord may allow a rental grace period to facilitate the fit-out especially if beneficial occupation is granted to the tenant before the building complex is open for trading.</p> <p>Rent escalation There are no fixed rental escalations, rentals are reviewed upon renewal.</p>
Operating costs	Operating costs are not applicable for industrial spaces, the tenant is responsible for any necessary operating expenses.
Taxes	Property taxes are levied by the local authority but this charge is not recoverable from the tenants separately. The tax is fully absorbed by the landlords.
Utilities	These charges are recovered either on a metered or pro-rata basis.
Fit-out	The landlord will provide a standard unit unless the unit is built to the specifications of the tenant upfront. All additional fit-out costs are normally for the tenant's account, terms remain negotiable.
Restoration	Landlord assumes obligation for exterior and structural maintenance and the tenant is responsible for internal maintenance of the rented space. Upon vacating the premises the tenant is responsible for restoring the premises to its original condition, fair wear and tear accepted.
Deposits and/or guarantees	One month's rent is required as a cash deposit.

Parking	In a multi-tenanted complex, the landlord allocates the number of parking bays per unit. These parking bays are free of charge.
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TRANSACTION COSTS

Brokerage	<p>New leases</p> <p>If a landlord has appointed a broker or a property manager, commission is usually payable at half a month's rental as commission for a 1 year lease, 1 month's rental for a two year lease, one and a half month's rental for a three year lease and two month's rental for a four year lease, maximum payable by the landlord.</p> <p>Renewals</p> <p>On lease renewals, if a landlord has appointed property manager, the fee is negotiated to be between 25% and 50% of the commission tariff for new leases, payable by the landlord.</p>
Legal fees	A standard agreement is normally used by the landlord and no legal fees are payable by the tenant.

GENERAL LEASING MARKET

Transparency	No formal market statistics exist and there is no data for vacancies, rental levels, rental growth patterns, yields etc.
Building classification	No formal grading system is in place.



LEASE AGREEMENTS

Term	Leases are typically for 2 to 3 years with no fixed rental escalations. Rentals are reviewed upon renewal.
Break clause	It is not customary to allow break clauses.
Renewal	All leases are renewable at market related rentals and most leases will have that stipulation. If not, the lease will remain renewable unless the landlord gives notice otherwise.

Right to sublet	Subletting is allowed only with the landlord's prior permission and subject to the original tenant remaining liable.
Option to expand & right of first refusal	Very rarely included.
Late delivery by landlord	Landlord dictates and does not allow penalties imposed on himself for late delivery.
Holdover by tenant	If a tenant remains in occupation after expiry of the lease, the lease agreement will remain in force on a month-to-month basis until formally renewed or until one party gives notice to the other party. The rental terms will remain unchanged unless agreed otherwise by mutual consent.
Signage and naming of building	Only if the building is occupied by a single tenant and this is subject to landlord and local authority approval.
Standard lease	Landlords have their own standard lease agreements. The lease terms are basically prescribed by the landlord with little room to negotiate.
Laws and practices	There are no specific laws which relate specifically to leases but lease agreements must adhere to the laws of Rwanda.

SPACE MEASUREMENT

Measurement	Gross lettable areas are measured in square metres (m ²).
Definition	No standard definitions are available in the local market.

OCCUPATION COSTS

Rent	<p>Rent basis Gross rental amounts are inclusive of service charges and VAT (18%) but exclude the cost of metered electricity and water.</p> <p>Parking Parking charges are payable separately at specific rate/bay/month excluding VAT for unreserved but guaranteed parking spaces.</p> <p>Rents quoted Rents are quoted in Rwandan Franc or US\$/m²/month.</p> <p>Rents payable Rents are payable quarterly in advance.</p>
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Rent	<p>Rent free period A rent free period is negotiable and the landlord may allow a rental grace period to facilitate the fit-out especially if beneficial occupation is granted to the tenant before the building complex is open for trading.</p> <p>Rent escalation There are no fixed rental escalations, rentals are reviewed upon renewal</p>
Operating costs	In some instances, operating costs are calculated and labelled “service charges”, this charge is usually included in the gross rental amount. Operating costs typically consist of cleaning, security, general maintenance, etc.
Taxes	Property taxes are levied by the local authority but this charge is not recoverable from the tenants. The tax is fully absorbed by the landlords.
Utilities	These charges are recovered either on a metered or pro-rata basis.
Fit-out	The landlord provides a standard floor, ceiling, lighting and a shop front but any additional fit-out costs are for the tenant's account, including anchor tenants. A rent free period is negotiable and the landlord may allow a rental grace period to facilitate the fit-out especially if beneficial occupation is granted to the tenant before the building complex is open for trading.
Restoration	Landlord assumes obligation for exterior and structural maintenance and the tenant is responsible for internal maintenance of the rented space. Upon vacating the premises the tenant is responsible for restoring the premises to its original condition, fair wear and tear accepted.
Deposits and/or guarantees	Two month's rent is required as a cash deposit.
Parking	Parking charges are payable separately at specific rate/bay/month excluding VAT for unreserved but guaranteed parking spaces. Visitors and shoppers pay for their own parking if charges are incurred.

TRANSACTION COSTS

Brokerage	<p>New leases If a landlord has appointed a broker or a property manager, commission is usually payable at half a month's rental as commission for a 1 year lease, 1 month's rental for a two year lease, one and a half month's rental for a three year lease and two month's rental for a four year lease, maximum payable by the landlord.</p>
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Brokerage	<p>Renewals</p> <p>On lease renewals, if a landlord has appointed property manager, the fee is negotiated to be between 25% and 50% of the commission tariff for new leases, payable by the landlord</p>
Legal fees	<p>A standard agreement is normally used by the landlord and no legal fees are payable by the tenant.</p>

GENERAL LEASING MARKET

Transparency	<p>No formal market statistics exist and there is no data on rental levels, vacancies, rental growth patterns, yields etc.</p>
Building classification	<p>No formal grading system is in place.</p>

CONTACT RWANDA

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