

# Act on Land and Building Leases

(Act No. 90 of October 4, 1991)

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## 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, provides for the necessary matters in connection with 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 set forth in each of the following items are as prescribed in each respective item:

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

Right.

## **Chapter II Land Lease**

### **Section 1 Duration, Etc. of the Land Leasehold Right**

(Duration of the Land Leasehold Right)

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

(Period of the Land Leasehold Right After Renewal)

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

(Request for Renewal of the Land Lease Contract)

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

(2) The provisions of the preceding paragraph also apply when the Land Leasehold Right Holder continues to make use of the land after the expiration of the duration of the Land Leasehold 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 is deemed to be the continuing use the Land Leasehold Right Holder makes of the land, and the provisions of the preceding paragraph apply between the Land Leasehold 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 history of 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 Leasehold Right Holder as a condition for evicting the land or in exchange for evicting the land, the

consideration of the 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 Leasehold Right Holder (including the Land Sublease Right Holder; hereinafter the same applies in this Article).

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

Article 7 (1) In cases where the buildings are lost before the duration of the Land Leasehold Right expires (including demolition by the Land Leasehold Right Holder or the Land Sublease Right Holder; the same applies hereinafter) and the Land Leasehold Right Holder constructs buildings that are to survive past the remaining period, the Land Leasehold Right, limited to cases where the Lessor has consented to such building construction, continues 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 applies.

(2) In cases where the Land Leasehold Right Holder notifies the Lessor to the effect that the Land Leasehold Right Holder 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 receiving such notice, it is deemed that this constitutes the approval for the building construction on the part of the Lessor referred to in the preceding paragraph; provided, however, that this does not apply to cases where notice was given after the contract was renewed (in cases where the duration of the Land Leasehold Right has been extended pursuant to the provisions of the same paragraph, subsequent to the date that the initial duration of the Land Leasehold Right is to expire; hereinafter the same applies in the following Article and Article 18).

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

(Termination 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 Leasehold Right Holder may request that the superficies be waived or give a notice of termination of the land lease.

(2) In the case prescribed in the preceding paragraph, when the Land Leasehold 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 give a notice of termination of the land lease.

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

## **Section 2 Effect of the Land Leasehold Right**

(Countervailing Power of the Land Leasehold Right)

- Article 10 (1) Even if the Land Leasehold Right is not registered, when the Land Leasehold Right Holder possesses registered buildings on the land, the Land Leasehold 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 Leasehold 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 Leasehold Right is effective as provided in the same paragraph; provided, however, that if two years have passed since the day the original buildings were destroyed, this is 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) apply mutatis mutandis to cases where the land that is the object of the Land Leasehold 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 apply mutatis mutandis to the case referred to in the preceding paragraph.

(Right to Request Increase or Decrease in Land Rent)

- 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 charges 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. will not be increased for a fixed period, those provisions 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 is 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 the judicial decision becomes final and binding, if the amount that has already been paid is insufficient, the amount of the shortfall is 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 that 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 must 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 has a statutory lien on the buildings that the Land Leasehold Right Holder owns on that land.
- (2) The effect of the statutory lien referred to 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) has 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 apply mutatis mutandis to buildings that 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 Leasehold Right expires and the contract is not renewed, the Land Leasehold Right Holder may request that the Lessor purchase the buildings and other items that the Land Leasehold Right Holder has attached to the land by title at the prevailing market value.

(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 Leasehold Right without the consent of the Lessor with the intention that they survive after the expiration of the Land Leasehold 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 apply mutatis mutandis between the Land Sublease Right Holder and the Lessor in cases where the Land Leasehold 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 Leasehold 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 Leasehold Right Holder has attached to the land by title at the prevailing market value.

(Self Land Leasehold Right)

Article 15 (1) Establishment of a Land Leasehold Right does not preclude the Lessor from personally possessing the Land Leasehold Right only when the right is held in common with another party.

