

Act on Land and Building Leases

(Act No. 90 of October 4, 1991)

Table of Contents

Chapter I General Provisions (Articles 1 and 2)

Chapter II Land Leases

Section 1 Duration, Etc. of the Land Lease Right (Articles 3 to 9)

Section 2 Effect of the Land Lease Right (Articles 10 to 16)

Section 3 Changes to Land Lease Terms (Articles 17 to 21)

Section 4 Fixed Term Land Lease Right, etc. (Articles 22 to 25)

Chapter III Building Leases

Section 1 Renewal, etc. of Building Lease Contracts (Articles 26 to 30)

Section 2 Effect of the Building Lease (Articles 31 to 37)

Section 3 Fixed Term Building Leases, etc. (Articles 38 to 40)

Chapter IV Court proceedings for Changes to the Land Lease Terms, etc.
(Articles 41 to 54)

Chapter I General Provisions

(Purpose)

Article 1 This Act, in addition to prescribing the special provisions concerning duration and effect, etc. of superficies and the right to lease land for the purpose of building ownership, as well as the renewal and effect, etc. of building lease contracts, prescribes the necessary matters concerning court proceedings required for changes to be made to the land lease terms and the like.

(Definitions)

Article 2 In this Act, the meanings of the terms listed in each of the following items shall be as prescribed in each respective item:

- (i) "Land Lease Right" shall mean superficies or the right to lease land for the purpose of building ownership;
- (ii) "Land Lease Right Holder" shall mean a person who holds a Land Lease Right;
- (iii) "Lessor" shall mean the person who establishes a Land Lease Right with respect to a Land Lease Right Holder;
- (iv) "Land Sublease Right" shall mean a right to lease land for the purpose of building ownership and established by a Land Lease Right Holder;
- (v) "Land Sublease Right Holder" shall mean the person who has the Land

Sublease Right.

Chapter II Land Lease

Section 1 Duration, Etc. of the Land Lease Right

(Duration of the Land Lease Right)

Article 3 The duration of the Land Lease Right shall be thirty years; provided, however, that if a period longer than this is prescribed by contract, that period shall apply.

(Period of the Land Lease Right After Renewal)

Article 4 In cases where the parties renew the land lease contract, that period shall be ten years from the day of renewal (twenty years in the case of the first renewal after the establishment of the Land Lease Right); provided, however, that if the parties prescribe a period longer than this, that period shall apply.

(Request for Renewal, Etc. of the Land Lease Contract)

Article 5 (1) In cases where the Land Lease Right Holder requests the renewal of the contract in cases where the duration of the Land Lease Right expires, limited to cases where there is a building, in addition to cases pursuant to the provisions of the preceding Article, the contract shall be deemed to have been renewed with the same conditions as those of the prior contract; provided, however, that this shall not apply when the Lessor makes an objection without delay.

(2) The provisions of the preceding paragraph shall also apply when the Land Lease Right Holder continues to make use of the land after the expiration of the duration of the Land Lease Right, limited to cases where there is a building.

(3) In the case where a Land Sublease Right has been established, the continuing use that the Land Sublease Right Holder makes of the land shall be deemed to be the continuing use the Land Lease Right Holder makes of the land, and the provisions of the preceding paragraph shall apply between the Land Lease Right Holder and the Lessor.

(Requirements for Refusing to Renew the Land Lease Contract)

Article 6 The objection set forth in the preceding Article may not be raised unless it is found, upon consideration of the prior history in relation to the leased land, the conditions of the land use and, in cases where the Lessor has offered the payment of property benefits to the Land Lease Right Holder as a condition for surrendering the land or in exchange for surrendering the land, the consideration of said offer, that there are justifiable grounds for doing so in addition to the circumstances pertaining to the necessity of using the land on

the part of the Lessor and the Land Lease Right Holder (including the Land Sublease Right Holder; hereinafter the same shall apply in this Article).

(Extension of the Period of the Land Lease Right Due to Rebuilding of Buildings)

Article 7 (1) In cases where the buildings are lost before the duration of the Land Lease Right expires (including demolition by the Land Lease Right Holder or the Land Sublease Right Holder; the same shall apply hereinafter) and the Land Lease Right Holder constructs buildings that are to survive past the remaining period, the Land Lease Right shall, limited to cases where the Lessor has consented to such building construction, continue to exist for twenty years from the day of consent or the day the buildings are constructed, whichever is the earliest; provided, however, that when the remaining period is longer than this, or when the parties have prescribed a longer period, such period shall apply.

