Property Tenure/Ownership

Property tenure/ownership in South Korea is as follows:

- Fee simple or freehold title
- Strata title – Sub-division of air space to provide the equivalent of freehold ownership on a floor-by-floor basis.
- Leasehold – widely available and flexible in commercial terms and lease length.
  - Land: Land leases are less common, as it’s a freehold market, land leases are most commonly found in government administered industrial parks or a few other exceptional situations.
  - Commercial buildings: Common and widely available, for periods of between one and fifteen years, on office or retail property.

Residential: Lease lengths tend to be shorter, between one and three years is common.

Major property legislation

- Real Estate Brokerage Act
- Act on Planning and Use of National Territory
- Urban Redevelopment Act
- Industrial Placement and Factory Construction Act
- Real Estate Investment Company Act
- Asset Liquidity Act (Temporary Act)
- Building Act
- Cadastral Act
- Property Registration Act
- Residential Tenant Protection Act
- Appraisal Act
- Alien Property Ownership Act
- Foreigner’s Land Acquisition Act
- Foreign Investment Promotion Act
- Foreign Exchange Transactions Act
- Act on Business of Operating Indirect Investment and Assets

Operational Requirements for Foreign Corporations

Office

Modes of entry

- Stock company (JooSikhoesa)
- Limited liability company (YooHanChaekimhoesa)
- Partnership company (HapMyunghoesa)
- Limited partnership company (HapJahoesa)
- Limited company (YooHanhoesa)
- Branch
  - Regular branch conducting profit-generating activities in Korea.
  - Liaison office, which does not carry on profit-generating activities, but merely undertakes non-profit-making functions such as liaison of business affairs, market research and research and development (R&D).

Stock companies are typically the investment vehicles chosen by foreign investors. However, some foreign investors prefer investing in a limited liability company given that it is easier to set up than a stock company, and restrictions can be put on the transfer of shares.

Registration/Licensing Requirements

- Notification of branch establishment – a notification of branch establishment should be made to the Ministry of Strategy and Finance (MOSF) or foreign exchange banks.
- Registration of branch establishment – a “liaison office” is not subject to the registration requirement as it cannot engage in profit-making business activities. However, a regular “branch” needs to file the registration to operate profit-generating business activities in Korea.
- Nontaxable tax number (liaison-type branch office) or business tax number (income-earning branch office).
- Registration of business – commercial registry, local district court.
- Work permit – Bureau of Immigration.

Industrial trade

Industrial complexes are classified into two types. One is a free site, in which enterprises may select the sites individually for the construction of factories. The other is a planned site, where the state or local government develops the site according to the national industry plan.

Industrial complexes in planned sites are leased out to corporations according to the type of industry, qualifications, procedures etc. Corporations with completed contracts with property management to lease a factory site need not obtain separate approval from that city or district.
Laws such as the Agricultural Act, Factory Act and Cultural Properties Protection Act may govern the establishment of a factory on a free site. In addition to these acts, there are areas where factory establishment is prohibited.

Large-scale foreign investors tend to prefer planned sites because of the relatively straightforward and transparent factory establishment procedures. Conversely, small-scale foreign investors tend to prefer leasing individual sites with preconstructed factories.

The relevant authority for factory establishment approval is the mayor, the provincial or the county magistrate in the location of the identified site.

The relevant authority to attain a factory construction permit is the mayor, the provincial or the county magistrate in the location of the identified site.

The relevant authority for the factory establishment declaration and registration is the mayor, the provincial or the county head in the locality of the site.

The above information has been obtained from the Korea Trade Investment Promotion Agency.

Foreign investment incentives

Tax incentives for foreign-invested companies

With respect to certain requirements for a foreign investment, the customs duties on corporate tax, income tax and capital goods imports of the business and dividend income, exchange technologies, earned income and so forth will be reduced or exempted in accordance with the Tax Incentive Limitation Law. In addition, with respect to the property possessed or acquired to operate a tax-exempted business, the acquisition tax, registration tax and property tax will all be reduced or exempted in accordance with the local government regulations mandated by the Tax Incentive Limitation Law.

Tax exemption

By applying the ratio of foreign investment, the income derived from the business qualifying for a tax exemption shall be subject to corporate tax exemption for foreign-invested companies in accordance with the Tax Incentive Limitation Law. However, in the case that the 5% or more shares with voting rights of the foreign corporations or foreign companies investing in the business qualifying for a tax exemption are either directly or indirectly possessed by a Korean (including corporations), the ownership ratio of such shares invested will not qualify for tax exemption. In other words, the shares owned by local residents on the bypass overseas investment (round trip) is excluded from tax exemption.

The record date of the tax exemption will be either the first income tax year or the fifth year from the start date of the business operation, whichever is the earlier tax year.

Calculating the start date of business operation

- For a manufacturing business, the first day of manufacturing goods from each base.
- For a mining business, the first day of mining or extracting of minerals from each site.
- For other businesses, the first day of supplying the goods or services.

In the case of a capital increase, the registration will be deemed as the start date of the business operation, and such provision shall be applied accordingly. In addition, with respect to the shares acquired by foreigners through capitalization including, but not limited to, revaluation and capital reserve, the exemption period and the exemption or reduction rate will be determined based on the precedent exemptions or reductions on such types of shares. In the case that the capital increase occurs and the tax exemption or reduction is filed within five years after the paid-in capital, the exemption or reduction will be determined on the foreign-invested portion of the surplus made from the capital decrease. In the case that capital reduction occurs after the capital increase, it will be deemed that the capital increase was first reduced. However, in the event that a purely domestic company receives investment from foreigners through a capital increase, and through such an investment the firm becomes the foreign-invested company, the company will be considered a new foreign-invested company rather than having an increased capital.

In the case of mergers, if a foreign-invested company merges with a domestic corporation (excluding a foreign-invested company in the exemption period) during the exemption period, and the ratio of the foreign investment of the merged entity is reduced, the foreign direct investment (FDI) rate before the merger on the foreign-invested company will be applied. In the event that the capitalization of the revaluation and capital reserve remains the same, the exemption ratio will not change from the year that the capital increase occurred to the next business year.
Calculating the tax exemption
Tax exempted rate X foreign invested ratio reflecting progressive rate X calculated tax

<table>
<thead>
<tr>
<th>Category</th>
<th>Calculation methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax exemption</td>
<td>Tax exemption = (calculated tax X business subject to exemption tax rate standard/the total tax standard) X exemption ratio</td>
</tr>
<tr>
<td></td>
<td>• General case (in the case of primary investment)</td>
</tr>
<tr>
<td></td>
<td>(Capital of foreign investment subject to exemption/total capital) X exemption rate of fiscal year (100% or 50%)</td>
</tr>
<tr>
<td></td>
<td>• Calculation of exemption rate for cash or dividends increase</td>
</tr>
<tr>
<td></td>
<td>• Fiscal year</td>
</tr>
<tr>
<td></td>
<td>(Capital of foreign investment before the capital increase X exemption rate of fiscal year) + (foreign capital increased X number of business days from the registered capital increase date until end-fiscal year/number of business days in the fiscal year X exemption rate)</td>
</tr>
<tr>
<td>Exemption Rate (Investment Rate Progressive Rate)</td>
<td>Total capital before the capital increase + capital increase X number of business days from the registered capital increase date until end-fiscal year/number of business days in the fiscal year</td>
</tr>
<tr>
<td></td>
<td>• Following business year after the capital increase</td>
</tr>
<tr>
<td></td>
<td>(Capital of foreign investment before the capital increase X exemption rate of fiscal year) + (foreign investment capital from the capital increase X exemption rate)</td>
</tr>
</tbody>
</table>

Total capital

In the event that a foreign-invested company that has a business not qualifying for a tax exemption increases the capital of a business qualifying for a tax exemption, and in the event that the assets, liabilities and income of such a newly established business place qualifying for a tax exemption are separately accounted based on such business place qualifying for a tax exemption, an FDI rate will be applied. In addition, the reduction of income, the reduction ratio and the tax reduction can be calculated separately.

Local tax (acquisition tax, registration tax, property tax) exemption

With respect to a property acquired or possessed by the foreign-invested company to operate a business qualifying for tax exemption, the corporate tax exemption period as well as the acquisition, registration and property taxes will be exempted or reduced by 50% or 100% based on standard tax.

