THE REAL ESTATE LAW REVIEW

Fifth Edition

Editor

JOHN NEVIN

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I am honoured to have been invited to take over from David Waterfield as editor of *The Real Estate Law Review* and I would like to take this opportunity to personally thank David for his invaluable help and support over the years and, on behalf of *The Real Estate Law Review*, for his vital role in its success since the first edition back in 2012.

Building on the success of the previous editions of the *Review*, the fifth edition now extends to some 38 jurisdictions, and we are delighted to welcome new contributors from important jurisdictions around the world. Each contributor is a distinguished legal practitioner in his or her jurisdiction with an in-depth understanding of both his or her own domestic market and the wider global real estate market. Each chapter offers an essential guide to real estate practice in the relevant jurisdiction together with an invaluable focus on market activity, important legal and practical developments over the preceding 12 months and the outlook for 2016. Together, the chapters offer real estate practitioners and their clients an immediate and accessible overview of international real estate.

Real estate is a truly global industry and it is no longer possible to look at domestic markets in isolation. It has become essential to develop an understanding of the needs and expectations of overseas investors, and of how domestic markets are affected by legal, economic, political and social events and trends throughout the world. International economic and political instability continue to have a significant effect on the international real estate market and this is reflected in investors’ pursuit of value and security. The United Kingdom (and London in particular) continues to be seen as a safe haven for capital from around the world, and the outlook here remains buoyant in both the commercial and residential sectors.

I wish to express my gratitude to all the distinguished practitioners from across the globe who have contributed to this fifth edition, and thereby to the continued
success of *The Real Estate Law Review*. I would also like to take this opportunity to thank Gideon Roberton and his team for their sterling efforts in coordinating the contributions and compiling this edition.

**John Nevin**  
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I INTRODUCTION TO THE LEGAL FRAMEWORK

i Ownership of real estate

As defined in Article 138 of Cambodia’s Civil Code, which entered into force in late 2011 (Civil Code), ownership is the lawful right to freely use, enjoy and alienate property. In principle, there is no distinction between ownership of land and ownership of the buildings on the land. However, for a specific period, land ownership does not cover any buildings erected thereon by any rights holders (other than the owner), based on their lawful rights in respect of the land (e.g., a lessee under a perpetual lease).

Immoveable property ownership can be categorised into different forms, such as co-owned buildings and boreys (gated housing communities each comprised of lots, residences, other constructions, public spaces and infrastructure), which are subject to different legal regimes. For example, the owners of private units of co-owned buildings are entitled to exclusive ownership of their respective private units, as well as to undivided ownership of the common areas of the building.

According to the current land administration system, a landowner’s definitive ownership over immovable property is only legally recognisable in respect of property that is duly registered in the Land Register (i.e., property in which the title certificate, known as the hard title, is issued by the relevant cadastral office). Ownership data on registered immovable properties is managed by the state by way of the Land Register, which is maintained at the cadastral office. Any transfer, change, rectification or termination of immovable property ownership is required to be recorded in the Land Register.

In contrast, ownership is not legally recognised in respect of property that remains unregistered. Only a possessory right, known as a right to actual occupation of the property, is held by the possessor of the land. In current practice, unregistered...
property can be identified through certain land-related documents issued by the local administrative authorities known as soft titles. Consequently, this lawful possessory right existing for a specific period may lead to the formation of ownership and the need for the possessors to register their ownership in the Land Register.

ii Systems of registration
The existence of different land registration systems in Cambodia is historical. Following the destruction of land records during the 1975–1979 political regime, Cambodia decided in its legal framework not to legally recognise the distribution of land that existed before 1979. Until 1992, legal ownership was only recognised for residential land and houses, while ownership over agricultural land was seen as a possessory right. However, since 1992, ownership has been legally recognised for both residential houses and agricultural land, and registration of this ownership can be done through the sporadic land registration process, defined below. Considering both the importance of land registration for determining people’s legal rights and the fact that most land parcels are unregistered, the state formally decided in 2000 to establish other land registration systems, which it followed with a revision of its legal framework in 2002.

Sporadic land registration
Sporadic land registration is a registration process for individual land parcels. The process is initiated by an interested applicant, who is responsible for all costs and expenses incurred in connection with the process. Despite it being concerned with individual land parcels, the process of sporadic land registration requires proper cooperation and assistance from the neighbours of the surrounding properties of the target land, and from the competent local authorities, especially to conduct boundary demarcation. Therefore, the success and length of the registration process may also depend on the availability of all relevant parties. At the end of the procedure, the cadastral office provides the applicant with a certificate of possession of immoveable property. The sporadic land registration process still exists at present, regardless of the establishment of the new land registration system (i.e., the systematic land registration process).

Systematic land registration
Systematic land registration is a collective land registration process that involves simultaneously registering numerous land parcels in an adjudicatively defined area. The process begins with the identification and determination of the area by the cadastral administration followed by the collection and publication of data on land parcels collected in that area, through which any claims or disputes in the area can be raised with officials and thereafter resolved. The procedure is completed by the issuance and distribution of ownership certificates for the immoveable property (land management and administration project certificates (LMAP certificates)), which are the latest form of land ownership certificates). Following the completion of registration for land registered under the systematic land registration process, landowners have to exchange their existing land title certificates for LMAP certificates.

In addition, those who fail to participate in the systematic land registration process may apply for registration of the relevant properties on a separate and individual basis,
Cambodia

and at their own cost and expense, through the supplementary land registration process. Upon completion of this process, the cadastral office issues a new LMAP certificate to the applicant and in return the applicant has to return the existing land title certificates to the cadastral office.

iii Choice of law

The Cambodian legal system adopts a general principle according to which most of the legal provisions relating to real rights are of a public order nature. Therefore, unless otherwise provided by a specific legal provision, the Cambodian legal provisions on real property, such as those related to real security rights and the enforcement thereof, constitute the minimum provisions that govern transactions concerning immovable property.

II OVERVIEW OF REAL ESTATE ACTIVITY

By the end of November 2015, total construction projects were worth US$2.936 billion, an increase of 27 per cent for the same period in 2014. That figure is expected to increase significantly with major development projects currently being considered. Notably, in 2015, most construction projects were condominiums and apartments, representing 54 per cent of the total number of construction projects. Further, 2015 land prices have increased by around 10 per cent to 15 per cent within Phnom Penh, and by 10 per cent to 20 per cent in suburban areas, on the basis of the availability of infrastructure. This is due to an increase in foreign direct investment, strong economic growth, political stability and a growing urban population. On the financing front, commercial banks in Cambodia, as a general trend, continued to increase their loan portfolios in 2015.

2015 marked the first year of Aeon Mall operating in Phnom Penh. Aeon has maintained a very high occupancy rate since launching in the second quarter of last year. Parkson’s Phnom Penh City Centre will add another 57,000 square metres of new shopping complexes in 2016. Oxley’s ‘The Bridge’ is to deliver an additional 24,000 square metres of retail space by the last quarter of 2017, and the Lion City, by a Malaysian developer, will add a further 61,000 square metres of retail space in 2017. In addition, Hongkong Land’s Exchange Square will supply 13,000 square metres of retail space in the same year.

Skylar Meridian, developed by Meridian International Holding – also known as the Casa Meridian developers, is a high-end condominium with 280 units on a 27,429-square-metre site. Further, ‘The Peak’ condominium project is the most expensive to date, amounting to US$580 million, and Olympia City projects totalling up to US$400 million are emerging at the heart of Phnom Penh’s commercial hub.

Japanese property developer Creed Group committed to invest US$248 million on three projects, including US$134 million in the Bodaiju Residences project to be completed by the end of 2017 and US$114 million in the Arata Garden Residences and Maha Sem Sok projects.

Under Cambodia’s 2014–2020 master plan, the ING City satellite-city development projects cover 2,572 hectares, including a 520-hectare water reservoir.
Cambodia continues to attract strong interest from foreign investors in agro-industrial sectors despite recent significant reforms by the government on economic land concessions (ELCs).

