

MAURITIUS

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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.

Disclaimer: All care has been taken in the preparation of this document and the information contained herein has been derived from sources believed to be accurate and reliable. Broll Property Group (Pty) Ltd will accept no responsibility for any error, action or omission, any opinion expressed or any investment decisions made and/or based on this information. Information contained herein may in some cases relate to Broll managed buildings only.

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MAURITIUS

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COUNTRY FACTS

Capital City	Port Louis
Population	1.3 million (2014 estimate)
Unemployment	8% (Q1:2014)
GDP	0.5% (Q1:2014)
GDP per capita	US\$6,679
Inflation rate	3.8% (August 2014)
Interest rate	4.65% (July 2014)
Corporate tax	15% (January 2014)
Sales tax	15% (January 2014)
Currency	Rupee (Rs)
Business language	English
Ease of doing business	20 out of 186 countries
Global competitiveness	39 out of 144 countries

COMMON PRACTICE



OFFICE

Term	3-5 years
Break clause	Can be served with notice of normally 3-6 months in advance – normally after year 1 of the lease
Renewal	Negotiable
Rent basis	Net (+ VAT) + service charges (free of VAT)
Rent free period	Normally one month, can be negotiated
Escalation	CPI or maximum of 5% p.a.
Deposit	3 months' rent
Fit-out	Tenant's responsibility or if landlord does fit-out tenant will pay a higher rent
Right to sublet	Normally allowed with landlord's consent
Brokerage	Landlord and tenant responsible for own brokerage fees
Legal fees	Landlord pays
Transparency	Limited market data



INDUSTRIAL

Term	1/3/5 years
Break clause	Can be served with notice of normally 3-6 months in advance
Renewal	Negotiable
Rent basis	Net (+ VAT) + service charges (free of VAT)
Rent free period	Normally one month, can be negotiated
Escalation	CPI or maximum of 5% p.a.
Deposit	2 months' rent
Fit-out	Tenant's responsibility
Right to sublet	Normally allowed with landlord's consent
Brokerage	Landlord and tenant responsible for own brokerage fees
Legal fees	Landlord pays
Transparency	Limited market data



RETAIL

Term	3-5 years	Deposit	3 months' rent
Break clause	Can be served with notice of normally 3-6 months in advance	Fit-out	Tenant's responsibility
Renewal	Negotiable	Right to sublet	Normally allowed with landlord's consent
Rent basis	Net (+ VAT) + service charges (free of VAT)	Brokerage	Landlord and tenant responsible for own brokerage fees
Rent free period	Normally one month, can be negotiated	Legal fees	Landlord pays
Escalation	CPI or maximum of 5% p.a.	Transparency	Limited market data



LEASE AGREEMENTS

Term	Leases are normally for 3-5 years with fixed rentals and predetermined rental escalations.
Break clause	Termination or breaks can be served with a notice of normally 3 – 6 months in advance, normally after the first year of the lease agreement. Terms of the break can be negotiated.
Renewal	Renewals are negotiable and both the landlord and the tenant have rights to renew at market related rentals or agreed rentals between the two parties. If an agreement is not reached, matters are referred to arbitration or the fair rent tribunal.
Right to sublet	Parties normally agree that subletting is allowed only with the landlord's consent which cannot be unreasonably withheld.
Option to expand & right of first refusal	Options to expand and the right of first refusal are negotiable.
Late delivery by landlord	Conditions are negotiable.
Holdover by tenant	Holdover is negotiable if specified in the lease agreement.
Signage and naming of building	Signage and the naming of the building will be dependent on the decision made by the body corporate and building management.
Standard lease	Each landlord has their own preferred standard lease agreement.
Laws and practices	There are no specific laws which relate specifically to lease agreements but leases must adhere to the laws of Mauritius.

SPACE MEASUREMENT

Measurement	Areas are quoted in square metres (m ²) and square feet (ft ²).
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Definition	<p>Net internal area</p> <p>Rentable area normally refers to the net internal area and the RICS Code of Measuring Practice definition is normally adopted, i.e. <i>the usable area within a building measured to the internal face of the perimeter walls at each floor level</i> and includes as well as excludes a list of varying parameters, e.g. excludes aspects such as lift rooms, plant rooms, internal structural walls, walls enclosing excluded areas, columns, piers, stairwells, lift-wells, permanent lift lobbies, etc.</p>
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OCCUPATION COSTS