With respect to a property acquired after commencing a business, for three to five years from the date of commencing the business, the sum (qualifying for tax exemption) of the calculated tax on such property multiplied by the FDI rate as well as the acquisition, registration and property taxes will be 100% exempted. In addition, 50% reduction will be applied over the next two years. Even if the property qualifying for the tax exemption is acquired after the start of the business, if such property is acquired before the receiving the decision for tax exemption, then the acquisition and registration taxes cannot both be reimbursed.

However, with respect to the acquisition and registration taxes on the property acquired before commencing a business, the property acquired after the decision of tax exemption will be 100% tax exempted. In addition, the property tax will be 100% exempted for three to five years from the date acquired, and 50% tax reduction will be applied for the following two years.

The local tax reduction period can be extended within the period of 15 years in accordance with the ordinances, and a reduction or exemption rate may be increased accordingly.

The above information has been obtained from the Korea Trade Investment Promotion Agency.

Restrictions on foreign property ownership

In a bid to reactivate South Korea’s real estate market after the financial crisis in 1997–1998, the government fully deregulated the market.

However, where foreign nationals acquire land in military installation reservations, cultural property protection zones and ecosystem reservation districts as well as on islands deemed necessary for military purposes, they are required to obtain prior permission.

The main principles of the deregulation of the real estate market are:

- Business of constructing buildings for the purpose of leasing out: Fully permitted (April 1998)
- Business of developing land for supply: Fully permitted (May 1998)
• Business of real estate brokerage: Permitted to operate the business as a corporation formed by joint capital contribution with the local government, Korea Land Corp., Korea National Housing Corporation and the Central Government (September 1999)

The percentage of private sector investment (including local and foreign investment) must be less than 50%.

Foreign exchange controls

Individuals and corporate residents can hold unlimited amounts of foreign currency in local foreign-currency bank accounts. South Korean firms can maintain foreign-currency accounts abroad through their overseas branches.

Non-residents can open Korean won (KRW) bank accounts for the following purposes:

• Withdrawal of KRW after depositing KRW acquired in South Korea
• Purchase of certificate of deposit, repurchase agreement and cover bill for investment returns
• Only for stock investment purposes, to invest in South Korean securities

Foreign-invested companies are able to attain a loan (maturity greater than one year) through foreign creditors via the Korea Exchange Bank. If the loan is more than KRW 31.85 billion (USD 30 million) approval from the MOSF is required. The permitted amount of overseas short-term borrowing is 50% of the foreign-invested amount for companies engaged in the manufacturing business, and 75% for firms engaged in high-technology business. Where a foreign-invested company invests more than 50% of its total assets and takes a long-term loan (maturity greater than five years) from its parent company located abroad, no restrictions on the amount are applied based on the Foreign Investment Facilitation Act.

There is no restriction on real estate purchases by foreign investors, but the remittance of any revenue/profit generated by the property offshore is not permitted. Only proceeds from the sale of the property can be remitted offshore. A foreign investor seeking to remit rental income offshore is required to set up a holding company, typically known as a special purpose company (SPC), and remit the rental income offshore in the form of dividends.

The above information has been obtained from the Economist Intelligence Unit.

Taxes on possession and operation of real estate

Taxes to be paid for the holding of real estate are:

• Property tax
  - Building: 0.25 - 4% of the building price (taxation standard price determined by the government)

• Land: 0.07 - 4% of the official land price (taxation standard price determined by the government)

• Aggregate real estate tax: 0.5 - 2.0% of the price of the competent property (determined by the government)

• Regional education tax: 20% of property tax/aggregate land tax

• Special tax for rural development: 20% of aggregate real estate tax

In the case of construction or expansion of factories in an over-concentration control region, property tax shall be imposed at a multiple of five times the standard rate for five years. Property tax shall be reduced for advanced technology-related businesses or businesses located in a Foreign Investment Zone (FIZ).

Those engaged in the leasing business shall pay a value added tax of 10% of the rent and a corporate tax (10%, 20% or 25%) or an individual income tax (6 - 38%) on income generated from the leasing transaction.