(2) In cases where the Land Lease Right Holder notifies the Lessor to the effect that he/she intends to newly construct buildings that are to survive past the remaining period and the Lessor does not voice an objection within two months after the receipt of such notice, it shall be deemed that this constitutes the approval of said building construction on the part of the Lessor set forth in the preceding paragraph; provided, however, that in cases where notice was given after the contract was renewed (in cases where the duration of the Land Lease Right has been extended pursuant to the provisions of said paragraph, subsequent to the date that the initial duration of the Land Lease Right is to expire; hereinafter the same shall apply in the following Article and Article 18), this shall not apply.

(3) In cases where a Land Sublease Right has been established, building construction that the Land Sublease Right Holder undertakes shall be deemed to be building construction that the Land Lease Right Holder undertakes, and the provisions of paragraph (1) shall apply between the Land Lease Right Holder and the Lessor.

(Termination, Etc. Due to Loss of Buildings After Renewal of the Land Lease Contract)

Article 8 (1) In cases where the buildings are lost after the contract has been renewed, the Land Lease Right Holder may request that the superficies be waived or that the land lease be terminated.

(2) In the case prescribed in the preceding paragraph, when the Land Lease Right Holder has constructed buildings that are to survive past the remaining period without receiving the consent of the Lessor, the Lessor may request that the superficies be extinguished or that the land lease be terminated.

- (3) In the case set forth in the preceding two paragraphs, the Land Lease Right shall be extinguished by reason of the passage of three months from the day the request for waiver or extinction of superficies or the request for termination of the land lease was made.
- (4) The right to request a waiver of superficies or termination of the land lease prescribed in paragraph (1) may be restricted only in cases where the right to request the extinction of superficies or the termination of the land lease prescribed in paragraph (2) is restricted.
- (5) In cases where a Land Sublease Right has been established, building construction that the Land Sublease Right Holder undertakes shall be deemed to be building construction that the Land Lease Right Holder undertakes, and the provisions of paragraph (2) shall apply between the Land Lease Right Holder and the Lessor.

(Mandatory Provisions)

Article 9 Any special provisions that run counter to the provisions of this Section and that are disadvantageous to the Land Lease Right Holder shall be invalid.

Section 2 Effect of the Land Lease Right

(Countervailing Power, etc. of the Land Lease Right)

- Article 10 (1) Even if the Land Lease Right is not registered, when the Land Lease Right Holder possesses registered buildings on the land, the Land Lease Right may be asserted against a third party.
- (2) In the case referred to in the preceding paragraph, even if the buildings have been destroyed, when the Land Lease Right Holder posts a notice of matters necessary to identify the buildings, the day the buildings were lost, and the intent to construct new buildings in a clearly visible location on the land, the Land Lease Right shall be effective as provided in the same paragraph; provided, however, that if two years have passed since the day the original buildings were destroyed, limited to the cases where the buildings were newly constructed and registered before that date.
 - (3) The provisions of Article 566, paragraph (1) and paragraph (3) of the Civil Code (Act No. 89 of 1896) shall apply mutatis mutandis to cases where the land that is the object of the Land Lease Right that may be asserted against a third party pursuant to the provisions of the preceding two paragraphs is the object matter of a sale.
 - (4) The provisions of Article 533 of the Civil Code shall apply mutatis mutandis to the case set forth in the preceding paragraph.

(Right to Request Increase or Decrease in Land Rent, Etc.)

Article 11 (1) When rent or land rent (hereinafter referred to as "Rent, etc." in this Article and in the following Article) become unreasonable, as a result of the increase or decrease in tax and other public dues relating to the land, as a result of the rise or fall of land prices or fluctuations in other economic circumstances, or in comparison to the Rent, etc. on similar land in the vicinity, the parties may, notwithstanding the contract conditions, request future increases or decrease in the amount of Rent, etc.; provided however, that when special provisions exist to the effect that Rent, etc. shall not be increased for a fixed period, those provisions shall apply.

(2) If no agreement may be reached between the parties regarding the increase in the amount of Rent, etc., until the judicial decision on establishing the increased amount as valid becomes final and binding, it shall be sufficient for the party which has received that request to pay Rent, etc. in an amount that is deemed to be reasonable; provided, however, that when said judicial decision becomes final and binding, if the amount that has already been paid is insufficient, the amount of the shortfall shall be paid with the addition of interest on late payments at the rate of ten percent per year.

(3) If no agreement may be reached between the parties regarding the decrease in the amount of Rent, etc., until the judicial decision on establishing the decreased amount as valid becomes final and binding, the party which has received that request may request payment of Rent, etc. in an amount that is deemed to be reasonable; provided, however, that when said judicial decision becomes final and binding, if the Rent, etc. that has already been paid exceeds the Rent, etc. amount found to be valid, the amount of the excess shall be returned with the addition of interest at the rate of ten percent per year from the time the payment was received.

