

Japan Real Estate Sample Lease Agreement

This agreement (hereinafter referred to as the "Lease Agreement") is made and entered into by and between _____ (hereinafter referred to as the "Lessor") and _____ (hereinafter referred to as the "Lessee"), concerning the lease of the premises defined below. Upon consultation between the Lessor and the Lessee, the parties have agreed to as set forth below.

Article 1 Lease Premises

The Lessor shall lease to the Lessee the premises defined below (hereinafter referred to as the "Premises") and the Lessee shall take the Premises on lease.

Name: _____

Location: _____

Structure: _____

Floor number and area of Premises: _____

_____ floor

_____ square meters

_____ tsubo

Article 2 Term of Lease

The terms of the lease hereunder shall be _____ (_____) years, commencing on _____, 200_____, and terminating on _____, 200_____, and subject to extension for an additional _____ (_____) year(s) in the event that no notice is made to the contrary or for change of terms and conditions thereof by the Lessor six (6) months prior to the expiration date or by the Lessee _____ (_____) months prior to the expiration date. In the event of renewal of this Agreement, the Lessee shall pay to the Lessor an amount equal to the revised rental fee of one (1) month as a renewal fee. The same shall apply to all subsequent renewals.

Article 3 Purpose of Use

The Lessee shall use the Premises as _____ and not for any other purposes.

Article 4 Rental and Other fees

- A. The rental fee shall be yen _____ per month and shall be included with the related imposed consumption tax of yen _____. The management and maintenance fee shall be yen _____ and shall be included with the related imposed consumption tax of yen _____. The lessee shall pay the rental fee, the management and maintenance fee, and related imposed consumption taxes for any other one month by the _____ day of the previous month by bank transfer to the bank account designated by the Lessor.

The amount charged for rent and management and maintenance fees for any period less than one (1) month shall be calculated per diem.

- B. The Lessee shall pay, in addition to the rental and management and maintenance fees, the cost of _____, which shall be paid to the Lessor in the same manner as defined in the foregoing item.

Article 5 Revision of Fee

Revision of the rental fee and the management and maintenance fee may be made at any time during the term of the lease, whenever deemed necessary due to fluctuation of prices and/or rent market, change in economic circumstances, increase or decrease in the taxes and public charges, or an unbalance in rental fees for compatible Premises in neighboring buildings, upon consultation between the Lessor and the Lessee.

Article 6 Deposit Money

- A. The Lessee shall deposit the sum of yen _____ as Deposit Money upon signing this agreement. The Deposit Money shall bear no interest.
- B. In the event of Agreement termination, whether due to cancellation or other reasons, after complete redelivery of the Premises by the Lessee, the Deposit Money shall be appropriated to settle any and all obligations of the Lessee to the Lessor. Any amount of the Deposit Money that remains shall be refunded by the Lessor to the Lessee.
- C. A depreciation fee of yen _____ shall be deducted from the Deposit Money when the Deposit Money is refunded.

Article 7 Offsetting Deposit Money

- A. In the event the Lessee should default in the payment of rental fee or otherwise fail to perform any of its obligations herein, the Lessor may appropriate the Deposit Money without prior notice. The Lessee may not assert or claim that the rental fee or any other obligation incurred herein be offset with the Deposit Money during the term in which the Agreement is in effect.
- B. In the event the Lessor appropriates the Deposit Money as described in the preceding paragraph, the Lessee shall make up the shortage in the Deposit Money within seven (7) days of notification by the Lessor that such appropriation has been so made.

Article 8 Assignments of Deposit Money Prohibited

The Lessee shall not assign or transfer, put pledge, or otherwise dispose of its claim to the Deposit Money hereunder.



Article 9 Prohibitions

The Lessee may not perform the following actions.

- A. Assign or transfer its own leasing right to the Premises or sublease the Premises to a third party without the approval of the Lessor.
- B. Permit a third party to share the Premises or display name plates other than the Lessee's own.
- C. Endanger, make unsanitary or otherwise cause inconvenience or annoyance to the neighborhood, destroy or damage the building, or undertake any action that may result in such damages during the Lessee's occupation of the Premises.

Article 10 Liability for Damages

- A. The Lessee shall be liable to the Lessor for any damage caused by malicious intent or negligence of the Lessee, its agent, or employees.
- B. The Lessee shall be liable for any damage caused by third parties due to malicious intent or negligence on the part of the Lessee, its agent, or employees. The Lessee shall ensure settlement of all such matters in a manner that causes no inconvenience to the Lessor.
- C. The Lessor shall not be liable for any damages suffered by the Lessee due to fire, earthquake, flood, theft, or any other unforeseen accidental cause. This provision does not apply to damages resulting from malicious intent or negligence on the part of the Lessor, its agent, or employees.

Article 11 Alterations

Any alterations to the Premises, including remodeling or installation of facilities, which result in changes to the original state of the Premises, shall be conducted only with the prior consent of and subject to the instructions of the Lessor, and at the expense of Lessee.