(2) Even in a case where the Land Leasehold Right has been returned to the Lessor, when the right is held in common with another party, the Land Leasehold 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 Leasehold Right Holder or the Land Sublease Right Holder are 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 an objective of owning buildings that departs from the land lease terms is reasonable when the Land Leasehold Right is to be actually established due to changes to regulations concerning land use pursuant to laws and regulations, changes to the conditions of the land use in the vicinity or changes to 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 Leasehold Right Holder, grant permission for the remodeling and expansion in lieu of the consent of the Lessor.
- (3) When rendering the judicial decision set forth in the 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 must consider the remaining period of the Land Leasehold Right, the condition of the land, the history of 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 regard to the Land Leasehold 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, must hear 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 Leasehold 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 nor give a notice of

the termination of the land lease, the court may, pursuant to the petition of the Land Leasehold 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 Leasehold 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 must consider the condition of the buildings, the circumstances leading to the loss of the buildings in the case of such loss, the history of the leased land, the circumstances pertaining to the necessity of using the land on the part of the Lessor and the Land Leasehold 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 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 Leasehold 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 it is unlikely that the acquisition by, or sublease to, the third party of the lease right will be disadvantageous to the Lessor, the court may, pursuant to a petition by the Land Leasehold 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 those changes, or may cause permission to be given for the property benefit.
- (2) When rendering the judicial decision referred to in the preceding paragraph, the court must 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 personally files a petition stating that the Lessor 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 referred to in the preceding paragraph ceases 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), must hear the opinion of a committee of experts.
- (7) The provisions of each of the preceding paragraphs 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 Leasehold Right Holder must be obtained.

(Permission to Transfer the Right to Lease Land in the Case of Auction 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 it is unlikely that the acquisition by the third party of the lease right will be disadvantageous to the Lessor, the court may, pursuant to the petition of the 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 apply mutatis mutandis to cases where the petition referred to 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) 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 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 Leasehold 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 Leasehold Right Holder or the Land Sublease Right Holder are invalid.

#### **Section 4 Fixed Term Land Leasehold Right, Etc.**

(Fixed Term Land Leasehold Right)

Article 22 In cases where a Land Leasehold 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 applies 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 an authentic instrument, etc.

(Fixed Term Land Leasehold Right 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 applies in the following paragraph) and a Land Leasehold 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, it may be stipulated that there is to be no extension of the duration pursuant to renewal of the contract or the construction of buildings, and 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 Leasehold Right with a duration of ten or more but less than thirty years is to be established, the provisions of Articles 3 through 8, 13 and 18 do not apply.

(3) Contracts with the objective of establishing Land Leasehold Rights as provided in the preceding two paragraphs must be made by an authentic instrument.

(Land Leasehold Rights with Special Provisions for Building Transfer)

Article 24 (1) In cases where a Land Leasehold Right is to be established (excluding cases where a Land Leasehold 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 Leasehold Right, on the day that thirty years or more have passed since that right was established, the buildings on the land that is the object of the Land Leasehold

Right will be transferred to the Lessor for a reasonable price.

- (2) In cases where a Land Leasehold Right has been extinguished pursuant to the special provisions of the preceding paragraph, when the Land Leasehold Right Holder or the building lessee making use of the buildings subsequent to the extinguishment makes a request, it is deemed that at the time the request was made a lease regarding the buildings having no prescribed period was established between the Land Leasehold Right Holder or the building lessee and the Lessor (in cases where the Land Leasehold Right Holder makes the request and when the Land Leasehold Right has a remaining period, a lease where the remaining period constitutes the duration). In this case, the court prescribes the building rent pursuant to the request of the party.
- (3) In cases where the special provisions of paragraph (1) exist and when a lease contract between the Land Leasehold 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 the contract do not apply notwithstanding the provisions of the preceding paragraph.

(Land Leasehold Right for the Purpose of Temporary Use)

Article 25 In cases where it is clear that the Land Leasehold 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 do not apply.

### **Chapter III Building Lease**

#### **Section 1 Renewal, Etc. of Building Lease Contracts**

(Renewal 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 the period, the relevant party fails to notify the other party to the effect that the lease will not be renewed or that it will not be renewed unless the conditions are changed, it is deemed that the contract has been renewed with conditions identical to those of the existing contract; provided, however, that the period of the renewed lease is not prescribed.
- (2) Even in cases where the notice referred to 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 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 is deemed to be continuing use

of the buildings on the part of the building lessee, and the provisions of the preceding paragraph 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 given a notice of termination of the lease, the building lease is terminated by reason of the passage of six months from the day the notice of termination was given.
- (2) The provisions of paragraphs (2) and (3) of the preceding Article apply mutatis mutandis to cases where a building lease has been terminated pursuant to a notice of termination.

(Requirements for Refusing to Renew a Building Lease Contract)

Article 28 The notice on the part of the building lessor set forth in Article 26, paragraph (1) or a notice of termination of a building lease may not be given, unless it is found, upon consideration of the history of 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 evicting the buildings or in exchange for evicting the buildings, the consideration of the 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 applies in this Article).

(Period of the Building Lease)

- Article 29 (1) A building lease having a period of less than one year is deemed to be a building lease having no prescribed period.
- (2) The provisions of Article 604 of the Civil Code do 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 are invalid.

## **Section 2 Effect of the Building Lease**

(Perfection 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 subsequently becomes effective in respect to the person who has acquired real rights to those buildings.
- (2) The provisions of Article 566, paragraph (1) and paragraph (3) of the Civil Code 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 apply *mutatis mutandis* to the cases referred to 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 an increase or decrease in tax and other burdens 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 will not be increased for a fixed period, those provisions apply.

- (2) If no agreement may be reached between the parties regarding an increase in the amount of the building rent, until the judicial decision on establishing the increased amount as valid becomes final and binding, it is 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 that judicial decision becomes final and binding, if the amount that has already been paid is insufficient, the amount of the shortfall must 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 a decrease in the amount of the building rent, until the judicial decision on establishing the decreased amount as valid becomes final and binding, it is 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 that 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 must 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 consent of the building lessor exist, when the building lease has been terminated either by reason of the expiration of the period or by a notice of termination, the building lessee may request of the building lessor that the building lessor purchase those interior decorations and fixtures at the prevailing market value. The same applies to interior decorations and fixtures purchased from the building lessor.

- (2) The provisions of the preceding paragraph 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 a notice of 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 a notice of termination, the building lessor may not assert that termination against the building sublessee without providing notice to that effect to the building sublessee.

(2) When the building lessor delivers the notice referred to in the preceding paragraph, the building sublease is 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 Leasehold Right, when the building lessee must evict the buildings by reason of the expiration of the term of the Land Leasehold Right, only in cases where the building lessee was unaware of the expiration of the term of the Land Leasehold Right at least one year prior to the expiration, the court may, pursuant to a request by the building lessee, grant a reasonable time period for the eviction of the land, not exceeding one year from the day the building lessee was made aware of the expiration of the Land Leasehold Right.

(2) When the court grants the time period pursuant to the provisions of the preceding paragraph, the building lease is 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, the persons succeed to the rights and duties of the building lessee; provided, however, that this does not apply when those 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 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 are 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 stipulate that the contract is not to be renewed only if the contract has been concluded in writing by means of notarial deed, etc. notwithstanding the provisions of Article 30. In this case, the provisions of Article 29, paragraph (1) do not apply.
- (2) Where parties enter into a building lease pursuant to the provisions of the preceding paragraph, the building lessor must provide to the building lessee in advance, an explanation that the building lease contract pursuant to the provisions of the same paragraph will not be renewed and that the building lease will be terminated by reason of the expiration of the period, by delivering a written statement to that effect.
- (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 is not to be renewed are 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, the building lessor may not assert that termination against the building lessee; provided, however, that this does 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 the part) of less than 200 square meters), when it becomes difficult for the building lessee to use the building as the building lessee's principal place of daily activity due to an unavoidable circumstance such as a work-related transfer, the receiving of medical care, or the necessity of providing nursing care to a relative, the building lessee may give a notice of termination of the building lease. In this case, the building lease is terminated when one month has passed since the day of the notice of termination.

- (6) Any special provisions that run counter to the provisions of the preceding two paragraphs and that are disadvantageous to the building lessee are invalid.
- (7) In cases of a building lease pursuant to the provisions of paragraph (1), the provisions of Article 32 do 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 will 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 do 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 Leasehold Right has jurisdiction over the cases prescribed in Article 17, paragraph (1), paragraph (2) or paragraph (5) (including as applied mutatis mutandis pursuant to Article 18, paragraph (3)), Article 18, paragraph (1), Article 19, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (7) of the same Article), or paragraph (3) (including as applied mutatis mutandis pursuant to paragraph (7) of the same Article and Article 20, paragraph (2) (including as applied mutatis mutandis pursuant to paragraph (5) of the same Article)), or Article 20, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (5) of the same Article); provided, however, that this does not preclude the summary court having jurisdiction over the location having jurisdiction should the parties agree.

(Exclusion from the Application of the Non-Contentious Case Procedures Act, and the Rules of the Supreme Court)

Article 42 (1) The provisions of Article 27, Article 40, and the second sentence of Article 63, paragraph (1) of the Non-Contentious Case Procedures Act (Act No.



51 of 2011) do not apply to the cases set forth in the preceding Article.

- (2) In addition to matters prescribed in this Act, the necessary matters with respect to the cases set forth in the preceding Article will be prescribed according to the rules of the Supreme Court.

(Mandatory Intervention)

Article 43 (1) Pursuant to the petition of a party, the court may have a person who is qualified to be a party intervene in the proceedings of the cases set forth in Article 41.

- (2) The petition referred to in the preceding paragraph must be filed by means of a document stating the purpose of and reasons for intervention.
- (3) An immediate appeal may be filed against a judicial decision to dismiss the petition set forth in paragraph (1).

(Qualification of Counsel)

Article 44 (1) Except for an agent who may perform acts in court under laws and regulations, no person other than an attorney may serve as a counsel; provided, however, that in a summary court, with its permission, a person who is not an attorney may be appointed as a counsel.

- (2) The permission set forth in the proviso to the preceding paragraph may be rescinded at any time.

(Scope of Authority of Representation Vested in Counsel)

Article 45 (1) A counsel, with regard to a case entrusted thereto, may perform procedural acts concerning the petition set forth in Article 19, paragraph (3) (including as applied mutatis mutandis pursuant to paragraph (7) of the same Article and Article 20, paragraph (2) (including as applied mutatis mutandis pursuant to paragraph (5) of the same Article); the same applies in the following paragraph) (excluding the acts provided in the following paragraph), in addition to procedural acts regarding the matters specified in Article 23, paragraph (1) of the Non-Contentious Case Procedures Act.

- (2) A counsel must be specially entrusted in relation to the petition set forth in Article 19, paragraph (3), in addition to the matters set forth in the items of Article 23, paragraph (2) of the Non-Contentious Case Procedures Act.

(Inspection of Case Record)

Article 46 (1) The parties or a third party who has made a prima facie showing of the third party's interest may make a request to a court clerk for the inspection or copying of, or the issuance of an authenticated copy, transcript or extract of a record of the case set forth in Article 41, or for the issuance of a certificate of matters concerning the case set forth in the same Article.

(2) The provisions of Article 91, paragraphs (4) and (5) of the Code of Civil Procedure (Act No. 109 of 1996) apply mutatis mutandis to the record set forth in the preceding paragraph.

(Committee of Experts)

Article 47 (1) The committee of experts is composed of three or more members.

(2) The court designates the members of the committee of experts case by case from among the following persons; provided, however, that this does 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 are provided with travel expenses, daily allowance, and lodging expenses prescribed by the rules of the Supreme Court.