(Statutory Liens of the Lessor)

Article 12 (1) With respect to the final two years of Rent, etc. the term of which has become due, the Lessor shall have a statutory lien on the buildings that the Land Lease Right Holder owns on that land.

(2) The effect of the statutory lien set forth in the preceding paragraph is retained by reason of the registration of the superficies or the land lease.

(3) The statutory lien set forth in paragraph (1) shall have the effect of prevailing over other rights; provided, however, that it is delayed with regard to the statutory liens for the expenses for common benefit, the preservation of immovable properties and the construction work for immovable properties, as well as the pledges and mortgages registered prior to the registration of superficies or land leases.

(4) The provisions of the preceding three paragraphs shall apply mutatis mutandis to buildings the Land Sublease Right Holder owns on that land.

(Right to Request Purchase of Buildings)

Article 13 (1) In cases where the term of the Land Lease Right expires and the contract is not renewed, the Land Lease Right Holder may request that the Lessor purchase the buildings and other items that the Land Lease Right Holder has attached to the land by title at the prevailing market price.

(2) In the case referred to in the preceding paragraph, when the buildings have been newly constructed prior to the expiration of the term of the Land Lease Right without the consent of the Lessor with the intention that they survive after the expiration of the Land Lease Right, the court, if the Lessor so requests, may impose a reasonable time frame for the payment of all or part of the purchase money.

(3) The provisions of the preceding two paragraphs shall apply mutatis mutandis between the Land Sublease Right Holder and the Lessor in cases where the Land Lease Right has expired.

(Right of a Third Party to Request Purchase of Buildings)

Article 14 In cases where a third party has acquired the buildings and other items on the land that is the object of the lease right that the Land Lease Right Holder has attached to the land by title, and the Lessor does not consent to the transfer of the lease right or to a sublease, the third party may request that the Lessor purchase the buildings and other items that the Land Lease Right Holder has attached to the land by title at the prevailing market price.

(Self Land Lease Right)

Article 15 (1) Establishment of a Land Lease Right shall not preclude the Lessor from possessing the Land Lease Right himself or herself only when the right is held in common with another party.

(2) Even in a case where the Land Lease Right has been returned to the Lessor, when the right is held in common with another party said Land Lease Right is not extinguished.

(Mandatory Provisions)

Article 16 Any special provisions that run counter to the provisions of Article 10, Article 13 and Article 14 and that are disadvantageous to the Land Lease Right Holder or the Land Sublease Right Holder shall be invalid.

Section 3 Changes to the Land Lease Terms

(Changes to the Land Lease Terms and Permission for Improvements)

Article 17 (1) In cases where there are land lease terms that limit the type,

construction, scale, or use of buildings, if, notwithstanding the fact that the objective of owning buildings that departs from the land lease terms is reasonable when the Land Lease Right is to be actually established due to changes to regulations concerning land use pursuant to laws and regulations, changes in the conditions of the land use in the vicinity or changes in other conditions, no agreement may be reached between the parties regarding changes to the land lease terms, the court may, pursuant to the petition of the parties, change the land lease terms.

- (2) In cases where there are land lease terms that limit remodeling and expansion, if no agreement may be reached between the parties regarding reasonable remodeling and expansion for normal use of the land, the court may, pursuant to the petition of the Land Lease Right Holder, grant permission for said remodeling and expansion in lieu of the consent of the Lessor.
- (3) When rendering the judicial decision set forth in preceding two paragraphs, the court, when it is necessary for facilitating equitable benefit between the parties, may change other land lease terms, order the payment of property benefits, or enact other reasonable dispositions.
- (4) When rendering the judicial decision set forth in preceding three paragraphs, the court shall consider the remaining period of the Land Lease Right, the condition of the land, the prior history concerning the leased land, and all other circumstances.
- (5) When a Land Sublease Right has been established, the court may, when it is necessary, pursuant to the petition of the Land Sublease Right Holder, render the judicial decisions set forth in paragraph (1) through paragraph (3) in regards to the Land Lease Right as well as the Land Sublease Right.
- (6) Excluding cases where it is not deemed to be particularly necessary, the court, prior to rendering the judicial decisions set forth in paragraph (1) through paragraph (3) or the judicial decision set forth in the preceding paragraph, shall obtain the opinion of a committee of experts.

(Permission to Rebuild Buildings Subsequent to the Renewal of the Land Lease Contract)

Article 18 (1) Subsequent to the renewal of the contract, when, notwithstanding the fact that there are unavoidable circumstances pertaining to the fact that the Land Lease Right Holder is to newly construct a building that is to survive past the remaining period, the Lessor does not consent to the construction of that building, excluding cases where it has been prescribed that the Lessor may not request the extinction of the superficies or the termination of the land lease, the court may, pursuant to the petition of the Land Lease Right Holder, grant permission in lieu of the consent of the Lessor. In this case, when it is necessary for facilitating equitable benefit between the parties, the court may

prescribe a period different from the period pursuant to the provisions of Article 7, paragraph (1) as an extension of the Land Lease Right, change other land lease terms, order the payment of property benefits, or enact other reasonable dispositions.