Rent	<p>Rent basis</p> <p>Net rental (+VAT of 15%) + service charges (VAT free).</p> <p>Parking</p> <p>Parking is normally let at a rate per bay per month (+ VAT).</p> <p>Rent quoted</p> <p>Rents are quoted in MUR (Mauritius Rupees)/m² or ft²/month.</p> <p>Rent payable</p> <p>Rent is payable monthly or quarterly in advance.</p> <p>Rent free period</p> <p>Normally one month can be negotiated as a rent free period.</p> <p>Rent escalation</p> <p>Rent escalations are normally based on CPI at approximately 4% or a maximum of 5% annually.</p>
Operating costs	<p>Operating costs, normally known as “service charges”, are paid by the tenant and cover general expenses associated with the running of the building. Typical operating costs amount to 5-7% of the net rent.</p>
Taxes	<p>The landlord pays for municipal taxes. The municipal council levies a tax on all immovable property. No tenant tax is applicable in Mauritius.</p>
Utilities	<p>Electricity and water used inside the rented space is paid by the tenant. Utilities consumed in common areas are included in service charges. For offices located within a complex, electricity and water are paid by the tenant and are metered. Service charges concerning to utilities are paid according to the share of common areas in relation to the area occupied.</p>

Fit-out	The tenant pays for fit-out costs. However, there are cases when the landlord will fit-out the property but the tenant will then be required to pay a higher rental.
Restoration	The landlord pays for repairs and maintenance of the building and common areas. The tenant must restore the premises to its original condition at own cost.
Deposits and/or guarantees	Normally a security deposit equivalent to three months' rent is required.
Parking	Parking is charged separately at a rate per bay per month.
Other occupancy costs	Building insurance is payable by the landlord and the tenant is responsible for insurance costs for covering their own assets inside the let space, public liability and for fire and allied perils.

TRANSACTION COSTS

Brokerage	<p>New leases Landlords normally pay brokers that represent them 1-2 months' rent of the first year's rent. Tenants normally pay brokers that represent them 15-17% of the first year's rent.</p> <p>Renewals Brokerage fees are not charged on renewals.</p>
Legal fees	The landlord pays legal fees for drawing up of the lease agreement.

GENERAL LEASING MARKET

Transparency	Market statistics are not generally available and information such as the names of tenants and conditions in lease agreements are confidential between parties.
Building classification	<p>There are no formal market classifications, however, Broll Indian Ocean uses the following:</p> <p>A-grade Generally not older than 15 years and some of these buildings have had major renovations, offer high quality modern finishes, air-conditioning, adequate on-site parking with high rentals.</p>

Building classification

B-grade

Generally older buildings, but accommodation and finishes are close to modern standards as a result of refurbishments and renovation from time to time, air-conditioning and on-site parking are available, unless special circumstances pertain.

C-grade

Buildings with old style finishes, services and building systems. These buildings may or may not be air-conditioned or have on-site parking.



LEASE AGREEMENTS

Term	Leases are normally for 1, 3 or 5 years with fixed rentals and predetermined rental escalations.
Break clause	Termination or breaks can be served with a notice of normally 3 – 6 months in advance. Terms of the break can be negotiated.
Renewal	Renewals are negotiable and both the landlord and the tenant have rights to renew at market related rentals or agreed rentals between the two parties. If an agreement is not reached, matters are referred to arbitration or the fair rent tribunal.
Right to sublet	Parties normally agreed that subletting is allowed only with the landlord's consent which cannot be unreasonably withheld.
Option to expand & right of first refusal	Options to expand and the right of first refusal are negotiable.
Late delivery by landlord	Conditions are negotiable.
Holdover by tenant	Holdover is negotiable if specified in the lease agreement.
Signage and naming of building	Signage and the naming of the building will be dependent on the decision made by the body corporate and building management.
Standard lease	Each landlord has their own standard lease agreement.
Laws and practices	There are no specific laws which relate specifically to lease agreements but leases must adhere to the laws of Mauritius.

SPACE MEASUREMENT

Measurement	Areas are quoted in square metres (m ²).
Definition	Rentable area Rentable area is normally the net internal area + loading and offloading areas.

OCCUPATION COSTS

Rent	Rent basis Net rental (+VAT of 15%) + service charges (VAT free). Parking Parking is normally free as most industrial properties comprise of a building and a yard which is then used as parking space by the tenant. However, there are very few cases where tenants rent industrial space in an industrial complex and in this case, there are defined parking spaces which are let at a specific rate per bay per month. Rent quoted Rents are quoted in MUR (Mauritius Rupees)/m ² /month. Rent payable Rents are payable monthly in advance or quarterly in advance. Rent free period Normally one month can be negotiated as a rent free period. Rent escalation Rent escalations are normally based on CPI at approximately 4% or a maximum of 5% annually.
Operating costs	Operating costs, normally known as “service charges”, are paid by the tenant and cover general expenses associated with the good running of the building. Typical operating costs amount to 1-3% of the net rent.
Taxes	The landlord pays for municipal taxes. The municipal council levies a tax on all immovable property. No tenant tax is applicable in Mauritius.
Utilities	Electricity and water used inside the space occupied by tenant are paid by the tenant and are normally metered. Service charges concerning utilities are paid according to the share of common areas in relation to the area occupied.
Fit-out	The tenant pays for fit-out costs.

Restoration	The landlord pays for repairs and maintenance of the building and common areas. The tenant must restore the premises to its original condition at own cost.
Deposits and/or guarantees	Normally a security deposit equivalent to two months' rent is required.
Parking	Parking is normally free as most industrial properties comprise of a building and a yard which is then used as parking spaces by the tenant. However, there are very few cases where tenants rent industrial space in an industrial complex and in this case, there are defined parking spaces which are let at a specific rate per bay per month.
Other occupancy costs	Building insurance is payable by the landlord and the tenant is responsible for insurance costs for covering their own assets inside the let space, public liability and for fire and allied perils.

TRANSACTION COSTS

Brokerage	<p>New leases Landlords normally pay brokers that represent them one months' rent of the first year's rent. Tenants normally pay brokers that represent them one months' rent of the first year's rent.</p> <p>Renewals Brokerage fees are not charged on renewals.</p>
Legal fees	The landlord pays legal fees for drawing up of the lease agreement.

GENERAL LEASING MARKET

Transparency	Market statistics are not generally available and information regarding the names of tenants and conditions in lease agreements are confidential between parties
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Building classification

There are no formal market classifications, however, Broll Indian Ocean uses the following:

A-grade

Generally not older than 15 years with good structured concrete buildings, high ceilings, good ventilation from windows and also natural lighting, sufficient spaces for turning circles for trucks, adequate on-site parking, high security and close to motorways.

B-grade

Generally older buildings of over 15-20 years with medium structured buildings, normally with a mix of concrete and corrugated iron sheet structures, sufficient spaces for parking for medium- sized trucks, normal security and close to B-roads.



LEASE AGREEMENTS

Term	Leases are normally for 3-5 years with fixed rentals and predetermined rental escalations.
Break clause	Termination or breaks can be served with a notice period of 3 – 6 months in advance. Terms of the break can be negotiated.
Renewal	Renewals are negotiable and both the landlord and the tenant have rights to renew at market related rental or agreed rentals between the two parties, terms are defined in the lease agreement. If an agreement is not reached, matters are referred to arbitration or the fair rent tribunal.
Right to sublet	Parties normally agree that subletting is allowed only with the landlord's consent which cannot be unreasonably withheld.
Option to expand & right of first refusal	Options to expand and the right of first refusal are negotiable.
Late delivery by landlord	Conditions are negotiable.
Holdover by tenant	Holdover is negotiable if specified in the lease agreement.

Signage and naming of building	Signage and the naming of the building will be dependent on the decision made by the body corporate and building management.
Standard lease	Each landlord has their own standard lease agreement.
Laws and practices	There are no specific laws which relate specifically to lease agreements but leases must adhere to the laws of Mauritius.

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OCCUPATION COSTS

Rent	<p>Rent basis Net rental (+VAT of 15%) + service charges (VAT free).</p> <p>Parking Parking is free of charge for tenants and shoppers.</p> <p>Rent quoted Rents are quoted in MUR (Mauritius Rupees)/m² or ft²/month.</p> <p>Rent payable Rents are payable monthly in advance or quarterly in advance.</p> <p>Rent free period Normally one month can be negotiated as a rent free period.</p> <p>Rent escalation Rent escalations are normally based on CPI at approximately 4% or a maximum of 5% annually.</p>
Operating costs	Operating costs, normally known as “service charges”, are paid by the tenant and cover general expenses associated with the running of the building. Typical operating costs amount to 7-10% of the net rent.

Taxes	The landlord pays for municipal taxes. The municipal council levies a tax on all immovable property. No tenant tax is applicable in Mauritius.
Utilities	The tenant pays for electricity and water usage. Service charges concerning utilities are paid according to the share of common areas in relation to the area occupied.
Fit-out	In general, the tenant pays for all fit-out costs.
Restoration	The landlord pays for repairs and maintenance of the building and common areas. The tenant must restore the premises to its original condition at own cost.
Deposits and/or guarantees	Normally a security deposit equivalent to three months' rent is required.
Parking	Parking is free of charge for tenants and shoppers.
Other occupancy costs	Building insurance is payable by the landlord and the tenant is responsible for insurance costs for covering their own assets inside the let space, public liability and for fire and allied perils.

TRANSACTION COSTS

Brokerage	<p>New leases Landlords normally pay brokers that represent them one months' rent of the first year's rent. Tenants normally pay brokers that represent them one months' rent of the first year's rent.</p> <p>Renewals Brokerage fees are not charged on renewals.</p>
Legal fees	The landlord pays legal fees for drawing up of the lease agreement.

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Building classification

There are no formal market classification, however, Broll Indian Ocean uses the following:

A-grade

Generally not older than 15 years with major renovations, offer high quality modern finishes, air-conditioning in common areas, adequate on-site parking with high rentals.

B-grade

Generally older buildings and finishes are close to modern standards as a result of refurbishments and renovation from time to time, air-conditioning and on-site parking are available, unless special circumstances pertain.

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