III FOREIGN INVESTMENT

Under Article 44 of the Constitution and Article 8 of the Land Law 2001 (the Land Law), a foreigner is prohibited from owning any land parcel in Cambodia. However, a foreigner may own any private units of co-owned buildings that are established in accordance with the laws and regulations on co-owned buildings.

Other than owning land, foreign investors may operate any business activities in the real estate and construction sectors, such as a real estate service or construction and property development if they have themselves invested 100 per cent into the activity or have jointly invested with local stakeholders.

As a general principle, investment in real estate and construction per se does not qualify any investor to obtain any tax incentives under the national investment law. However, investment in certain projects that meet the criteria for a qualified investment project (e.g., construction of a mall or commercial centre, international exhibition centre, conference hall or luxury hotel) could mean that the individual is entitled to tax incentives under the national investment law.

IV STRUCTURING THE INVESTMENT

i Form of business

To invest in Cambodia, a foreign investor may establish a new company, subsidiary or branch office under the national laws. The new company or subsidiary may be in the form of a public limited company, private limited company or a single member private limited company. In accordance with the concept of limited liability, the parent of a subsidiary remains liable for its subsidiary’s debts and liabilities only to the extent of its subscribed capital in the subsidiary. With regards to a branch, the same business activities in Cambodia can be carried out under the name of the principal as a foreign company; however, the principal of a branch cannot enjoy the limited liability of the parent company.

In addition, a foreign company may establish a representative office in Cambodia to facilitate certain limited activities and services of its principal for a specific period. However, a representative office is not considered a separate legal entity from its parent company; therefore, it is prohibited from undertaking any profit-generating activities in Cambodia. Permitted activities of a representative office include introducing customers to its principal, researching commercial information for its principal and conducting market research.
ii Share acquisition

A foreign investor may opt to acquire shares in an existing company (target company). In such cases, a shareholding percentage of at least 51 per cent of the total voting shares in the target company must be held by a Cambodian individual or legal entity to ensure the validity of the target company’s ownership over the land.

iii Land acquisition

A foreign investor may also opt to create a new company to acquire immovable assets. In such cases, only companies where 51 per cent or more of the total voting shares are held by a Cambodian individual or legal entity can own land in Cambodia. Proper arrangements have to be put in place to protect the interests of the foreign investor. In this regard, consultation with and advice from a highly qualified professional are strongly recommended. If the land acquisition is not necessary, there are certain ways for a foreign investor to use and enjoy land in Cambodia.

iv Acquisition of rights to use and enjoyment of land

The investor may lease immovable properties for investment purposes. The lease of an immovable property for 15 years or more is considered a perpetual lease. A perpetual lease can be for a term of up to 50 years, renewable for a duration not exceeding 50 years. A perpetual lease provides the tenant with extensive rights in terms of the use and development of the leased property, as well as special protection for the tenant (e.g., the tenant’s right to cancel the perpetual lease in the event of unforeseeable circumstances or force majeure). A perpetual lease is required to be registered with the cadastral office. Once the perpetual lease is duly registered, a certificate is issued to the tenant as a certification of their lease rights. The tenant may use this certificate to secure any financing required.

The investor may also acquire an ELC, which provides a right to use and develop any specific state-owned land for the development of agro-industrial activities. ELCs have typically been granted for 70 years, although the maximum term allowed under the law is 99 years. The maximum land area permitted for a concessionaire is 10,000 hectares. The use of the land is subject to various reporting obligations under the ELC contract and the project’s master plan. Therefore, any change of use and activities relating to the land requires approval from the Contracting Authority, as defined in Sub-Decree No. 146 on Economic Land Concessions (2005).

Furthermore, any transfers and disposals of the ELC rights are also subject to the terms of the ELC contract (e.g., a transfer of an ELC is possible upon completion of at least 30 per cent of the project) and to the approval of the Contracting Authority.