- (2) When rendering the judicial decision set forth in the preceding paragraph, the court shall consider the condition of the buildings, the circumstances leading to the loss of the buildings in the case of such loss, the prior history of the leased land, circumstances pertaining to the necessity of using the land on the part of the Lessor and the Land Lease Right Holder (including the Land Sublease Right Holder) and all other circumstances.
- (3) The provisions of paragraph (5) and paragraph (6) of the preceding Article shall apply mutatis mutandis to cases where the judicial decision set forth in paragraph (1) is rendered.

(Permission to Transfer or Sublease the Right to Lease Land)

Article 19 (1) In cases where the Land Lease Right Holder wishes to transfer buildings on the land that is the object of the lease right to a third party, and the Lessor does not consent to the transfer or sublease of the lease right despite the fact that there is no danger that the acquisition by, or sublease to, said third party of the lease right will be disadvantageous to the Lessor, the court may, pursuant to a petition by the Land Lease Right Holder, grant permission in lieu of the Lessor's consent. In this case, when it is necessary for the facilitation of equitable benefits between the parties, the court may order changes to the land lease terms wherein the transfer or sublease of the lease right is the condition of said change, or may cause permission to be given for the property benefit.

- (2) When rendering the judicial decision set forth in the preceding paragraph, the court shall consider the remaining period of the lease right, the prior history concerning the leased land, circumstances pertaining to the necessity of transferring or subleasing the lease right, and all other circumstances.
- (3) In cases where there is a petition as set forth in paragraph (1), when, within the period prescribed by the court, the Lessor himself/herself files a petition that he/she will accept the transfer of the building and transfer or sublease of the lease right, the court may, notwithstanding the provisions of the same paragraph, prescribe a reasonable value and sublease terms by order. In this judicial decision, the court may order both parties to perform their obligations simultaneously.
- (4) When the petition set forth in paragraph (1) is withdrawn or when it is dismissed as unlawful, the petition set forth in the preceding paragraph shall cease to be effective.
- (5) Subsequent to the judicial decision set forth in paragraph (3), the petitions

set forth in paragraph (1) and paragraph (3) may not be dismissed without the agreement of the parties.

- (6) Excluding cases where it is not deemed particularly necessary, the court, prior to rendering a judicial decision set forth in paragraph (1) or paragraph (3), shall obtain the opinion of a committee of experts.
- (7) The provisions of each of the preceding paragraphs shall apply mutatis mutandis between the Land Sublease Right Holder and the Lessor in cases where a Land Sublease Right has been established; provided, however, that when the Lessor files the petition set forth in paragraph (3), the consent of the Land Lease Right Holder must be obtained.

(Permission to Transfer the Right to Lease Land in the Case of Auction, Etc. of Buildings)

Article 20 (1) In cases where a third party has acquired the buildings on the land that is the object of the lease right through auction or public sale, when the Lessor does not consent to the transfer of that lease right notwithstanding the fact that there is no danger that the acquisition by said third party of the lease right will be disadvantageous to the Lessor, the court may, pursuant to the petition of said third party, grant permission in lieu of the consent of the Lessor. In this case, when it is necessary for facilitating equitable benefit between the parties, the court may change the land lease terms or order the payment of property benefits.

- (2) The provisions of paragraph (2) through paragraph (6) of the preceding Article shall apply mutatis mutandis to cases where the petition set forth in the preceding paragraph is filed.
- (3) The petition set forth in paragraph (1) may be filed only within two months after the payment of the purchase money of the buildings.
- (4) The provisions of Article 19 of the Civil Conciliation Act (Act No. 222 of 1951) shall apply mutatis mutandis to cases where the petition set forth in paragraph (1) is filed within the period prescribed in the same Article.
- (5) The provisions of each of the preceding paragraphs shall apply mutatis mutandis between the third party who has acquired the buildings from the Land Sublease Right Holder through auction or public sale and the Lessor; provided, however, that when the Lessor files the petition set forth in paragraph (3) of the preceding Article as applied mutatis mutandis pursuant to paragraph (2), the consent of the Land Lease Right Holder must be obtained.

(Mandatory Provisions)

Article 21 Any special provisions that run counter to the provisions of Article 17 through Article 19 and that are disadvantageous to the Land Lease Right Holder or the Land Sublease Right Holder shall be invalid.

Section 4 Fixed Term Land Lease Right, Etc.