Article 12 Repair

- A. The Lessor shall be obligated to conduct repair work related to the maintenance and security of the main structure of the building (roofs, exterior wall, and structural wall) and facilities installed by the Lessor, as required.
- B. Other work, such as repairs and repainting, that is not described in the previous paragraph shall, in principle, be conducted by the Lessee at the Lessee's expense.
- C. Whenever repairs on the Premises become necessary, the Lessee shall notify the Lessor without delay and shall carry out the repair work only with the prior consent of and subject to the instructions of the Lessor, even when such repairs are conducted at the Lessee's expense.

Article 13 Inspection of Premises

The Lessor, its agent or employees may, after first notifying the Lessee, enter the Premises and take such measures as may be necessary for the inspection, repair, or the prevention of fire or theft in respect to the building, the fixtures, or facilities thereof. In emergencies the Lessor may enter the Premises without prior notification although the Lessor shall notify the Lessee promptly after such entries are made.

Article 14 Right of Claim for Purchase of Fixtures

When redelivering the Premises to the Lessor, the Lessee shall not make any claim, no matter what the nature or name, against the Lessor for repayment of expenses incurred by the Lessee for fixtures or facilities in the Premises, or compensation for the Lessee's moving or evacuating the Premises at the request of Lessor. Nor shall the Lessee make any claim against the Lessor for purchase of fixtures or facilities previously installed in the Premises at the Lessee's own expense.

Article 15 Termination

When either party wishes to terminate the Agreement during the period in which it is effective, either may do so. However, the Lessor shall notify the Lessee in writing six (6) months prior to the date of same while the Lessee shall notify the Lessor in writing _____ (_____) months prior to the date of same. However, the Lessee may terminate the Agreement immediately by paying _____ (_____) month's rental fee.

Article 16 Cancellation of the Agreement

The Lessor may cancel the Agreement without any notice, if the Lessee has:

- A. Failed to pay the rental or management and maintenance fee for two (2) consecutive months or more;
- B. Received seizure, provisional seizure, provisional disposition; applied for company arrangement, reorganization, composition, bankruptcy, or special liquidation; or has been subjected to suspension of business with a bank;
- C. Violated the provisions of Articles 3 or 9;
- D. Allowed Specified Gangs or members of the same to use the Premises;
- E. Otherwise acted in violation of the provisions herein.

Article 17 Restoration

Upon redelivery of the Premises on completion of the Agreement:

- A. The Lessee shall redeliver the Premises after first restoring the Premises to its original condition by removing, at the Lessee's own expense, fixtures, and facilities previously installed in the Premises by the Lessee as well as other of the Lessee's property contained within the Premises. Prior to redelivery, the Lessee, at its own expense, shall repair any damage suffered by the Premises and attached facilities resulting from actions conducted by the Lessee. In the event the Lessee fails to restore promptly the Premises to its original condition, the Lessor reserves the right to take the above measure at the expense of Lessee.
- B. The Lessee shall, at the request of the Lessor, remove any property of the Lessor previously installed by the Lessor at the request of the Lessee at the expense of the Lessee and deliver it to the Lessor.
- C. The Lessor reserves the right to dispose at its own discretion any property left by the Lessee within the Premises after redelivery of the Premises.
- D. In the event the Lessee fails to redeliver the Premises to the Lessor upon termination of the Agreement, the Lessee shall pay the Lessor a penalty equaling twice the amount of the rental fee. This fee shall be calculated for the period commencing from the day immediately subsequent to the date of the termination of the Agreement until the day of complete redelivery.

Article 18 Consumption Tax

Any invoice issued by the Lessor to the Lessee, including those issued for rent and any other liabilities arising from this Agreement as well as attached agreements, shall include all consumption tax imposed upon such payments, and Lessee shall bear the cost of same.

Article 19 Consent in Writing

All applications submitted by the Lessee to the Lessor shall be in writing.

Article 20 Building Regulations

The Lessee shall observe building regulations as well as those regulations issued by the Lessor concerning building management.

Article 21 Notification

In the event changes occur in the name of the Lessee registered at the time of signing during the period in which the Agreement is in effect, or if any important changes occur in the Lessee's organization or business, such as mergers, changes in the purposes of business, the Lessee shall immediately notify the Lessor of same.

Article 22 Joint Surety

The joint surety bears jointly with the Lessee all obligations owned the Lessor by the Lessee under the Agreement.

Article 23 Notary Deed

The Agreement may be written as a notary deed, with the cost thereof being equally shared by the Lessor and the Lessee.

Note: The Notary Deed has a power to do forcible execution of a monetary obligation without the judgment from the court to do the forcible execution. It might save time and money to make the Notary Deed, in case there is a possibility of discord between the parties to the deed in the future.

Article 24 Jurisdiction

Any dispute arising from the Agreement between the Lessor and the Lessee shall be settled at the regional court that exercises jurisdiction over the district in which the Lessor is located.

Article 25 Supplementary Provision

Any matter not covered herein or any misunderstandings concerning the interpretation of the provisions contained herein shall be conferred upon and solved by and between the Lessor and the Lessee in good faith in accordance with relevant laws, ordinances, and customs.

IN WITNESS HEREOF, THIS AGREEMENT has been prepared in duplicate of which the Lessor and the Lessee shall retain one (1) copy each.

Date:

Lessor:

Lessee:

Joint Surety: