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RENTAL RELATIONSHIP IN LIGHT OF CIVIL CODE AND PROPERTY LEASING LAW AND PRACTICAL APPLICATION



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RENTAL RELATIONSHIP IN LIGHT OF CIVIL CODE AND PROPERTY LEASING LAW AND PRACTICAL APPLICATION

INTRODUCTION

The legislator laid the foundations for regulating relations between human beings, and to that end he established the principle of contracting to be the main reference. Nevertheless, disputes and conflicts between persons often arise over the various contracts they enter into and even reach courts. One of the most important contracts that provoke disputes and controversies is leases. Therefore, the legislator addressed it in great detail in the Civil Code as a general law, and then issued a special law for it. The most significant of which are property leases which include the majority of conflicts and disputes due to their great impact on many aspects of economic and social activity in the State.



DEFINITION OF RENTAL RELATIONSHIP

- ◆ Leasehold for a specified period in consideration of a fixed rent.
- ◆ Right of use in consideration of rent.

Ownership gives the lessor rights of usage, exploitation and disposition.

While lease grants the lessee usage rights.

Definition as in Article 582 of the Qatari Civil Code

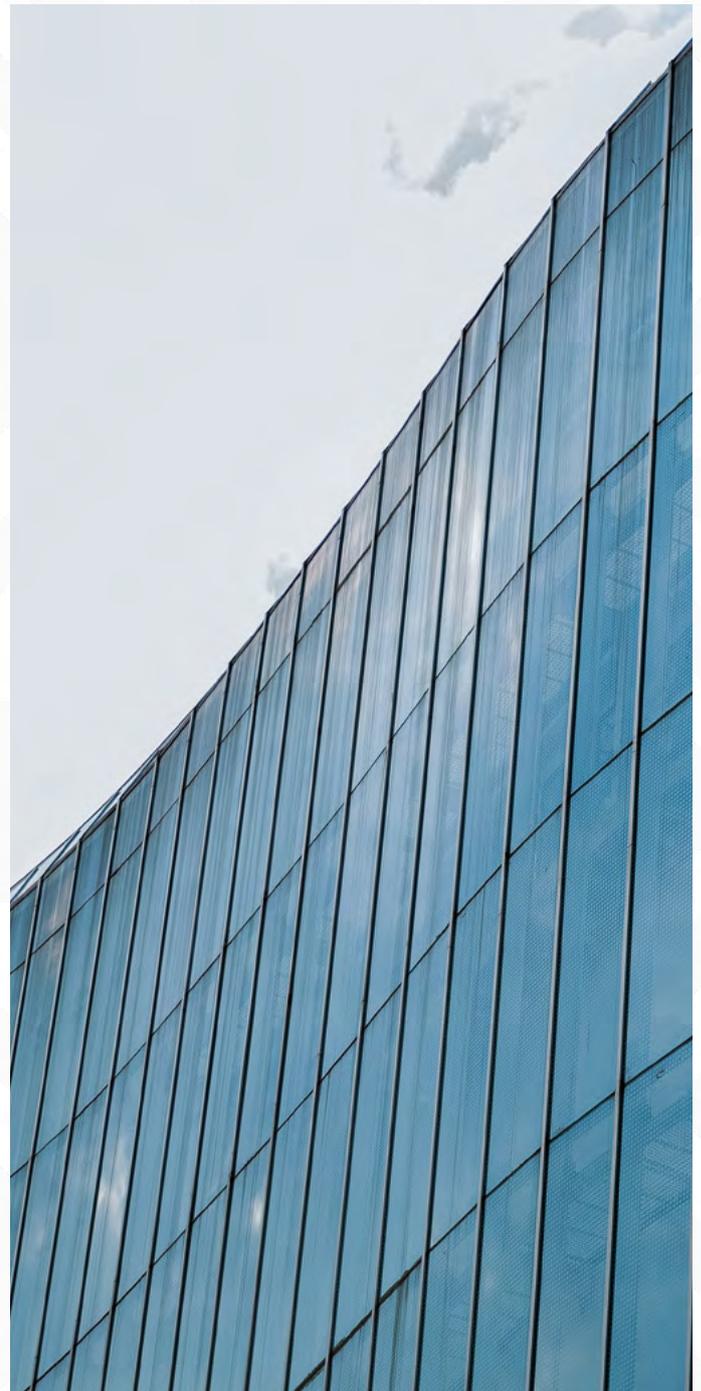
“Lease is a contract under which the lessor enables the lessee to benefit from a particular item for a fixed period of time in return for a financial compensation.”

In the light of the above definition, we try to understand the most legal issues and problems that arise from the lease and result from the rental relationship.

The principle in the rental relationship is (fixed term). Clear and specific determination of the lease term is one of the pillars and most important elements of the lease agreement. In other words, the term shall be specified numbers of days, months or years, regardless of their length. But in the end, it is temporary and fixed.

Some have authorized the legal extension of the lease (originally temporary), which is an exception to the rule, in the public interest of society and to ensure the stability and tranquility of its members, as well as to protect national economy and commercial transactions.

In the case of legal extension, many jurisprudential and legal controversial issues arise and their related disputes often reach courts, where the conflict of interest has replaced the agreement of will, the conflict has replaced consent, and the dilemma of ownership rights and usage rights emerges.



PROPERTIES OF LEASE

Lease is a specified and consensual contract, binding on both parties. It is a commutative contract, which creates positive and personal obligations. It is a management contract, which applies to non-consumable thing. It is a fixed-term contract that creates continuing obligations.

1. Lease as a specified contract

This type of contract has been common in transactions between people since ancient times, and the modern legislator came to regulate its provisions to facilitate the dealings of it parties. Therefore, the judge should be aware of the nature of the contract in dispute - called lease - by referring to the provisions in the Property Leasing Law, if any, and then the Civil Code. That is, the judge shall apply the provisions of the Property Leasing Law (Special Law) before referring to the general law and the provisions of the general theory of the contract.