Stamp Duty and Legal Costs

Stamp duty is levied on the preparation of documents and account books that certify the establishment, transfer, change or lapse of rights to property. It ranges from KRW 100 (USD 0.1) to KRW 350,000 (USD 329.7).

Legal costs vary between lawyers and cases.

Acquisition of Real Estate

In general, the acquisition of real estate is subject to the following taxes:

• Acquisition tax: 2.3 - 3.5% of purchase price
• Special tax for rural development: 10% of acquisition tax
• Education tax: 20% of registration tax
• Value added tax: 10% of purchase price for building (corporations will be reimbursed)

Purchase of National Housing Bonds (NHBs)

- In the case of an FDI company, the NHB purchase requirement shall be reduced according to the FDI ratio of the company.

Where the acquisition of real estate is by an FDI company that is carrying an advanced technology and services business that support the domestic industry, or by an FDI company that is located in an FIZ, the acquisition, registration and property taxes shall be reduced according to the sum amount of the corresponding calculated tax, multiplied by FDI rate by 100% for the first five years and 50% for the following two years. The period and ratio of reduction may be extended 7 - 15 years in accordance with ordinances of local governments.

In the case of construction permission and real estate registration for a building of an FDI company, the duty of purchasing NHBs shall be reduced.
Disposition of real estate
Taxes to be paid for the disposition of real estate are:

- Value added tax: 10% of the building’s sale price
- Individual
  - Transfer income tax: 6 - 38% of capital gains
  - Individual local income tax: 0.6 - 3.8% of capital gains
- Corporation
  - Corporation tax: 10% (40% for gains from the transfer of unregistered land, etc.) of capital gains (the gains generated from transfer are included in nonoperating profits and are thus subject to corporation tax)
  - Corporation local income tax: 1% (4% in case of the transfer of unregistered land, etc.) of corporation tax

The surcharge on transfer income tax shall be increased by 70% when an individual transfers without filing a registration.

Value Added Tax/Goods and Services Tax
A standard 10% value added tax is levied on all goods and services except for specified exempt goods and services, including:

- Unprocessed foodstuff
- Certain professional services
- Banking services

The following goods are zero-rated:

- Goods and services for export
- Services rendered outside South Korea
- International transportation
- Other goods or services supplied for foreign exchange earnings

Tax depreciation
In general, expenses are deductible if they are incurred for business purposes and are adequately documented.

The straight-line and declining balance methods are allowed under the Corporate Income Tax Act (CITA) for most depreciable assets. The unit-of-production method is also permitted for fixed assets used in mining. For buildings and intangible assets, only the straight-line method of depreciation is permitted.

Corporations must notify the tax authorities of the depreciation method adopted. Depreciation allowed under the CITA is deductible only if the amount is recorded in the appropriate accounting records and reflected in the official financial statements.

Corporate taxation
Corporations are classified as “domestic”, “resident foreign” and “nonresident foreign” for tax purposes:

- Domestic corporations — corporations with their head office located in South Korea, regardless of the place of incorporation, are subject to corporate tax on their worldwide income.
- Resident foreign corporations — corporations whose parent company is not incorporated in South Korea are subject to corporate tax only on their Korean income.
- Nonresident foreign corporations — corporations without a permanent establishment in South Korea are subject to a withholding tax on their Korean income.

Corporate income tax is levied on a sliding scale:

<table>
<thead>
<tr>
<th>Taxable income</th>
<th>Tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below KRW 200 million (USD 180,089)</td>
<td>10%</td>
</tr>
<tr>
<td>KRW 200 million (USD 180,089) - 20 billion (USD18 billion)</td>
<td>KRW 20 million (USD 18,008) + 20% [on the amount exceeding KRW 200 million (USD 180,089)]</td>
</tr>
<tr>
<td>Above KRW 20 billion (USD 18 billion)</td>
<td>KRW 3.98 billion (USD 3.58 billion) + 22% [on the amount exceeding KRW 20 billion (USD 18 billion)]</td>
</tr>
</tbody>
</table>

Personal Taxation
For income tax purposes, all individuals are classified as “citizens”, “residents” or “non-residents”. South Korean citizens or resident individuals are subject to an income tax on their worldwide income. Nonresident individuals are subject to an income tax only on income derived from sources within South Korea, unless a bilateral taxation treaty stipulates otherwise. A person is considered to be a resident if his or her occupation would normally require continuous residence in South Korea for one year or more.