The investor is also allowed to acquire the right to use and enjoy any immovable property through usufruct or an easement.

v Special economic zones (SEZs)

An SEZ is a special area for development of economic sectors, which brings together all industrial and other related activities. SEZs are production areas that may also include a free trade area, service area, residential area and tourist area. As determined by Article 3 of Sub-Decree No. 148 on Establishment and Management of Special Economic Zones (2005), an SEZ can only be established in appropriate and strategic areas as determined
by the government and the Council for the Development of Cambodia. To form an SEZ, at least 50 hectares of land within a specific location is required, as well as, *inter alia*, geographic boundaries and a surrounding fence (for an export processing zone, a free trade area and premises for investors in each zone). The land area for an SEZ can be freehold or leasehold land.

V REAL ESTATE OWNERSHIP

i Planning
There are no specific laws and regulations regarding the planning of real estate ownership. Zoning is regulated on an *ad hoc* basis according to each municipal and provincial jurisdiction. Certain defined areas in Siem Reap are regulated by the APSARA Authority, which was specifically established to govern Angkor Archaeological Park, the home of Angkor Wat. Protected areas, where natural resources are considered to be of the utmost importance, are under the jurisdiction of the Ministry of Environment (MOE).

The government is working hard to finalise the draft Law on Land Management and Urban Planning, the draft Construction Code and many other implementing regulations and national policies with the aim of putting a better zoning system and regulations in place.

ii Environment: initial environmental impact assessment (IEIA) and environmental impact assessment (EIA) requirements
Infrastructure projects, whether pre-existing or new, are subject to an IEIA, an EIA or both. The project owner has to submit an IEIA report with the feasibility study of the project to the MOE for consideration and approval. The MOE may require the project owner to conduct an EIA, depending on the scope of the project and the extent to which the project would cause an environmental impact.

Note that currently, the MOE is working on the Environmental Code, which will cover the current draft Law on Environmental Impact Assessment.

iii Tax
The applicable tax rate is 4 per cent of the market value of the immoveable property for the transfer of ownership or possession rights or capital contributions into a company in the form of immoveable property. Such tax collection is subject to exemption if:

a the ownership or possession rights to the land are in the form of a concession from the government;

b the ownership or possession rights of the immoveable property are recorded in the inventory listings of any institutions in Cambodia; or

c the ownership or possession rights of the immoveable property belong to diplomatic officials, foreign consular officials, international organisations or government technical cooperation agents.

The above rate for tax collection is also subject to tax relief in cases of ownership or possession rights of immoveable property belonging to relatives, which are subject to tax deductions at the following rates: 200 million riel for succession, and 100 million riel
for a donation. It is further expected that, in 2016, the government will issue a special regulation waiving tax on immoveable property transfers between parents and children, grandparents and grandchildren, and between spouses.

iv  Finance and security

Two common security forms of immoveable property include a pledge and a hypothec. A pledge of immoveable property is a form of security whereby the property owner creates a real security interest on the property by delivering the possession or occupation of the property to the creditor as security for any obligations. A pledge term cannot exceed five years and the renewal period also cannot exceed five years. The pledge must be registered with the cadastral office for full enforceability.

A hypothec, on the other hand, is a form of security whereby the property owner creates a real security interest over the property without delivering the possession or occupation to the creditor to secure any obligations. The perpetual lease, usufruct or concession rights can also be subject to the hypothec security form. A hypothec is created through an agreement between a creditor and the property owner and, like a pledge, it must be registered with the cadastral office for full enforceability.

Under the current regulations and practice, only immoveable property with a hard title certificate can legally be the subject matter of a pledge or hypothec. Therefore, non-registered immoveable properties cannot legally secure any obligation under a pledge or hypothec.

VI  LEASES OF BUSINESS PREMISES

i  Types of lease

Two types of lease are available under the Cambodian regulatory framework: a normal lease and a perpetual lease. A normal lease, applicable to both moveable and immoveable property, is not required to be registered with the cadastral office to ensure its enforceability. In addition, the lessee may not transfer the lease rights to any third party if the lease agreement does not permit the lessee to do so: this is in accordance with Article 608 of the Civil Code.