2. Lease as a consensual contract

Lease is one of the oldest consensual contracts in legal regulations. The agreement of wills of the lessor and the lessee - or their representatives - is sufficient for the contract to be concluded without the need to draft it in a particular form.

It is well known that a contract remains consensual, even if the law requires a form to prove it – such as writing. This form is not necessary for the conclusion of the lease, but rather a mere means of proving it. If the parties agree that the lease shall only be concluded in a formal or a written form, then their will shall be respected.

3. Lease as a binding contract

Once the lease is concluded, several obligations are created on both the lessor and the lessee. Later, we will further elaborate on the rights and obligations of each party, and the applicable provisions if any party breaches its obligations.

4. Lease as a commutative contract

Under this contract, the lessor grants the lessee the right to use the leased premises, and in consideration the lessee gives the lessor a rent. Thus, the contracting parties give and receive an equivalent or reciprocal value, and the lease is only valid when concluded as a commutative contract.

5. Lease creates personal obligations

The lease creates personal obligations on both the lessor and the lessee.

The lessee's right is closely related to the leased premises, to the extent that if it is sold without the lessee's permission, the sale shall be effective between the seller and the buyer, but this does not affect the lessee's right.

This means that when a leased premises is transferred from the ownership of the lessor to the property of a third party, it passes with the lessee's right, and the nature of this right is protected by claims of possession.

6. Lease creates positive obligations

Some jurists object to the definition of the lease as leasehold, as this suggests that the lessor's obligation is negative, such as the seller's obligation towards the buyer. That is, the lessor does not obligate the lessee to make use of the leased premises, but is only obligate him to use

the property without limiting the aspects of use. In fact, in view of the provisions of the Civil Code regulating leasing and the Property Leasing Law, it is clear that the legislator intended to make the lessor's obligations positive. The legislator obligated the lessor to deliver to the lessee the leased premises and its annexes in a

condition fit for its intended full use. In addition, the legislator obligated the lessor to repair the defect in the leased premises, otherwise the judge shall authorize the lessee to repair and cha deduct the cost incurred from the rent, and also obligated the lessor to hold the lessee harmless of any claims, entitlements and defects.



The above is supported in the following legal provisions:

Article 590 of the Civil Act

The lessor shall deliver to the lessee the leased premises and its annexes in a condition fit for its intended use, either as agreed or according to the nature of the property.

Article 593 of the Civil Act

The lessor shall deliver to the lessee the leased premises and its annexes in a condition fit for its intended use, either as agreed or according to the nature of the property.

Article 594 of the Civil Act

Where the lessor, upon receiving notice, fails to perform the necessary repairs in accordance with the provisions of Articles 591 and 593 herein, the lessee may obtain permission from the court to perform such repairs personally and to deduct the cost incurred from the rent, without prejudice to the lessee's right to demand termination of the lease or a reduction in the rent as provided for by law.

7. Lease as a management contract

Leases are the clearest form of management contracts that do not entail any rights of dispositions. We have already stated that a lease creates a personal obligation between the lessor and the lessee, and does not transfer to the lessee any real rights. We are going to discuss the impact of this when addressing the capacity of the lessor as the owner of the right to of disposition, and the validity of the acts of the trustee or representative. It therefore makes sense that the law required the lessee to maintain the leased premises, and to return it

at the end of the lease in its original condition, and forbade him from sub-leasing it to another person except with the lessor's permission or authorization.

8. Lease does not apply to consumable things

An object is consumable when it can only be used by consuming or spending it. And it is considered non-consumable if it is used repeatedly without perishing. Since the lease obligates the lessee to maintain the leased property and preserve it from losses and damages, and to returns it to the lessor at the expiry of the lease term in its original condition, therefore it cannot be applied to things that are perished by use, as returning the object in its original condition is not envisaged in such cases.

9. Lease as a fixed-term contract

The term is the object of lessor's obligation to enable the lessee of the leased object, and the object of lessee's obligation to pay the rent. This object is measured by a certain unit of time and that the term must be determined and known. Therefore, the term in leases is an integral and essential element thereof.

10. Distinctive features of the lease

The characteristics that we have mentioned for the lease distinguish it from other contracts, so that the lease is not confused with similar contracts. However, in some cases where the characteristics of the lease overlap with the characteristics of another contract, we see confusion, which requires the intervention of the judge to determine the nature of the contract, and to frame it within the sound legal framework. Below are examples of such cases:

First: Lease ending with ownership

Jurisprudence and the judiciary agree in determining the nature of contract if both parties agree to transfer ownership of a certain property in consideration for specific installments paid within a known period. This is called instalment selling authorized by Islamic law, and considered one of the forms of credit selling. However, the confusion takes place in determining the nature of contract when the parties call it a "lease", even though their true intention is selling. For example, the seller sells his goods in facilitated installments easy for the buyer to pay, while retaining ownership of the goods at the same time, until he receives the last installment. This contract has taken several forms in practical life, of which we are going to address only three, lease purchase, lease with a promise to sell, and finance leasing.

A. Lease Purchase: The parties agree to rent an object for a specific period in consideration of a specific periodic rent, and if the lessee pays this whole price by the end of the term, the ownership of such object shall be transferred to the lessee. In case of any breach of the contract clauses, the contract shall be terminated, the object shall be returned to the lessor, and the lessee may not recover any amounts paid.

B. Lease with a promise to sell: This type of contract has three elements:

1. A promise to sell be made by the "lessor – lessor" in favor of the "lessee – possessor" if the latter expresses his desire to buy the property within a certain period.
2. Use of the property – in consideration of compensation – for a period prior to the transfer of ownership.
3. Payment of rent until the personal right of transfer of ownership.

C. Finance Leasing: A tri-party contract, where the first party is seeking to rent equipment, machinery or real estate for use in a production project, the second party is a company specialized in the production and selling of such equipment or real estate, while the third party is a credit institution for financing projects that buys such equipment or real estate from specialized companies, and leases them to the owner of the production project for a period of equivalent to the lifespan of the same at a high rent that guarantees the reimbursement of the price with a profit. At the expiry of the lease term, the lessee can: either terminate the lease and return the leased property, or take ownership of the property and equipment with an exclusive sale promise, often agreed upon at the beginning of the contract, or renew the lease for another period at a lower rent.

The Court of Cassation decided that Finance Leasing could only be exercised frequently by credit institutions, otherwise the contract would be invalid. However, jurisprudence still disagrees on the characterization of such contract due to its complex nature, although the judiciary has considered it a lease with many penal clauses, rather than a credit sale.

Second: Lease vs Lending

The differences between lease and lending are very clear. The subject matter of both contracts is giving usage right for a certain period, however in leases it's for a known compensation, while in lending it is without compensation. The lease is a commutative contract, while lending is a donation contract. We have already mentioned that rent is a consensual contract where the agreement of wills of the lessor and the lessee is sufficient for the contract to be concluded, while lending is a real contract, " Lending is



completed by receiving the borrowed thing, prior to which it shall have no effect.” Rent is also a contract binding on both parties, to which the provisions of the Exceptio non adimpleti contractus rule and avoidance provisions apply. The is different in lending, which is a contract binding on one party, the borrower. In lending, the lender may not to recover the borrowed thing if the lending period is restricted by a certain time or act. Also, if it is not restricted in time or the performance of an act, the lender is not entitled to recover it prior to the expiry of the period current in similar loans. This obligation does not arise from the contract itself, but is due to other reasons following the contract, in line with the rule “which is established by custom is equivalent to a stipulated condition, and custom is binding”.

Third: Lease vs Bailment

Lease is fundamentally different from the bailment contract. Lease is the conferring by the lessor on the lessee of the right of use intended for the leased object for a specified period in consideration of a fixed rent, while bailment is a contract whereby one person to take delivery from the bailor of a thing which he undertakes to keep in safe custody and return in kind. The bailee is neither entitled to claim remuneration for keeping the property bailed nor a rent of the premises where it is kept, unless provided for upon depositing or practiced by special custom. The bailee may not utilize the property bailed or confer to others a right thereon without authorization of the bailor; if he does so and it perishes or devaluates, he is liable to indemnity. The bailee is bound to return the property bailed with its benefits and yields and deliver it on demand at any time. However, the difference between lease and bailment is blurred in some cases, which has sparked a dispute over the correct characterization of it, for example:

A. Lease of Safe Deposit Boxes

Banks, in special places, leases safe deposit boxes to their customers to deposit their valuables or important documents for their protection. The bank charges the customer a certain rent for such leasing and hands him the key to the safe deposit box without knowing what is inside. The bank keeps another key to use in cases of extreme necessity, such as fire, flooding, etc. The Bank is committed to maintaining the safe deposit box and taking measures to keep it in good condition. What is the nature of this contract?

The legal predominant opinion is that it's a lease, not a bailment contract. This is because the bank hands the lessee the key to the safe deposit box to put in it whatever he wants. The bank does not receive from him what he wants to deposit, and does not pledge to return it.

However, some laws subject it to bailment provisions, holding the bank liable for the damage or disappearance of objects deposited in the safe deposit box, except in the case of force majeure.

However, this opinion has become likely. Others said that it was a bailment contract and not a lease, since the parties' primary intention was to oblige the bank to safeguard the safe deposit box, and the customer would not have contracted with the bank if the safeguarding duty was not an integral part of the contract.

This opinion faced strong criticism – such as the previous one - because the bank knows nothing about the contents of the safe deposit box, and does not have possession of the contents, but the customer retains the possession.

Some therefore considered this contract as a lease for the safe deposit box, then a bailment contract for depositing the safe deposit box at the bank.

Others saw it as a mixed bailment-lease contract.

And some considered it a special contract "Custody Contract".

B. Contracts for leasing warehouses, exhibitions and parkings

If a merchant agrees with the owner of a warehouse or "refrigerator" to place his goods in the warehouse or refrigerator for a certain period in consideration of a fixed rent, what is the nature of this contract?

To answer this question, we should analyze the texts of the agreement:

If it is established that the owner shall receive the goods from the merchant, preserve and return them – then it is a bailment contract with a wage.

On the contrary: if the owner is only providing the place for the goods and the merchant shall take care of them himself, then the contract is a lease, not a bailment.

Fourth: Lease vs Contract For Work

"Contract for work is one by virtue of which one of the parties undertakes to do a piece of work in consideration of a remuneration which the other party undertakes to pay." From this definition, it is clear that the contract for work is fundamentally different from the lease, which means "the conferring by the lessor on the lessee of the right of use intended for the leased object for a specified period in consideration of a fixed rent."

However, cases have been brought before the courts, in which the lease has been confused with the contract for work, which necessitated

the analysis of each case and the indication of its nature, including:

A. Transportation of passengers by car, train, ship or other means of transport. Is this considered a lease for the place allocated to the passengers, or as a contract for work that obliges the transporter to perform a certain work?

Jurisprudence and the judiciary have settled on considering this a contract for work, since the transporter maintains full control over the means of transport.

B. Hospitality contract: It should not be described as a lease of the place specified for the guest, because the hotel management provides other important services, and monitors his use of the hotel and its contents, and his commitment not to violate the instructions set by the management.

C. Leasing a car with chauffeur: It is considered a lease as long as the lessee is independent of the rental office, and is the giving orders to the chauffeur.

D. Leasing a seat in a stadium, theatre, etc.: It was considered a contract for work, despite being called "Leasing", because the essential element of the contract is the show presented in the stadium or theater, and the same for utility subscriptions.

E. Agreement with a newspaper to lease an advertising place in exchange for a certain rent: It is lease, not a contract for work. An agreement with an owner to publish advertisements on the walls of the building or on its roof is considered a lease if it is limited to providing the place, while if the owner undertakes the procedures for placing advertisements, then it is a contract for work.



Fourth: Lease vs Contract For Work

- ◆ Lease is the conferring by the lessor on the lessee of the right of use intended for the leased object for a specified period in consideration of a fixed rent, while usufruct is right in rem given to the usufructuary in order to use a real estate owned by another and exploit it as long as it remains as it is.
- ◆ Usage in leases can be acquired by a legal act (lease), and usufruct is the same.
- ◆ Lease is limited by a certain term, while usufruct ends by the lapse of fifty years, unless another period is specified in the deed establishing such right.
- ◆ The leased property is in trust in the hands of the lessee who shall warrant every shortage, deterioration or loss resulting from his neglect or trespass. He is bound to preserve it as would an ordinary person do. The usufructuary must preserve the thing subject to usufruct with the usual diligence of a normal person.
- ◆ If the lease period has terminated before ripening of the plants, for a reason beyond the control of the lessee, it shall be left in consideration of a rent of similar things until its ripening and harvesting. When the period set for the usufruct expires and there are standing crops on the land which is subject to usufruct, the land is left to the usufructuary against a fair rent until the crop matures and is harvested.
- ◆ In leasing agricultural lands, the lessee is bound to carry out repairs necessary for the normal enjoyment of the land, and carry out the repairs which are required for the usual utilization of the land, and the maintenance of irrigation machines, drains, roads, viaducts and wells. This is not different in usufruct rights where:
 1. The usufructuary is liable during the continuance of the enjoyment for all normal charges required for the preservation and maintenance of the property subject to the usufruct.
 2. In the absence of an agreement stipulating otherwise, the abnormal expenses and the cost of heavy repairs which did not arise from any fault on the part of the usufructuary, they will be charged to the owner.
- ◆ The lease shall not end with the death of one of the contracting parties. While death of usufructuary does not end usufruct rights, following the opinion of Shafi'i, Hanbala and Malikiyah that usufruct rights are inherited as money (Al-Mughni / Chapter 6 Page 42, Death of lessee and owner of usage rights does not end the lease), while Hanafi opposed that (Murshed Al Hiran – Art. 35).

With these significant similarities, there are also fundamental differences, such as:

1. Usufruct is right in rem: The law takes the right of use and the right of exploitation and grants them for the usufructuary, and then leaves the owner with the right of disposition and the law calls him the "owner of property". So, we can say:

The legal act by which the usufruct right is acquired has first created a personal right between the owner and the usufructuary, the subject of which is the transfer of that right, and once this personal obligation is performed another right of a different nature is created, which is a right in rem established by law granting the usufructuary direct authority over the object and allowing him to use and exploit it.

While in leasing, it is completely different. A lease only creates a personal right; that is, a

legal bond between the lessor and the lessee. The performance of the contract does not entail changing the nature of this personal right, nor creating a new right, whether in rem or personal, but rather creates continuing and reciprocal obligations on each of the parties. Even if the performance of these reciprocal obligations ends with the termination of the lease, the legal bond between the lessor and the lessee ends accordingly.

2. The right of usufruct may be acquired by a legal act, by preemption, by inheritance or by prescription. While, the lessee's right is derived from a single source, the contract.

3. The right of usufruct may and may not be with a compensation, while the lease shall be valid only with a fixed rent "If the rent is unknown, the lease contract may be rescinded and the rent

for the period preceding the rescission shall be due on basis of the rental of similar premises."

4. Ownership of immovable property and of other real rights are not transferred, either between parties or as regards third parties, except by registration in accordance with the relative law provisions. On the contrary, if the lease contract has been validly formed, the usufruct of the leased object shall be transferred to the lessee.

In any case: if the matter is confused where one of the parties claims that the agreement is a lease, while the other claims that the agreement is usufruct, the circumstances of the contract shall resolve the dispute. Otherwise, we shall follow the jurisprudential rule (article 54 of the repealed Civil Code) states, " The criterion in contracts is intentions and meanings and not words and form", and article 170/1: " In cases of doubt, the construction shall be in favor of the debtor".

Parties in Lease: Lessor and Lessee

Lessor: A person who has the right to lease. The lessor is not required to be the owner of the leased premises. The person with the right of usufruct, residence, use or administration of the leased premises can conclude a lease contract (owner, beneficiary, mortgagee, agent or deputy, guardian, guardian or trustee) and each of them has his own provisions.

Lessee: A person who holds the lease of a property, whether for himself or for management and each has its own provisions.

Property Leasing Law No. 4 of 2008 states that the lessee if the usufructuary of Leased Premises, including spouse, children, and parents residing therewith, or any person to whom the Lessee has legally delegated the rights of usufruct.



MAIN ELEMENTS OF LEASE:

Lease has three main elements: mutual consent, leased object, and rent.

1. Mutual Consent:

Mutual consent has conclusion and validity requirements:

Conclusion requirement: The mutual consent conclusion requirements in leases are governed by the general rules of the conclusion of the contract, and no special form is required for the conclusion of this contract, but if the lease does not require a special form in its conclusion, it shall be established in accordance with the general rules in proving legal acts.

Thus, for the conclusion of the lease contract, an offer must be made by the lessor or lessee and an acceptance must be made by the other party, agreeing on the elements of the lease (the leased object, the term and the rent) and all shall be subject to the general rules of contracts.

Validity requirement: Availability of due capacity and perfection of the will.

Capacity of lessor and lessee has many details:

The capacity of minors below/over the age of discernment is different from the capacity of person of full legal age. The capacity of renting is also affected in insane and mentally deficient persons. We are not going to discuss this in details as this requires time and takes us out of our research.

2. Leased object:

The leased object must meet a number of conditions including:

A. The leased object is already existing or will be existing;

If something was non-existent at the time

of the contract, but it is likely to exist in the future, then the lease is valid.

B. The leased object must be specified or specifiable;

C. Dealing in the leased object is legal

Should the object be impossible in itself, violating public order or public morals, the contract shall be void.

D. Non-consumable and can be used repeatedly without perishing.

But rarely, the leased object may be consumable and it is required to be returned in the original condition upon expiry of the lease. For example, a grain merchant who rents grains of a certain kind from the lessor in order to display them in an exhibition and then returns them to their owner, as well as when a teller leases types of currency just for display and then returns them to the owner).

3. Rent:

The amount that the lessee is required to pay to the lessor in consideration for his use of the leased object, as the rent is an integral part of the lease, which is void in its absence.

The rent must meet a number of conditions including:

A. The rent may be true and is actually paid by the lessee. It may also be simulated, and is not actually paid by the lessee. In such case the contract is not a lease, but rather a loan because usage in lending contracts is free. Each party may adhere to the simulated rent in the concluded contract, and may be proven by all means of proof, including evidence.

There is also a frivolous rent which is not commensurate with the value of the usage of the leased object at all, or too small to be considered a serious rent, and there is considered non-existent.

However, the rent does not have to be exactly equivalent to the usage, and may be close to it and therefore the low rent is valid for the contract.

B. The general rules of the contract apply to rent: the rent shall be fulfillable, specified or specifiable, and legal.

Legality is determined by the public order and morals. If the rent violates public order and morals, such being a quantity of drugs, illicit sexual intercourse or covering up a crime, the contract is therefore null and void.

Rental Relationship is regulated by the special Law No. (4) of 2008 regarding Property Leasing, and the general Law No. (22) of 2004 promulgating the Civil Code, each of them has its own rulings in terms of place, time and parties.

Originally, Civil Code No. 22/2004 is the general law regulating the rental relationship, but the legislator created a special law for the rental relationship to be the applicable law in everything related to the rental relationship unless otherwise stipulated in a special provision.

Civil Code No. 22/2004 addresses leases in articles from 582 to 670 for matters excluded or not covered by Property Leasing Law No. 4/2008.

Part 2: Contracts relating to Utilization of Things (582-670)

Chapter One: Lease (582-669), including definition of lease and elements of lease.

Subchapter One: Lease in general (582-582)

First: Elements of Lease (583-589)

Second: Effects of Lease (590-619)

A. Obligations of the Lessor (590-606)

B. Obligations of the Lessee (607-619)

Third: Assignment of Lease and Sublease (620-624)

Fourth: Termination of Lease (625-637)

Subchapter Two: Certain Types of Lease (638-669)

First: Lease of Agricultural Lands (638-647)

Second: Farm Lease (648-660)

Third: Lease of Waqf Property (661-669)

The lease laws, in order, are: the old Law No. 2 of 1975, which was repealed and replaced by the current Law 4/2008 regarding renting real estate, and its amendments: Law 20/2009 and Law 2/2010, Decree 15/2013, and Law 19/2017.

The current Law 4/2008 contains 5 chapters and 31 articles as follows:

- ◆ Part 1 (1-3) – Definitions and General Provisions
- ◆ Part 2 (4-14) – Rights and Duties of Lessor and Lessee
- ◆ Part 3 (15-19) – Termination of Lease
- ◆ Part 4 (20-26) – Registration of a Lease
- ◆ Part 5 (27-31) – Final Provisions

These articles cover all the definitions, conditions and procedures necessary for the application of the lease. Reference is made - according to the general rule where there is no provision - to the general law, which here is the civil code.

1. SCOPE OF APPLICATION OF THE PROPERTY LEASING – ART. 2 OF LAW 4/2008

Provisions of the present Law shall apply to all premises and parts thereof designated for residential, commercial or industrial purposes, or any other purposes, and furnished units of lease term exceeding one month, and whether the lessee of such premises is a natural or legal person.

The following shall be exempted from the application of the provisions of the present Law:

- 1 Public property.
- 2 Agricultural land.
- 3 Vacant land.
- 4 Industrial services areas.
- 5 Apartments, hotels and tourist accommodation.
- 6 Residential units reserved by the State or by companies for their employees.



2. RIGHTS AND DUTIES OF LESSOR

The owner of the Leased Premises, any person acting legally on the owner's behalf, or any person authorized to lease the premises.

1. The Lessor shall hand over to the Lessee the Leased Premises and appurtenances belonging thereto, in a condition appropriate for the purpose for which the premises are intended, and in accordance with the terms and conditions agreed upon, according to the nature of the premises. Should the rights, use and enjoyment agreed upon with regard to the Leased Premises not be made available to him, the Lessee may revoke the lease or request a rent decrease proportional to the decrease in such rights, use and enjoyment in accordance with a decision of the Committee issued to this effect.

The lessor shall undertake to the lessee that the leased property is free from defects that may prevent or considerably impair the use of the property.

However, the lessor shall not be liable for any defect permissible by practice or any defect that was known to the lessee at the time of contracting or which the lessee could have detected if he had inspected the leased property with reasonable care, unless the lessee proves that the lessor has confirmed that the leased property is free of such defect or that he fraudulently concealed it.

2. The Lessor shall be responsible for maintaining the Leased Premises in a fit and usable condition. In the event that the Lessor, after receiving written notification or where such notification has failed, fails to carry out such maintenance in a timely fashion, the Lessee may, without prejudice

to his right to revoke the lease or request a rent decrease proportional to the decrease in his aforementioned usage of the Premises, obtain the permission of the Committee to carry out the aforementioned maintenance at his own expense and deduct the cost thereof from his rental payments.

3. The lessor has the right to perform the urgent maintenance necessary for the preservation of the leased property even if the lessee opposes it, and if such maintenance results in a total or partial breach of the use of the leased eye, the lessee may, depending on the circumstances, request the avoidance of the contract, the reduction or forfeiture of the rent for the period of loss of benefit, or the extension of the lease period to the extent of the period of loss of benefit.

The right of the Lessee to revoke the lease, reduce the rental payments, cease paying the rent, or extend the tenancy, shall be deemed to be waived if such Lessee, without reasonable excuse, occupies the Leased Premises for thirty days from the date that such maintenance works are undertaken without resorting to the Committee.

4. The lessor may not interfere with the lessee's use of the leased property throughout the term of the lease, or make any change in the leased property or its annexes which may impinge on such use. Any interference by any of the subordinates of the lessor shall be deemed interference by the lessor himself.
5. The Lessor may not charge the Lessee a security deposit of more than two months' rent in the case of residential premises, and it may be otherwise agreed upon in the case of premises leased for non-residential purposes.
6. The lessor may request an increase in the rent of the valid contracts (the premises and parts of the premises leased for non-residential purposes subject to the Property Leasing

Law, concluded as of 1/1/2005, or concluded after the date of its enforcement) except after the lapse of one year from the date of enforcement of Cabinet Decision No. (9) of 2010 regarding the controls, periods and percentages for increasing the rent, issued on 28/03/2010, and the increase percentage is as follows:a

S.N.	Rent	Increase Percentage
1	Less than 3,000 QAR per month	(%20) annually
2	From 3,000 QAR to 6,000 QAR per month	(%15) annually
3	Over 6,000 QAR to 10,000 QAR per month	(%10) annually
4	Over 10,000 QAR per month	(%5) annually

Then, the deadline was extended with by Cabinet Decision No. (21) of 2011 extending the provisions of Decision No. (9) of 2010 regarding the controls, periods and percentages for increasing the rent, where Article (1) stipulates "The one-year period stipulated in Article (1) of Cabinet Decision No. (9) of 2010 referred to herein shall be extended for another year starting from 15/02/2011."

This increase is effective from the date of notification to the lessee.

7. The Lessor may, even before the expiry of the Lease, request the Committee to have the Leased Premises vacated in the following circumstances:

1. If the Lessee, without what the Committee

deems an acceptable excuse, fails to pay the rent on its due date;

2. If the Lessee in any way sub-lets or assigns the leased premises to third parties without the written consent of the Lessor;

3. If the Lessee utilizes the leased premises or allows them to be utilized in such a way as to violate the terms and conditions of the lease or in contravention of public order or public decency;

4. If the competent authority decides to demolish the building, or if the Leased Premises prove liable to collapse or to endanger the safety of residents;

5. If the Lessor intends to demolish the building, in the following circumstances:

a) At least fifteen years have elapsed from the date the building was erected;

b) The Lessee intends to construct business buildings, provided that the necessary approvals are obtained from the appropriate authorities;

6. If the Lessor intends to add additional floors to the building or to effect any changes and modifications to it, subject to the following:

a) The impossibility of adding additional floors or effecting changes and modifications to the building while the Lessee remains in residence in the Leased Premises, and at the discretion of the licensing authorities;

b) That the Lessor has secured all required licenses from the appropriate authorities;

c) That the Lessee is granted a period of not less than six months from the date the necessary licenses are obtained to vacate the premises;

d) That the Lessor shall proceed with the licensed works within six months of the date on which the Leased Premises were vacated;

If the Lessor does not undertake the licensed

works, or lets the Leased Premises to another Lessee before undertaking such works, the Lessee may submit a claim for compensation if such is warranted;

8. If the Leased Premises are situated in the vicinity of the Lessor's home, and the Lessor intends to use the leased premises for his/her own occupation or that of his/her spouse, parents, children or any lawful dependents provided that the Lessor shall notify the Lessee at least six months prior to such occupancy.

9. As security for his rights under the lease contract, the lessor may retain all such attachable movables in the leased property, so long as he holds a lien thereon, including such movables not owned by the lessee. The lessor shall have the right to object to the removal of such movables. Where such movables are removed despite such objection or without the knowledge of the lessor, the lessor shall have the right to recover such movables from the new holder thereof, even if the new holder acts in good faith, without prejudice to the rights of such holder. The lessor may not use his right to retention or recovery if the removal of such things is required either by the lessee's professional or personal affairs, or if the movables left in the leased property or those recovered are sufficient to secure the payment of the rent in full.



3. RIGHTS AND DUTIES OF LESSEE

- ◆ Lessee is usufructuary of Leased Premises, including spouse, children, and parents residing therewith, or any person to whom the Lessee has legally delegated the rights of usufruct.
- ◆ The Lessee shall maintain the Leased Premises in good condition, and shall use the leased premises in accordance with the terms and conditions agreed upon and for the purpose the said premises are intended. The Lessee may not make any change to the said premises without securing the prior written consent of the Lessor, and if such change has already been effected, the Lessor may request the Lessee to return the premises to their original condition, and may further request compensation if this is warranted.
- ◆ The Lessee shall, from the date of receiving the premises and until the premises are returned to the Lessor, pay all water, electricity and telephone charges and any other charges that the Lessee is legally obliged to pay, unless otherwise agreed.
- ◆ The Lessee shall, on a date not later than seven days from the due date as indicated in the Lease, pay in full to the Lessor the rent specified in the Lease by a receipt showing the rent value. If the Lessor refuses to accept the rent and refuses to provide a receipt in lieu thereof, the Lessee may, within seven days of the date of such refusal, notify the Lessor, by registered letter sent to the Lessor's address as indicated in the Lease, that the rent is due to be received within seven days, and if the Lessor does not accept such rent within the specified period, the Lessee shall deposit the rent with the treasury of the Committee.
- ◆ Rent may be paid in cash or other financial compensation. Where the contracting parties do not fix the rent amount or the method of its assessment, or such rent cannot be quantified, the comparative rent of a similar property assessed on the date of the contract shall apply. Payment of rent for a specific period shall be deemed evidence of payment of rent for that period, unless the lessor proves otherwise.
- ◆ The Lessee shall not withdraw any sums so deposited in favour of the Lessor, except with the Lessor's consent or by virtue of a decision issued by the Committee.
- ◆ The Lessor may, after paying the prescribed



fees, request the Chairman of the Committee to approve withdrawal of sums deposited.

- ◆ The Lessee may not sub-lease or assign all or part of the lease to third parties, except with the written consent of the Lessor.
- ◆ Where the condition of the leased property may highly endanger the health of the lessee, or those who live with him, or his employees or workers, the lessee may demand termination of the contract, even if such right has already been waived.
- ◆ Where a third party claims a right in conflict with the rights of the lessee under the lease contract, the lessee shall notify the lessor thereof and withdraw from the lawsuit. In such event, the claim shall be addressed to the lessor. Where, as a result of such claim, the lessee is deprived of using the property as authorized under the lease contract, the lessee may demand termination of the contract or a reduction in the rent with indemnity, as applicable.
- ◆ Where any act by the public authority causes considerable deficiency in the use of the property by the lessee, the lessee may demand termination of the lease or a reduction in the rent, unless such act is attributable to the lessee. The lessee shall have no right to indemnity against the lessor unless such act by the public authority is for

a reason for which the lessor may be liable. The above provisions shall apply unless otherwise agreed.

- ◆ The lessee may affix in the leased property such fittings or installations as will ensure the intended use thereof, provided that such fittings or installations are affixed in a manner consistent with proper practice, unless such fittings or installations may cause damage to the property or decrease its value. Where interference by the lessor is required to do any of the foregoing, the lessee may request the lessor to do it, provided that the lessee shall bear the costs incurred by the lessor.
- ◆ Save as otherwise agreed, where the lessee creates in the leased property any building, plantation or other improvements that may increase its value, the lessor shall pay to the lessee upon expiry of the lease the costs of such improvements or the amount in excess of the value of the real property, whichever is less. Where such improvements are made without the knowledge of the lessor or despite his objection, he may also demand that the lessee remove such improvements and pay indemnity for any damage to the leased property due to such removal, as applicable. Where the lessor effects to keep such improvements in consideration of any of the above values, the court may grant the lessor time to pay their corresponding value.



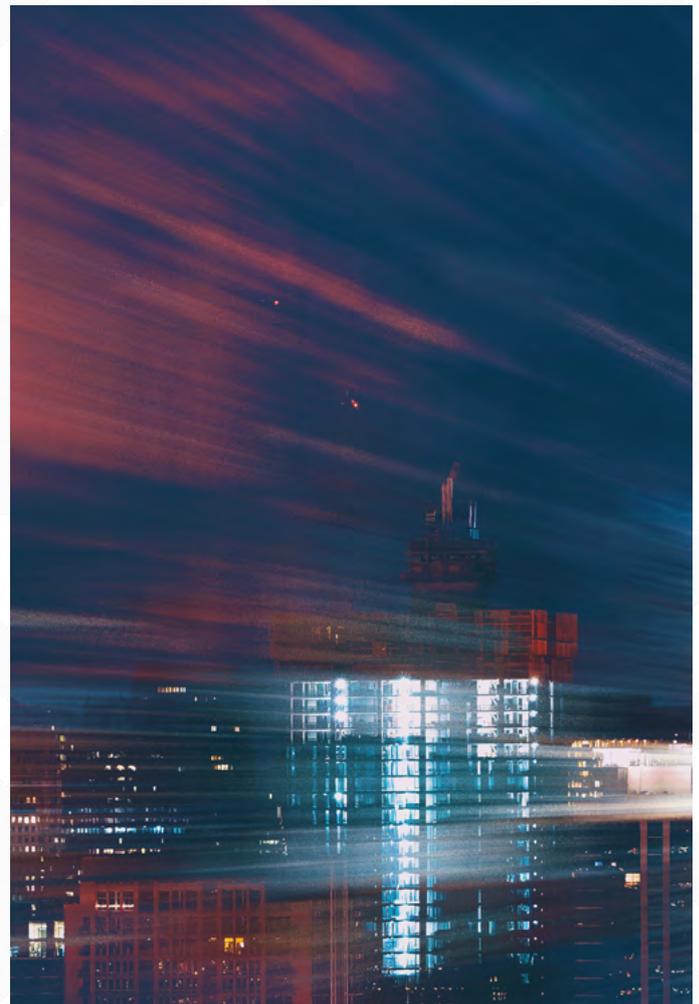
4. TERMINATION OF LEASE

Where any unforeseen circumstances arise in connection with either party which make the continuation of the lease unduly burdensome to such party, the court may, on demand by such party and upon a comparison of the interests of both parties, terminate the lease and fairly indemnify the other party. Where the lessor demands termination of the lease, the lessee shall not be forced to return the leased property until indemnity is paid or until a sufficient security is provided.

The lease shall be terminated at the end of the term specified therein. If the Lessee continues to utilize the Leased Premises after the end of the term, while the Lessor is aware of such utilization and expresses no objection, the contract shall be deemed to be renewed for a similar term under the same terms and conditions. Securities in kind that the original lessee may have provided as security for the initial lease shall, subject to the rules of registration, apply to the new lease. However, securities provided by third parties shall not extend to the new lease without their consent. Where the contracting parties fail to state the commencement date of the payment of the rent, it shall commence from the date of the contract. Where the lease contract does not stipulate the length of its term, or the contract is for an indefinite period or such period cannot be confirmed, the lease shall be deemed to commence from the date fixed for the payment of the rent. The lease shall terminate upon the expiry of such period if either contracting party notifies the other party to vacate prior to the commencement of the second half of such period, provided that such notice shall not exceed three months. Where the leased property is totally demolished during the term of lease, the contract shall terminate automatically.

In all cases, the period of lease may not exceed twenty-five years. Where such period is longer or indefinite, it shall be limited to that term, unless the lease is valid for the lifetime of the lessor or the lessee, in which event the contract shall continue for such period, even if such period exceeds twenty-five years.

The Lease shall not be terminated by the death of one of the parties to the Lease; however, heirs of the Lessee who previously shared the Lessee's rights, use and enjoyment of the Leased Premises, may request termination of the Lease.



5. REGISTRATION OF LEASE

Article 3 of Property Leasing Law (Amended by Law 20/2009) (As amended in accordance with Article 2 of Law No.20 of 2009):

Leases governed by the present Law shall be drawn up in writing. The contract shall include the name of the lessor, the name of the lessee, their nationality, address, legal representative, duration of the lease, amount of rent, how it is performed, descriptions of the leased premises, purpose of the lease and all agreed terms.

The lessor must register the lease with the Office within two months from the date of its conclusion.

Applications submitted by the Lessee to The Committee or to the judicial authorities shall not be considered unless the lease is registered at The Office, with the exception of the applications submitted in proof of tenancies entered into before 15/12/2008.

Article 20 (Amended by Law 19/2017):

1. The Ministry shall establish one or more offices under the name of Real Estate Lease Registration Office and such Office shall be authorized to register all leases on real estate, premises, buildings and parts thereof as governed by the provisions of the present Law. The office shall also be authorized to prepare registers required to this effect.
2. The Office shall charge an annual registration fee of 0.5% of the annual rental value of each residential, commercial or other unit indicated in the property building permits, with a minimum of (250) QAR and a maximum of (2500) QAR, the rate of the said fee may be amended by ministerial decree.
3. Entities that are service providers shall directly, and not later than thirty days from the date connection of such services to the

premises was approved, notify the Office of the leased premises that have been connected to the said services.



6. GENERAL PROVISIONS

- ◆ If the Lessee or any of his heirs sells all of the rights arising from the lease of premises that are utilized for the establishment of a factory, shop or craft business or for any other lawful freelance profession during the term of the tenancy, then the rights, duties, terms, conditions and consequences arising from the Lease shall be transferred to the purchaser, and shall, unless otherwise agreed, remain in force until the expiry of the term of the Lease. The Committee may, if the Lease includes a condition prohibiting the sale of the premises, decide that the Lease shall be transferred to the purchaser, provided that the purchaser provides an adequate guarantee of his/her ability to fulfill the obligations arising from the Lease, and provided that he/she does not cause the Lessor to suffer actual damage.
 - ◆ In the case of the Lessee's death, the Lessee's spouse, parents or children residing with him/her in the Leased Premises, except for any who have left the premises before the death of the Lessee, shall assume all the Lessee's rights and duties arising from the Lease.
 - ◆ As an exception to the application of the provisions of Article 15, leases of premises and parts thereof that are leased other than for residential purposes, are governed by the provisions of the present law and are in force on 14/02/2010, shall be extended for one year from 15/02/2010, unless the lease provides for a longer period or the Lessee does not intend to renew the lease, provided that the Lessee is occupying the leased premises.
 - ◆ The Council of Ministers may, on a proposal from the Minister, and in the public interest, extend the period provided for in the preceding paragraph for a further period or periods, thereby excluding some leases of premises and parts thereof that are leased for non-residential purposes from such legal extensions as are herein provided for and referred to.
 - ◆ A person whose right is limited to management may not enter into any lease for a period exceeding three years without the permission of the owner of the property. Unless there is a provision to the contrary, where such person enters into a lease for a longer period, the term of such lease shall expire within three years.
- Lease contracts for premises and parts of premises leased for other than residential purposes shall be excluded from the legal extension provision established in the preceding article:
1. Administrative headquarters of commercial companies and other private legal persons involved in trade.
 2. Offices of lawyers, accountants and engineers.
 3. Veterinarian clinics, offices of experts in agriculture, livestock and fisheries.

1. TRANSFER OF OWNERSHIP OF THE LEASED PREMISES

- ◆ The existing Lease shall form part of the title of a new owner even if such Lease is not specifically dated on a date preceding the conveyance of such title, unless it is proven that the lease is null or void.
- ◆ A new owner shall, by registered letter, notify the Lessee and the Office of the conveyance within thirty days starting from the day following the date of registration of title under the new owner's name, and a copy of the title deed shall be enclosed with the notification or any document to the same effect.
- ◆ Where the title to the leased property is vested in a special successor, the lease shall not be effective against such successor unless it is proved that he is aware thereof or unless the date of the lease is prior to the effective date of such transfer of title. However, any person to whom such title is transferred may hold to the lease, even if such lease is not effective against him.
- ◆ Even if the lease is not effective against him, any person to whom title to the leased property is transferred may not force the lessee to return the leased property without prior notice in accordance with the provision of Article 588, and after the lessee receives an indemnity from the lessor due to the return of the property prior to the expiry of the lease or after the lessee obtains sufficient security to pay such indemnity.
- ◆ Where the lease is effective against the person to whom such title is transferred, he shall substitute the lessor in all his rights and obligations under the subcontract. However, the lessee may not hold to any rent paid to such person if, at the time of payment, such person proves that the lessee was, or should have been, aware of such transfer. If such person fails to provide such evidence, he shall have recourse against the lessor only.



IMPORTANT TIPS TO LIMIT RENTAL DISPUTES

- ◆ Leases must be drawn up on forms prepared by specialists (and we urge the State to prepare official forms), as well as the importance of ratifying them quickly to document the rights and avoid any violations or fines for non-ratification.
- ◆ You must pay the rent on the due date and receive of a receipt or a clearance. You should not delay or tolerate them regardless of the amount paid, as these receipts prove that the lessee paid his rent.
- ◆ Deposit the amount of the rent value with the Rent Committee in case the lessor or his agent refuses to receive it.
- ◆ Adherence to the legal dates of the rental relationship, such as renewal dates within the specified deadlines or notification of non-renewal according to the contract.
- ◆ The lessee to maintain the leased premises, and to return it at the end of the lease in its original condition.
- ◆ The lessee may not carry out any works such as modifications, improvements or additions to the leased premises without the written permission of the lessor, in accordance with the requirements, legal procedures and licenses, if necessary.
- ◆ The lessee is prohibited from using the leased premises for purposes other than the intended purpose for which and on the basis of which the lease contract was concluded, and it is prohibited to use it in carrying out any act that violates public order or morals.
- ◆ All disputes arising from the rental relationship must be referred to the rental dispute settlement committees.



SOURCES

1. Law No. (22) of 2004 promulgating the Civil Code
2. Law No. (4) of 2008 regarding Property Leasing
3. Cabinet Decisions No. (9) of 2008 and No. (21) of 2011.
4. Cabinet Decision No. (54) of 2013 regarding the formation of rental dispute settlement committees.
5. Cabinet Decision No. (54) of 2008 regarding the rules and procedures to be followed before the rental dispute settlement committees.
6. Cabinet Decision No. (9) of 2010 regarding the controls, periods and percentages for increasing the rent

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