Taxable income derived by individuals is grouped into four categories:

- Global income, which includes salaries and wages, termination payments, interest, dividends, rental income and income derived from business and other sources
- Severance payments
- Capital gains from the sale or transfer of property and shares in unlisted companies
- Individual income is subject to global and scheduler taxation.
“Global income” denotes income that is subject to global taxation at the following tax rates:

<table>
<thead>
<tr>
<th>Taxable income</th>
<th>Tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to KRW 12,000,000 (USD 10,804)</td>
<td>6%</td>
</tr>
<tr>
<td>KRW 12,000,001–46,000,000 (USD 10,804 – 41,418)</td>
<td>KRW 720,000 (USD 648) + 15% on the additional amount</td>
</tr>
<tr>
<td>KRW 46,000,001–88,000,000 (USD 41,418 - 79,246)</td>
<td>KRW 5,820,000 (USD 5,241) + 24% on the additional amount</td>
</tr>
<tr>
<td>KRW 88,000,001–150,000,000 (USD 79,246– 135,052)</td>
<td>KRW 15,900,000 (USD 14,316) + 35% on the additional amount</td>
</tr>
<tr>
<td>Over KRW 150,000,001 (USD 135,052)</td>
<td>KRW 37,600,000 (USD 33,853) + 38% on the additional amount</td>
</tr>
</tbody>
</table>

Under scheduler taxation, severance payments and capital gains are taxed separately at varying rates.

Tax treaties: Avoidance of double taxation

Treaties in existence:

- Albania
- Algeria
- Australia
- Austria
- Azerbaijan
- Bahrain
- Bangladesh
- Belarus
- Belgium
- Brazil
- Bulgaria
- Canada
- Chile
- China
- Colombia
- Croatia
- Czech Republic
- Denmark
- Ecuador
- European Union
- Egypt
- Estonia
- Fiji
- Finland
- France
- Germany
- Greece
- Hungary
- Iceland
- India
- Indonesia
- Iran
- Ireland
- Israel
- Italy
- Japan
- Jordan
- Kazakhstan
- Kuwait
- Kyrgyz
- Lao
- Latvia
- Lithuania
- Luxembourg
- Malaysia
- Malta
- Mexico
- Mongolia
- Morocco
- Myanmar
- Nepal
- The Netherlands
- New Zealand
- Norway
- Oman
- Pakistan
- Panama
- Papua New Guinea
- Peru
- Philippines
- Poland
- Portugal
- Qatar
- Romania
- Russia
- Singapore
- Spain
- Sri Lanka
- Sweden
- Switzerland
- Thailand
- Tunisia
- Turkey
- Ukraine
- United Arab Emirates
- United Kingdom
- United States of America
- Uzbekistan
- Vietnam

Real Estate Investment Trusts

Introduction

A real estate investment trust (REIT) is a corporation defined by the Commercial Act. Both the Real Estate Investment Company Act (REICA) and the Commercial Law are applicable to REITs. When REIT stocks are publicly traded on the stock market, the Securities Exchange Act is also applicable.

There are two types of REITs—CR-REITs and ordinary REITs. Both types of REITs are under the control of one incorporated REICA. A CR-REIT is just like a mutual fund for stock investment, i.e., a paper company that distributes the majority of its profits to investors in the form of dividends. Being a paper company, a CR-REIT has no standing staff, and its management is entrusted to a specialized asset management company (AMC).

In contrast, an ordinary REIT is established and managed by a real company with standing staff. Although it also distributes the majority of its earnings to investors, an ordinary REIT is not entitled to the tax incentives available to CR-REITs. However, the government eased the restrictions to facilitate the ordinary REIT market. The revised REICA, passed by the National Assembly at end-2004 and implemented on April 2005, contains more benefits for an ordinary REIT.
Restrictions

1. Establishment of REIT
   • Under the revised REICA of 18 December 2012, the minimum capital requirement is KRW 500 million.
   • With a business license, the minimum capital requirement for the self-managed real estate investment company is KRW 1 billion, and the minimum capital requirement for a consignment of a management real estate investment company and a corporate restructuring of a real estate investment company is KRW 500 million.
   • Compared to a securities company, the role of a general shareholders’ meeting and the board of directors for a CR-REIT is strengthened.

2. Distribution of Stocks
   • A shareholder as well as a particular party of a REIT company cannot hold more than 30% (in case of a self-managed REIT company) or 40% (in case of a consignment of a management REIT company) of issued and outstanding shares. From December 31, 2012, if the possession of shares exceeds 30% (or 40%) within six months from the mentioned date, the exceeding portion of the shares should be disposed. In addition, in the case of investment in kind, the deputy minister of transport and maritime may order the exceeding portion of the shares to be disposed according to the investment in kind during the specified period between more than one year from the issuing date of the shares, and less than one year and six months.
   • More than 30% of shares should be publicly diversified to individual investors. (No limit for CR-REIT.)

3. Business Scope
   • Acquisition, management, amelioration and disposal of property
   • Real estate development projects
   • Lease and rent of real estate
   • Sale and purchase of securities
   • Deposit in financial institutions
   • Acquisition, management and disposal of the rights to the use of real estate, such as superficies, right to lease
   • Acquisition, management and disposal of right to benefit of real estate, the trusted property of which is wholly attributed to the beneficiary at the time the trust expires.

4. Composition of assets
   • More than 80% of a REIT company’s total assets must be real estate, real estate securities (domestic and foreign) or cash on the last day of each quarter.
   • In case of above mentioned, at least 70% of a REIT company’s total assets must be real estate (including buildings under construction).
   • In case of CR-REIT, more than 70% of total assets must be corporate restructuring-related properties.

5. Disposal of Real Estate
   • A REIT company cannot sell its properties within five years of purchase. (No limit for CR-REIT.)
   • A REIT company cannot sell vacant land void of development. (No limit for CR-REIT.)

6. Dividends
   • A REIT company must return more than 90% of its profit to shareholders. (No limit for CR-REIT.)

Taxation
1. CR-REIT
   • Corporate tax: Exempted on corporate tax when over 90% of profit is returned to shareholders.
## Common Terms of Lease for Tenancy Agreements

<table>
<thead>
<tr>
<th>Unit of measurement</th>
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<tbody>
<tr>
<td>Unit of measurement</td>
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<table>
<thead>
<tr>
<th>Rental payments</th>
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</thead>
<tbody>
<tr>
<td>Rents</td>
</tr>
<tr>
<td>Typical lease term</td>
</tr>
<tr>
<td>Frequency of rent payable (in advance)</td>
</tr>
<tr>
<td>Typical rent deposit (expressed as x months rent)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Security of tenure</th>
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</thead>
<tbody>
<tr>
<td>Only for the duration of the tenancy, no guarantee beyond the original lease term</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Does tenant have statutory rights to renewal</th>
</tr>
</thead>
<tbody>
<tr>
<td>No (unless an option to renew is agreed at the outset and specified in the lease)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Basis of rent increases or rent review</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commonly based on either a fixed rate of annual escalation or inflation rates (CPI rate); Rental escalation caps are sometimes negotiable</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Frequency of rent increases or rent review</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual</td>
</tr>
</tbody>
</table>

### Service charges, operating costs, repairs and insurance

<table>
<thead>
<tr>
<th>Responsibility for utilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity, telecommunication and water consumption are separately metered and payable by each tenant</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Car parking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocation is usually based on proportion to the area leased</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Responsibility for internal repairs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenant</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Responsibility for repairs of common parts (reception, lifts, stairs, etc)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landlord</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Responsibility for external/structural repairs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landlord</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Responsibility for building insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landlord</td>
</tr>
</tbody>
</table>

### Disposal of leases

<table>
<thead>
<tr>
<th>Tenant subleasing &amp; assignment rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generally prohibited unless to a subsidiary company of the tenant (subject to landlord approval)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tenant early termination rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Only by break clause</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tenant’s building reinstatement responsibilities at lease end</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reinstated to original condition</td>
</tr>
</tbody>
</table>