(Fixed Term Land Lease Right)

Article 22 In cases where a Land Lease Right is established with a duration of fifty years or more, notwithstanding the provisions of Articles 9 and 16, it may be stipulated that there is to be no extension of the duration through renewal of the contract (including renewal pursuant to a request for renewal or due to continued use of the land; the same shall apply in paragraph (1) of the following Article) or due to the construction of buildings, and that no requests to purchase are to be made pursuant to the provisions of Article 13. In this case, a special contract stating to that effect must be concluded in writing by means of a notarial deed.

(Fixed Term Land Lease Right, etc. for Business Purposes)

- Article 23 (1) In cases where the objective is the ownership of buildings used solely for business (excluding those used for residences; the same shall apply in the following paragraph) and a Land Lease Right with a duration of at least thirty but shorter than fifty years is to be established notwithstanding the provisions of Articles 9 and 16, there shall be no extension of the duration pursuant to renewal of the contract or the construction of buildings, and there shall be no request to purchase pursuant to the provisions of Article 13.
- (2) In cases where the objective is the ownership of buildings used solely for business and a Land Lease Right with a duration of at least ten but fewer than thirty years is to be established, the provisions of Articles 3 through 8, 13 and 18 shall not apply.
- (3) Contracts with the objective of establishing Land Lease Rights as prescribed in the preceding two paragraphs shall be made by a notarial deed.

(Land Lease Rights with Special Provisions for Building Transfer)

- Article 24 (1) In cases where a Land Lease Right is to be established (excluding cases where a Land Lease Right as prescribed in paragraph (2) of the preceding Article is to be established), notwithstanding the provisions of Article 9, it may be prescribed that in order to extinguish the Land Lease Right, on the day that thirty years or more have passed since said right was established, the buildings on the land that is the object of the Land Lease Right shall be transferred to the Lessor for a reasonable price.
- (2) In cases where a Land Lease Right has been extinguished pursuant to the special provisions of the preceding paragraph, when the Land Lease Right Holder or the building lessee making use of the buildings subsequent to said extinguishment makes a request, it shall be deemed that at the time the

request was made a lease regarding the buildings having no prescribed period was established between the Land Lease Right Holder or the building lessee and the Lessor (in cases where the Land Lease Right Holder makes the request and when the Land Lease Right has a remaining period, a lease where the remaining period constitutes the duration). In this case, the court shall prescribe the building rent pursuant to the request of said party.

- (3) In cases where the special provisions of paragraph (1) exist and when a lease contract between the Land Lease Right Holder or the building lessee and the Lessor regarding the buildings has been entered into pursuant to the provisions of Article 38, paragraph (1), the provisions of said contract shall apply notwithstanding the provisions of the preceding paragraph.

(Land Lease Right for the Purpose of Temporary Use)

Article 25 In cases where it is clear that the Land Lease Right has been established for the purpose of installing temporary facilities or for some other temporary use, the provisions of Article 3 through Article 8, Article 13, Article 17, Article 18, and Article 22 through the preceding Article shall not apply.

Chapter III Building Lease

Section 1 Renewal, Etc. of Building Lease Contracts

(Renewal, Etc. of Building Lease Contracts)

Article 26 (1) In cases where a period has been prescribed for a building lease, when, from between one year to six months prior to the expiration of said period, the parties fail to notify the other party to the effect that the lease shall not be renewed or that it shall not be renewed unless the conditions are changed, it shall be deemed that the contract has been renewed with conditions identical to those of the existing contract; provided, however, that said period is not prescribed.

- (2) Even in cases where the notice set forth in the preceding paragraph has been given, in cases where the building lessee continues to use the buildings after the period of the building lease has expired, the provisions of the same paragraph shall also apply when the building lessor failed to make an objection without delay.

- (3) In cases where the buildings are being subleased, continuing use of the buildings on the part of the building sublessee shall be deemed continuing use of the buildings on the part of the building lessee, and the provisions of the preceding paragraph shall apply between the building lessee and the Lessor.

(Termination of the Building Lease Pursuant to Termination of Contract)

Article 27 (1) In cases where the building lessor has submitted a request for

termination of the lease, the building lease shall be terminated by reason of the passage of six months from the day the request for termination was made.
(2) The provisions of paragraphs (2) and (3) of the preceding Article shall apply mutatis mutandis to cases where a building lease has been terminated pursuant to a request for termination.

(Requirements for Refusing to Renew a Building Lease Contract, etc.)

Article 28 The notice on the part of the building lessor set forth in Article 26, paragraph (1) may not be given, and a request to terminate a building lease may not be made, unless it is found, upon consideration of the prior history in relation to the building lease, the conditions of the building's use, the current state of the building and, in cases where the building lessor has offered payment to the building lessee as a condition for surrendering the buildings or in exchange for surrendering the buildings, the consideration of said offer, that there are justifiable grounds for doing so in addition to the circumstances pertaining to the necessity of using the buildings on the part of the building lessor and the lessee (including the sublessee; hereinafter the same shall apply in this Article).