A perpetual lease that is applied to only immoveable property, on the other hand, holds for a term of at least 15 years. A perpetual lease constitutes a right in rem, which grants to the lessee extensive rights to use and enjoy the property. The perpetual lease is required to be registered with the cadastral office. The term of the perpetual lease cannot exceed 50 years and can only be renewed for one other term, also not exceeding 50 years. Through constituting a right in rem, the perpetual lease can, unless otherwise specified by the agreement, be assigned or transferred with or without consideration, or alternatively be sub-let or the subject of inheritance. Another significant feature of the perpetual lease is that it can be used as collateral for security; it is currently the preferred collateral among banks and financial institutions.

ii  Payment terms

If there is no specified date for rent payment in the agreement, Article 610 of the Civil Code determines that the payment shall be made at the end of each month in the case of
moveable properties and buildings, and at the end of each year in the case of land (or at the end of the harvest season, if applicable). The rent for a perpetual lease, in principle, must be paid at the end of each year, unless otherwise determined by the parties.

iii Termination

The lessor may terminate the perpetual lease in the event that the lessee fails to pay the rental fee for three years. Upon termination of the perpetual lease, unless otherwise agreed by the lessor and lessee, the lessor cannot demand that the lessee restores the leased property to its original condition, unless the lessee was responsible for destroying the property or fundamentally changing its nature. Under Article 254 of the Civil Code, the lessor is entitled to acquire ownership over any improvements and structures installed on the property without having to pay compensation to the lessee, unless otherwise agreed.

iv Renewal

In the case of a lease for immoveable property, the parties are deemed to have agreed to renew the terms of the lease unless a party has declared his or her intention otherwise. This must be decided no later than three months prior to the expiration of the term of the lease in the case of a building and no later than one year in the case of land. These conditions are valid provided that the renewed lease does not have a fixed term, in accordance with Article 613 of the Civil Code.

VII DEVELOPMENTS IN PRACTICE

i Comprehensive procedures for real right registration

In early 2013, the Ministry of Land Management, Urban Planning and Construction (MLMUPC) and the Ministry of Justice issued an inter-ministerial regulation on procedures for registration of real rights pertaining to the Civil Code. The regulation established comprehensive procedures affecting the transfer, change, rectification and termination of:

a land ownership;
b a perpetual lease;
c usufruct; privilege;
d rights on pledge and hypothec; and
e an easement.

This regulation was a long-awaited legal instrument, designed to better implement the Civil Code’s provisions regarding any immoveable property and related rights. As a result of the issuance of this new regulation, there are new formalities and requirements to be complied with regarding the registration of a real right and, as a consequence, the cadastral offices need to change a number of their existing practices accordingly. Currently, it appears that for some relevant officials, a clear and correct understanding of the new rules and procedures is an issue. As a result, consultation or lobbying (or both) with the relevant officials is inevitable, especially for complex transactions such as multiple registrations of real rights for the same property. Furthermore, following the
issuance of this new regulation, all previous transactions relating to real rights, such as a usufruct or an easement agreement, that are not subject to registration because of the lack of rules or procedures, must be rectified to maintain their enforceability.

The MLMUPC is working on a number of implementing regulations, notably regarding the procedures for mortgage (i.e., hypothec), disposition, conservation (measures against) and confiscation of immoveable property that is not yet registered in the Land Register. These regulations will significantly boost the real estate market and the financial and banking sector, and will inject much-needed cash flow into the economy and raise purchasing power.

The MLMUPC has recently finished reviewing the master plan for the development of coastal areas. This effort will not only boost the real estate market and construction industry, but will also give a sense of direction to the tourism industry and other supporting sectors.

ii Requirements for construction sites

To strengthen the implementation of construction laws and regulations, in February 2015, the MLMUPC issued a notification related to construction sites. Under this notification, the owner of the land where the construction is to occur is required to obtain a construction permit and construction site opening letter prior to the commencement of a construction project, and must only engage construction companies or construction worker groups for the construction project that are registered and hold a Certificate of Insurance on Construction Site from the competent authorities.

iii New urbanisation rules for the capital, cities and downtown areas

Sub-Decree No. 42 sets forth new urbanisation rules on some issues in regard to immoveable property located in the capital, cities and downtown areas, which include, without limitation, land classification, parking spaces, building height and others. Some provisions of this Sub-Decree have not been fully implemented pending the adoption of a series of regulations by the MLMUPC, notably new zoning regulations. By imposing these new urbanisation rules, this Sub-Decree will impact some investment related to immoveable properties (i.e., land and construction), including, without limitation, the acquisition and use of immoveable property within the capital, cities and downtown areas throughout Cambodia. Failure to comply with the required standards will result in penalties such as revocation of a construction licence and construction permit, suspension of construction plans, reconstruction, or criminal charges. Therefore, it is advisable to seek a professional opinion on such matters prior to any property investment-related transactions.

iv Restriction on selling or leasing land to citizens of neighbouring countries

In November 2015, the Ministry of Urban Development issued a regulation, Circular No. 08 on Prohibition on Cambodian Citizens Selling or Leasing Fields, Farms or Residential Land Situated along Its Borders to Citizens of Neighbouring Countries. Under this circular, there is a restriction on Cambodian citizens selling or leasing fields,
Cambodia

farms or residential land located along Cambodia’s borders with neighbouring countries (Vietnam, Thailand and Laos). The relevant provincial governors are in charge of overseeing the implementation of this new circular.

v New measures affecting ELCs
Back in 2012, to ensure and strengthen the effectiveness of the management of ELCs, the government issued Order No. 01 to temporarily suspend the granting of new ELCs (i.e., ELCs whose applications had not been approved in principle by the government as of the issue date of Order No. 01). According to Order No. 01, non-developed or non-performing ELCs are subject to withdrawal by the government. Furthermore, according to the practice developed under Order No. 01, the transfer of an ELC by the concessionaire to a third party will also be temporarily prohibited. At present, a transfer can only be made if it is in conformity with the conditions of the ELC contract and at least 30 per cent of the development has already been completed.

Faced with these new measures, concessionaires that need additional technical or financial support, or both, always collaborate with their investment partners (typically, foreign investors) to implement their ELC projects. Collaborations can be in different forms, such as a joint venture in which interested investment partners implement the ELC project or a transfer of shares in the concessionaire to potential shareholders to generate capital to continue the investment project.

2014 saw a number of new regulations regarding ELCs. The government, and specifically the Ministry of Agriculture, Forestry and Fisheries and the MOE, review, monitor and assess the development progress of ELC projects, and will eventually cancel the contracts of inactive ELC projects. For any new ELC project, the approved contract term will be limited to 50 years, compared with the previously common duration of 70 years.

ELC projects in Cambodia have recently been subject to more stringent legal compliance requirements and restrictions. The Inter-Ministerial Commission to Monitor, Measure and Evaluate Economic Land Concession has been set up and tasked with assessing all ELC projects province by province across Cambodia; this process has included the Commission withdrawing ELCs or requiring ELC holders to speed up their development activities or else face sanctions from the government and a reduction of the duration of the ELC term to 50 years.

vi Increase in real estate and construction investment
At the time of writing, there are 116 licensed real estate companies operating in Cambodia, 40 of which are foreign companies. From 2000 to 2015, there were 1,581 construction companies licensed by the MLMUPC.

vii Construction and related compliance, norms and standards
For the past few years, both the public and private sectors have focused on strengthening compliance with construction norms and standards. In June 2013, the Fire Prevention Law was promulgated. According to this law, all construction projects must have proper fire prevention and extinguishing systems in place prior to the commencement of work,
and it is the duty of the government to identify the types of projects required to have these systems. At the time of writing, the government has not issued any regulations in respect to this.

Furthermore, the public is increasingly focused on safety norms and measures. A recent incident at a garment factory, where the roof of a building collapsed, obliged the factory to pay compensation as a civil liability to the relatives of the deceased and to injured workers.

viii Adoption of the Law on Special Leases

For the benefit of low-income workers and students who lease immovable property for residential purposes, a new Law on Special Leases was promulgated on 29 July 2015. The Law on Special Leases aims to help this struggling population, especially those in the cities and capital. Note, however, that this Law does not apply retrospectively to leases executed prior to the implementation of the Law.

ix Prospective development of the legal framework in the sector

Despite commitments made in 2014, some draft laws and regulations are still pending, such as the draft Construction Code, the draft amendment to the Land Law, the draft Law on Land Management and Urban Planning, the draft Law on Immoveable Property Leasing, the draft amendment to the Sub-Decree on Construction Permits and the White Paper on Land.

Also, the adoption of the draft Law on Agricultural Land has been delayed despite strong efforts by the Ministry of Agriculture, Forestry and Fisheries and the MOE. The draft Law on Environmental Impact Assessment has been put on hold and will ultimately be a part of the Environmental Code currently being drafted by the MOE.

VIII OUTLOOK AND CONCLUSIONS

Cambodia has achieved robust GDP growth, averaging 7.6 per cent per annum for the past 10 years. According to the World Bank, Cambodia’s projected GDP growth for 2016 is 6.9 per cent. This growth has been driven by the agricultural, garment, construction, and tourism sectors. The construction and real estate sector represented around 2 per cent out of last year’s 7.1 per cent growth in GDP and it is currently the most dynamic growth driver, with the garment industry, tourism and agriculture experiencing a slowdown due to competition.

The abundance of low-cost labour, rapid urbanisation and the emergence of a middle class with increasing disposable income are boosting the real estate industry. Further, with integration into the ASEAN Economic Community, Cambodia anticipates reaching a regional market with a population of 623 million, over and above its own 14 million citizens, and enjoying the geographical advantages that will come from the movement of people and commodities across borders. Cambodia sits in a strategic location for real estate investment, including residential, commercial and hospitality properties.

Recently, the government has adopted a development master plan for the city of Phnom Penh until 2035. This will generate a great deal of investment interest and significantly boost the real estate industry in Phnom Penh over the next decades.
In the future, the government will focus more attention on new infrastructural investments, such as international airports, roads, bridges and property development, for both commercial and residential use. These investments are expected to boost the construction sector, as well as increase the investment appetite of foreign investors. Banks and insurance companies will continue to play a significant role in real estate investment and financing, while the influx of foreign investment will further stimulate the entire real estate market. Further, discussions between a Chinese and local developer and Phnom Penh's City Hall to build a $3 billion, 500-metre-high twin tower project in the centre of the city are under way, pending a detailed study.

The agro-industrial sector will also be an area of strong development interest, as it remains one of the government’s priority areas.

On the legal front, along with recent regulations aimed at promoting the security of real rights, the government will continue to modernise its legal framework, beginning with the construction sector, general investment and the insurance sector.

All of this will undoubtedly have an impact on Cambodia’s real estate market in the upcoming years despite a predicted slowdown ahead of the country’s legislative elections in 2018.
Appendix 1

ABOUT THE AUTHORS

SOPHEALEAK ING
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Sophealeak Ing is the firm’s practice leader in the real estate, commercial contracts and intellectual property practices. His recent work includes securing the acquisition of multimillion dollar properties for foreign-based clients, as well as securing long-term lease agreements on behalf of a number of multinational companies for their multimillion dollar investments within the Phnom Penh Special Economic Zone. He has also assisted foreign investors on a number of economic land concessions, particularly in the area of palm oil and rubber plantations. Sophealeak provides advice on landholding structures and related issues and distributorship, as well as business licensing. He previously counselled a leading engineering firm, with a regional presence, on major onshore and offshore construction projects, assisted Cambodia’s largest premium rice exporter in securing a multimillion dollar equity participation from a foreign investment fund, and facilitated the acquisition of prominent businesses in the food and beverage sector. Mr Ing also previously counselled an international petroleum company on its intellectual property infringement matters. The 2015 edition of Chambers Asia-Pacific described Sophealeak as ‘committed and impressive, showing great professionalism and the ability to provide quick, simple and clear-cut advice of great quality’. Sophealeak is fluent in Khmer, English and French.
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