



ISSUES RELATING TO COMMERCIAL LEASING

GREECE

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1. Describe [National][state][territorial][provincial] or local transfer taxes payable on creation or assignment of a lease.

There are no transfer taxes payable on creation or assignment of lease. Transfer taxes are due only upon the transfer or formation of property rights. A lease is only a contractual relationship whereby the landlord grants to the tenant the right of use of the property for a specific period of time and under specific terms and is not a property right. The consideration paid by the tenant to the landlord or to the existing tenant for the assignment of the latter rights may be subject to VAT at 19%.

2. Describe any legal restrictions limiting the maximum term of a lease (including renewals).

Pursuant to applicable law there are no such restrictions.

3. Describe any laws requiring landlords to allow a tenant to renew its lease.

Definite term leases are terminated following the completion of such term without the need to serve the tenant a termination notice. The landlord is not obliged by law to renew such lease but such obligation may be provided for in the private lease agreement. However, in case the tenant still uses the leasehold following the lapse of the lease term and the landlord is aware of such fact and does not raise any objections, the lease is considered as renewed for

indefinite term and can be terminated by either party (if the parties have not agreed the contrary).

4. Describe any restrictions on rent that may be charged for to a tenant.

There are no restrictions on the amount of the rent chargeable to the tenant, if such amount has been agreed upon. However, restrictions can be applied, if the rent agreed by either party is in full inconsistency with the usual rent amounts of the market, contrary to the principles of good faith and bonus mores.

5. Describe any laws permitting tenants to terminate a lease prior to its stated expiration date.

A tenant can terminate the lease prior to the expiration date in case a) the landlord does not grant him/her free use of the leasehold b) of real or legal defects of the leasehold attributed to the landlord c) of significant health peril which can be caused by staying at the leasehold d) of change of job position (for civil servants only) and e) of commercial leases, provided 2 years have lapsed since the beginning of the lease, by granting the landlord 6 months termination notice and compensation of 4 monthly rents.

6. Describe any laws allowing tenants to assign or sublease without landlord's consent.

The civil code allows the tenant to assign the use of the leasehold or further sublease it without the landlord's consent in case the two parties have not agreed the contrary. However, in commercial leases the law excludes such possibility. However, following the lapse of 3 years as of the beginning of the commercial lease it is allowed to assign the use of the leasehold to a personal liability company where the tenant holds at least 35% thereof, and with a rent increase of 20%.

7. Describe any laws allowing landlord to restrict assignments or subleases by tenants.

As described above (6) the landlord may agree with the tenant that assignment of the use of the leasehold or sublease thereof is either totally prohibited or requires the (oral or written) consent of the landlord. However in commercial leases, above assignment cannot be prohibited through the lease agreement. It is allowed to be prohibited through an agreement posterior to the lease agreement.

8. What is the common form of eviction proceeding? What is the customary length of time for that proceeding?

The eviction of the tenant from the leasehold in case of bad use of the leasehold or his/her refusal to leave the leasehold in case of termination of the lease, is ordered by the Court by virtue of a decision issued following a relevant regular lawsuit filed by the landlord. Such decision may be appealed by the tenant and thus it may even take 5 years before it is rendered final.

Eviction is ordered by the Court by virtue of an eviction order issued following the filing of a relevant application of the landlord in case the lease is agreed in writing and provided the tenant does not pay the rent and notwithstanding the relevant notices served upon him by the landlord's bailiff. The procedure for the issuance of such eviction order is deemed to be faster

than the procedure of regular lawsuits. Following its issuance, such eviction order is served upon the tenant who may challenge it within fifteen days and also ask the suspension of such order. In case the tenant does not challenge such order within above deadline, following twenty days from its service the order constitutes an enforceable title by virtue of which the landlord may evict the tenant from the leasehold.

9. Are there any legal restrictions on pledging a leasehold interest as security for a financing?

There are no such restrictions.

10. Describe any requirements for landlords to hold security deposits in separate accounts and, if such requirements exist, describe if there can be one separate account for all tenant security deposits or whether each security deposit must be held in its own separate security deposit.

There are no such requirements.

11. Describe any required statutory or other legal disclosures to be made to all tenants.

Any defect of the leasehold, legal or real, is to be disclosed to the tenant, otherwise the tenant may be entitled to terminate the lease and ask for compensation. Also the tax registration number of the landlord is to be disclosed to the tenant, since it is required for his/her tax return.

12. Describe all taxes on rent or other taxes that landlord are required to collect from tenants.

Rents under a commercial lease agreement are subject to stamp duty, whereas stamp duty does not apply to residential leases. Stamp duty is calculated on the annual rent at a flat rate of 3.6% and is paid to the State by the landlord. Subject to different arrangements made between the landlord and the tenant, stamp duty burdens both equally. In practice, stamp duty is borne by the tenant. It is noted that the lease of an industrial site and optionally the lease of properties in commercial centers may be subject, under specific requirements, to VAT at a flat rate of 19% calculated on the rent. In such a case, the aforesaid leases are not subject to stamp duty. VAT due burdens the tenant and is paid to the State by the landlord.

13. Describe any limitations on the ability of landlords to exercise self-help.

Following termination of the lease and delivery of the leasehold to the landlord, in case the tenant does not remove his/her belongings from the leasehold, the landlord may remove them in his own power.

14. Describe whether remedies such as acceleration of rent must be expressly stated or whether they are implied.

Any increase on the rent and its percentage must be expressly agreed upon by the parties. Regarding commercial leases, it is provided that in case of lack of relevant agreement, the rent should amount to at least 6% of the objective value of the leasehold, and then it should be increased annually at the rate of 75% of the annual inflation rate.

15. Describe whether there are any expedited remedies for tenant default and, if so, what lease provisions (such as waiver of jury trial, for example) would be required for a landlord to seek expedited remedies.

The expedited remedies provided to the landlord in case the tenant does not pay the rent or any of his monetary obligations are granted as described above under (8) by virtue of the eviction order. The only other possible expedited remedies are granted by the Court following the injunction proceedings, and result in freezing the tenant's assets or in imposing other similar conservatory measures.

16. Describe any formal requirements for the execution of a lease.

Leases do not have to be agreed upon in writing. However, leases whose term is longer than 9 years must be incorporated in a Notarial Deed and registered with the Books of the competent Land Registry so that any future landlord (the person who shall acquire ownership of the leasehold after the execution of the lease agreement) will be bound by the existing lease. In commercial leases, as per well established case law above provision does not apply (i.e. the new landlord is bound for more than 9 years even if the lease agreement was not notarised and registered).

17. Describe whether a memorandum of lease or other document would need to be recorded for the lease to be enforceable against third parties.

See answer under 16.

18. Describe any restrictions on the transfer of ownership of real properties subject to a lease. Does such a transfer affect the tenant's rights or obligations?

See answer under 16.