(Period of the Building Lease)

Article 29 (1) A building lease having a period of less than one year shall be deemed to be a building lease having no prescribed period.
(2) The provisions of Article 604 of the Civil Code shall not apply to building leases.

(Mandatory Provisions)

Article 30 Any special provisions that run counter to the provisions of this Section and that are disadvantageous to the building lessee shall be invalid.

Section 2 Effect of the Building Lease

(Perfection, etc. of the Building Lease)

Article 31 (1) Even if the building lease is not registered, at the time the buildings are delivered, the building lease shall subsequently become effective in respect to the person who has acquired real rights to said buildings.
(2) The provisions of Article 566, paragraph (1) and paragraph (3) of the Civil Code shall apply mutatis mutandis to cases where the buildings that are the object of the lease that has become effective pursuant to the provisions of the preceding paragraph are the objects of a sale.
(3) The provisions of Article 533 of the Civil Code shall apply mutatis mutandis to the cases set forth in the preceding paragraph.

(Right to Request Increase or Decrease in Rent)

Article 32 (1) When the building rent becomes unreasonable, as a result of the increase or decrease in tax and other burden relating to the land or the buildings, as a result of the rise or fall of land or building prices or fluctuations in other economic circumstances, or in comparison to the rents on similar buildings in the vicinity, the parties may, notwithstanding the contract conditions, request future increases or decreases in the amount of the building rent; provided, however, when special provisions exist to the effect that building rent shall not be increased for a fixed period, those provisions shall apply.

(2) If no agreement may be reached between the parties regarding the increase in the amount of the building rent, until the judicial decision on establishing the increased amount as valid becomes final and binding, it shall be sufficient for the party which has received that request to pay the building rent in an amount that is deemed to be reasonable; provided, however, that when said judicial decision becomes final and binding, if the amount that has already been paid is insufficient, the amount of the shortfall shall be paid with the addition of interest on late payments at the rate of ten percent per year.

(3) If no agreement may be reached between the parties regarding the decrease in the amount of the building rent, until the judicial decision on establishing the decreased amount as valid becomes final and binding, it shall be sufficient for the party which has received that request to request payment of the building rent in an amount that is deemed to be reasonable; provided, however, that when said judicial decision becomes final and binding, if the amount that has already been paid exceeds the building rent amount found to be valid, the amount of the excess shall be returned with the addition of interest at the rate of ten percent per year from the time the payment was received.

(Right to Request Purchase of Interior Decorations and Fixtures)

Article 33 (1) In cases where tatami mats, fixtures, or other interior decorations added with the agreement of the building lessor exist, when the building lease has been terminated either by reason of the expiration of the period or by the request for termination, the building lessee may request of the building lessor that he/she purchase said interior decorations and fixtures at the prevailing market price. This shall also apply to interior decorations and fixtures purchased from the building lessor.

(2) The provisions of the preceding paragraph shall apply mutatis mutandis between the building sublessee and the lessor in cases where the building lease has been terminated either by reason of the expiration of the period or by request for termination.

(Protection of the Sublessee in Cases Where the Building Lease is Terminated)

Article 34 (1) In cases where the buildings are being subleased, when the building lease is terminated by reason of the expiration of the period or by the request for termination, the building lessor may not assert that termination against the building sublessee without a notice to that effect to the building sublessee.

(2) When the building lessor delivers the notice set forth in the preceding paragraph, the building sublease shall be terminated by reason of the passage of six months from the day the notice was given.

(Protection of the Building Lessee on Leased Land)

Article 35 (1) In cases where there is a lease with respect to buildings on land that is the object of a Land Lease Right, when the building lessee must surrender the buildings by reason of the expiration of the Land Lease Right, only in cases where the building lessee was unaware of the expiration of the Land Lease Right at least one year prior to said expiration, the court may, pursuant to a request by the building lessee, grant a reasonable time period for the surrender of the land, not exceeding one year from the day the building lessee was made aware of the expiration of the Land Lease Right.

(2) When the court grants the time period pursuant to the provisions of the preceding paragraph, the building lease shall be terminated upon its expiration.

(Succession to a Residential Building Lease)

Article 36 (1) In cases where a lessee of buildings used as residences dies with no heir, and persons with a relationship to the building lessee similar to a de facto marital relationship or a foster parent and child relationship, although notice of marriage or adoption has not been submitted, live together with the building lessee, said persons shall succeed to the rights and duties of the building lessee. However, that this shall not apply when said persons express intentions contrary to those of the building lessor within one month of being made aware that the building lessee died without heirs.