(Suspension of Proceedings)

Article 48 When a suit or any other case is pending with regard to rights and interests between the parties for the land that is the object of a Land Leasehold Right, the court may suspend the proceedings of the case set forth in Article 41, until that pending suit or case is closed.

(Dismissal of Unlawful Petition)

Article 49 If a petition is unlawful and such defect cannot be corrected, the court may dismiss the petition without holding a hearing.

(Service of Written Petition)

Article 50 (1) Except in the case set forth in the preceding Article, the court must serve a written petition of the case set forth in Article 41 upon the other party.

(2) The provisions of Article 43, paragraph (4) through paragraph (6) of the Non-Contentious Case Procedures Act apply mutatis mutandis where it is impossible to serve a written petition (including the cases where the expenses necessary for serving a written petition are not prepaid).

(Date of Hearings)

Article 51 (1) The court must be held on the date of the hearing and hear the statements of the parties.

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

(Dismissal of Petition in the case of No Prepayment of Expenses for Summons)

Article 52 Where the court has specified a reasonable period of time and ordered the petitioner to prepay expenses necessary for issuing a summons to the parties to appear on the appearance date pursuant to the provisions of the Act on Costs of Civil Procedure (Act No. 40 of 1971), but such expenses are not prepaid, the court may dismiss the petition.

(Notice of Investigation of Facts)

Article 53 When the court has investigated facts, it must give notice to that effect to the parties and an interested party intervenor, except when it does not find it to be particularly necessary to do so.

(Conclusion of the Proceedings)

Article 54 When concluding the proceedings, the court must make a declaration to that effect on the date of the hearing.

(Service and Effect of Written Judgment)

Article 55 (1) When a judicial decision is made pursuant to the provisions of Article 17, paragraph (1) through paragraph (3) or paragraph (5) (including as applied mutatis mutandis pursuant to Article 18, paragraph (3)), Article 18, paragraph (1), Article 19, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (7) of the same Article) or paragraph (3) (including as applied mutatis mutandis pursuant to paragraph (7) of the same Article and Article 20, paragraph (2) (including as applied mutatis mutandis pursuant to paragraph (5) of the same Article)) or Article 20, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (5) of the same Article), the written judgment must be served upon the relevant party.  
(2) The judicial decision referred to in the preceding paragraph does not become effective until it becomes final and binding.

(Attachment of Reasons)

Article 56 The judicial decision set forth in paragraph (1) of the preceding Article must be accompanied by the reasons therefor.

(Persons Affected by a Judicial Decision)

Article 57 The judicial decision set forth in Article 55, paragraph (1) is effective with respect to the parties and those persons who are their successors after the final hearing date and prior to the finalization of that judicial decision.

(Effect of a Judicial Decision Ordering Performance)

Article 58 A judicial decision under Article 17, paragraph (3) or paragraph (5)

that orders performance (including as applied mutatis mutandis pursuant to Article 18, paragraph (3)), Article 18, paragraph (1), Article 19, paragraph (3) (including as applied mutatis mutandis pursuant to paragraph (7) of the same Article and Article 20, paragraph (2) (including as applied mutatis mutandis pursuant to paragraph (5) of the same Article)), or Article 20, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (5) of the same Article), has the same effect as a judicial settlement with respect to compulsory execution.

(Lapse of the Judicial Decision Permitting Transfer or Subleasing)

Article 59 Judicial decisions rendered pursuant to Article 19, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (7) of the same Article) cease to be effective when the Land Leasehold Right Holder does not transfer the buildings within six months after that judicial decision becoming effective; provided, however, that the judicial decision may provide for a longer or shorter period.

(Application Mutatis Mutandis of Provisions Concerning Procedure in the First Instance)

Article 60 The provisions of Article 49, 50, and 52 apply mutatis mutandis where an immediate appeal is filed against the judicial decision set forth in Article 55, paragraph (1).