(2) In the case set forth in the main clause of the preceding paragraph, claims or obligations arising out of the building lease relationship shall belong to the person who has succeeded to the rights and obligations of the building lessee pursuant to the provisions of the same paragraph.

(Mandatory Provisions)

Article 37 Any special provisions that run counter to the provisions of Article 31, Article 34, and Article 35 and that are disadvantageous to the building lessee or sublessee shall be invalid.

Section 3 Fixed Term Building Lease, Etc.

(Fixed Term Building Lease)

- Article 38 (1) In cases where a building lease with a prescribed period is entered into it may be prescribed that the contract shall not be renewed only if the contract has been executed by notarial deed and the like writing notwithstanding the provisions of Article 30. In this case, the provisions of Article 29, paragraph (1) shall not apply.
- (2) Where parties enter into a building lease pursuant to the provisions of the preceding paragraph, the building lessor shall provide to the building lessee in advance, by delivering a written statement to that effect, an explanation that the building lease contract pursuant to the provisions of the same paragraph shall not be renewed and that said building lease shall be terminated by reason of the expiration of the period.
- (3) When the building lessor fails to provide an explanation pursuant to the provisions of the preceding paragraph, the provisions to the effect that the contract shall not be renewed shall be invalid.
- (4) In cases of a building lease pursuant to the provisions of paragraph (1) for which the duration is one year or more, unless the building lessor during the period from one year to six months prior to expiration of the period (hereinafter referred to as the "Notice Period" in this paragraph) notifies the building lessee to the effect that the building lease will be terminated by reason of the expiration of the period, he/she may not assert that termination against the building lessee; provided, however, that this shall not apply in cases where the building lessor has notified the building lessee to that effect after expiration of the Notice Period and six months have passed since the date of that notice.
- (5) In cases of a lease pursuant to the provisions of paragraph (1) for a building used for a residence (limited to those pertaining to buildings having floor area (in the case where a part of the building is the object of the lease, the floor area of said part) of less than 200 square meters), when it becomes difficult for the building lessee to use the building as his/her principal residence due to an unavoidable circumstance such as a work-related transfer, the receiving of medical care, or the necessity of providing care to a relative, the building lessee may request to terminate the building lease. In this case, the building lease shall be terminated when one month has passed since the day of the request to terminate.
- (6) Any special provisions that run counter to the provisions of the preceding two paragraphs and that are disadvantageous to the building lessee shall be invalid.
- (7) In cases of a building lease pursuant to the provisions of paragraph (1), the

provisions of Article 32 shall not apply in cases where there are special provisions pertaining to rent revision.

(Building Lease with Intent to Demolish)

Article 39 (1) In cases where it is clear that pursuant to laws and regulations or contract the buildings are to be demolished after a fixed period of time has passed, when the buildings are leased it may be provided to the effect that the lease shall be terminated upon the demolition of the buildings, notwithstanding the provisions of Article 30.

(2) The special provisions of the preceding paragraph must be executed by means of a document in which the reasons for the demolition of the buildings of the same paragraph are written.

(Building Leases for the Purpose of Temporary Use)

Article 40 In cases where it is clear that buildings have been leased for the purpose of temporary use, the provisions of this Chapter shall not apply.

Chapter IV Court proceedings for Changing Land Lease Terms, Etc.

(Court with Jurisdiction)

Article 41 The district court that has jurisdiction over the location of land that is the object of a Land Lease Right shall have jurisdiction over the cases prescribed in Article 17, paragraph (1), paragraph (2) or paragraph (5) (including cases where applied mutatis mutandis pursuant to Article 18, paragraph (3)), Article 18, paragraph (1), Article 19, paragraph (1) (including cases where applied mutatis mutandis pursuant to paragraph (7) of the same Article), or paragraph (3) (including cases where applied mutatis mutandis pursuant to paragraph (7) of the same Article and Article 20, paragraph (2) and paragraph (5)), or Article 20, paragraph (1) (including cases where applied mutatis mutandis pursuant to paragraph (5) of the same Article); provided, however, that this does not preclude the summary court having jurisdiction over said location having jurisdiction should the parties agree.

(Mutatis Mutandis Application of the Non-Contentious Cases Procedures Act and the Rules of the Supreme Court)

Article 42 (1) Excluding cases where special provisions exist, the provisions of the Non-Contentious Cases Procedures Act (Act No. 14 of 1898), Part I, shall apply mutatis mutandis with respect to the cases set forth in the preceding Article; provided, however, that the provisions of Article 6, Article 7, Article 15 and Article 32 of the same Act shall not apply.

(2) In addition to matters prescribed in this Act, the necessary matters with

respect to the cases set forth in the preceding Article shall be prescribed according to the rules of the Supreme Court.

(Disqualification, Etc. of Court Officials)

Article 43 The provisions of the Code of Civil Procedure (Act No. 109 of 1996) regarding disqualification of and challenge to court officials shall apply mutatis mutandis with respect to the cases set forth in Article 41.

(Committee of Experts)

Article 44 (1) The committee of experts shall be composed of at least three members.

(2) The court shall designate the members of the committee of experts case by case from among the following persons; provided, however, that this shall not preclude designating persons other than these when there is a particular need:

(i) Persons whom the district court appoints in advance every year from among persons with special knowledge and experience or from among other suitable persons;

(ii) Persons selected pursuant to the agreement of the parties.

(3) The members of the committee of experts shall be provided with travel expenses, daily allowance, and lodging expenses prescribed by the rules of the Supreme Court.

(Date of Hearings)

Article 45 (1) The court shall be held on the date of the hearing and shall hear the statements of the parties.

(2) The parties may attend the hearing of the other party.

(Ascertainment of Facts and Examination of Evidence)

Article 46 (1) The court shall, by its authority, ascertain the facts and, by its authority or pursuant to request, shall carry out examination of evidence deemed to be necessary.

(2) Examination of evidence shall be governed by the Code of Civil Procedure.

(Conclusion of the Proceedings)

Article 47 When concluding the proceedings, the court shall make a declaration to that effect on the date of the hearing.

(Immediate Appeal Against a Ruling)

Article 48 (1) An immediate appeal may be lodged against a judicial decision rendered pursuant to Article 17, paragraph (1) through paragraph (3) or paragraph (5) (including cases as applied mutatis mutandis pursuant to Article

18, paragraph (3)), Article 18, paragraph (1), Article 19, paragraph (1) (including cases as applied mutatis mutandis pursuant to paragraph (7) of the same Article), or paragraph (3) (including cases as applied mutatis mutandis pursuant to paragraph (7) of the same Article and Article 20, paragraph (2) and paragraph (5)), or Article 20, paragraph (1) (including cases as applied mutatis mutandis pursuant to paragraph (5) of the same Article), within an unextendable period of two weeks from the day notice of said judicial decision was received.

(2) The judicial decision set forth in the preceding paragraph shall not become effective until it becomes final and binding.

(Persons Affected by a Judicial Decision)

Article 49 The judicial decision set forth in paragraph (1) of the preceding Article shall be effective with respect to the parties and those persons who are their successors after the final hearing date and prior to the finalization of said judicial decision.

(Effect of a Judicial Decision Ordering Performance)

Article 50 A judicial decision ordering performance pursuant to Article 17, paragraph (3) or paragraph (5) (including cases where applied mutatis mutandis pursuant to Article 18, paragraph (3)), Article 18, paragraph (1), Article 19, paragraph (3) (including cases where applied mutatis mutandis pursuant to paragraph (7) of the same Article and Article 20, paragraphs (2) and (5)), or Article 20, paragraph (1) (including cases where applied mutatis mutandis pursuant to paragraph (5) of the same Article), shall have the same effect as a judicial settlement with respect to compulsory execution.

(Lapse of the Judicial Decision Permitting Transfer or Subleasing)

Article 51 Judicial decisions rendered pursuant to Article 19, paragraph (1) (including cases where applied mutatis mutandis pursuant to paragraph (7) of the same Article) shall cease to be effective when the Land Lease Right Holder does not transfer the buildings within six months after said judicial decision becoming effective; provided, however, that the judicial decision may provide for a longer or shorter period.

(Settlement and Conciliation)

Article 52 The provisions of Article 89, Article 264, Article 265 and Article 267 of the Code of Civil Procedure (limited to those sections relating to settlement) and of Article 20 of the Civil Conciliation Act shall apply mutatis mutandis to the cases set forth in Article 41.

(Inspection, Etc. of the Case Record)

- Article 53 (1) The parties or a third party who has made a prima facie showing of his/her interest may ask of the court clerk to inspect or copy the record of the case set forth in Article 41, and request the delivery of an authenticated copy, a transcript or an extract, or the delivery of a certificate of the matters regarding the case set forth in the same Article.
- (2) The provisions of Article 91, paragraph (4) and paragraph (5) of the Code of Civil Procedure shall apply mutatis mutandis to the records set forth in the preceding paragraph.

(Special Provisions for Judicial Decisions on Expenses)

- Article 54 The provisions of Article 73 (excluding those sections in paragraph (2) to which the provisions of Article 61 through Article 66 of the same law are applied mutatis mutandis), Article 74, and Article 121 of the Code of Civil Procedure shall apply mutatis mutandis to the case set forth in Article 19, paragraph (4) (including cases as applied mutatis mutandis pursuant to paragraph (7) of the same Article and Article 20, paragraph (2) and paragraph (5)).