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LAW NO.(27) OF 2014
WITH RESPECT TO PROMULGATING THE PROPERTY RENT LAW

We, Hamad bin Isa Al Khalifa, Amir of the State of Bahrain,

Having perused the Constitution,

And the Rents Act promulgated by Proclamation No.(29) of 1363 H dated 9th July 1944,

And the Rents Act promulgated by Proclamation No.(42) of 1365 H dated 25th August 1946, as amended,

And the Law Concerning Fixing Rents of Commercial Stores in Manama of the year 1955 promulgated by Proclamation No.(42) of the Year 1374 Hijra,

And Legislative Decree No.(9) of the year 1970 with respect to Amending Certain Rents Rules, as amended,

And the Civil and Commercial Procedures Act promulgated by Legislative Decree No.(12) of 1971, as amended,

And Legislative Decree No.(14) of 1971 Concerning Notarization,

And Legislative Decree No.(3) of 1972 Concerning Judicial Fees, as amended,

And Legislative Decree No.(8) of 1984 with respect to Fixing Property Rents before 1st January, 1970,

* This copy is translated by Bahrain Economic Development Board (EDB) as per the provisions in force up to January 2019.

And the Law of Evidence in Civil and Commercial Matters promulgated by Legislative Decree No.(14) of 1996, as amended,

And Legislative Decree No.(28) of 1999 with respect to the Establishment and Organisation of Industrial Areas,

And the Civil Code promulgated by Legislative Decree No.(19) of 2001,

And the Judicial Authority Law promulgated by Legislative Decree No.(42) of 2002, as amended,

The Shura Council and Council of Representatives ratified the following Law which we approved and enacted:

Article 1

The provisions of the attached Property Rent Law shall come into effect.

Article 2

The following Laws shall be revoked:

1. The Rents Act promulgated by Proclamation No.(29) of 1363 H dated 9th July 1944.
2. The Rents Act promulgated by Proclamation No.(42) of 1365 H dated 25th August 1946, as amended.
3. Law Concerning Fixing Rents of Commercial Stores in Manama of the year 1955 promulgated by Proclamation No.(42) of the Year 1374 Hijra.
4. Legislative Decree No.(9) of the year 1970 with respect to Amending Certain Rents Rules, as amended.
5. Legislative Decree No.(8) of 1984 with respect to Fixing Property Rents before 1st January, 1970.

Article 3

The provisions of the Civil Code shall be applicable in respect of any matter which is not dealt with by a special provision in this Law.

Article 4

Lease agreements subject to the provisions of Law No.(9) of 1970 shall be terminated three years after this Law comes into effect.

Article 5

The Minister concerned with justice affairs shall issue the necessary orders for implementing the provisions of this Law.

Article 6

The Prime Minister and the ministers, each in his respective capacity, shall implement the provisions of this Law which shall come into effect after six months from the date of its publication in the Official Gazette.

Hamad bin Isa Al Khalifa

King of the Kingdom of Bahrain

Issued at Riffa Palace

On 26th Ramadan, 1435 Hijra

Corresponding 24th July, 2014 A.D.

PROPERTY RENT LAW

CHAPTER ONE

DEFINITIONS

Article 1

In the application of the provisions of this Law, the following words and expressions shall have the meanings assigned against each unless the context otherwise requires:

Ministry: Ministry concerned with justice affairs.

Minister: Minister concerned with justice affairs.

Lessor: The leased property owner or whoever acts on his behalf or whoever legally authorised to conclude a lease agreement.

Lessee: The beneficiary of a leased property or vested with its rights in accordance with the provisions of this law.

Sub-lessee: Any person authorised by the original lessor to totally or partially benefit from the leased property for a specific period and against a specific rent.

Leased Property: Property subject of the agreement, which utilities are leased in accordance with the provisions of this law.

Rent: A sum agreed upon in the lease agreement or determined by the committee, if necessary, against utilising the leased property.

Necessary Maintenance: Urgent required repairs needed to maintain the leased property from destruction and remains suitable for the

purpose intended therefor customary known to be carried out by the lessor.

Leasing Maintenance: Minor required repairs for lessee's utilising purposes in accordance with the intended purposes customary known to be made by the lessee.

Office: Property Lease Agreements Registration Office in the five municipalities.

Committee: Rents Disputes Committee.

CHAPTER TWO

GENERAL PROVISIONS

Article 2

The provisions of this law shall be applicable on properties and parts intended for accommodation, industrial purposes, commercial, occupational or handicrafts in addition to other purposes and shall apply to the current lease agreements. The following shall be excluded from the application of its provisions:

1. Plots of land, movable and immovable industrial installations subject to the provisions of Legislative Decree No.(28) of 1999 with respect to Establishing and Organising the Industrial Areas.
2. Agricultural Land.
3. Leased property for hotel and tourist purposes.
4. Furnished flats with a lease period does not exceed one month.
5. Residential units operated for work circumstances.

6. Plots of land leased for development purposes.

Article 3

- a) Concluded lease agreements subject to the provisions of this Law shall be made in writing, register such agreements and any alterations made thereon in the Office within one month from the date of concluding. Current lease agreement, if not in writing, at the time of enforcing the provisions of this Law shall be put in writing and register them within six months from the date of its enforcement.
- b) The fact of leasing maybe proven by all methods of evidence.

Article 4

- A) To determine a lease period and if a lease agreement is concluded without agreeing on its period, concluded for an indefinite period or unable to prove the duration of the alleged period, such agreement shall be considered as determined for a rent payment period.
- B) Lease rent shall be determined in the agreement and if the parties did not agree on its amount or manner of its estimation, similar rent at the time of concluding the agreement shall be considered together with taking into account the property status, area, purpose intended therefore and prevailing rent at such area.

Article 5

- a) The Committee provided for in Chapter Ten of this Law shall be entrusted with the settlement of disputes and cases resulted from the application of its provisions.

- b) Courts shall remain hearing the cases filed before the enforcement date of this Law until a final judgment is passed over them.

CHAPTER THREE

LEASE AGREEMENT'S REGISTRATION

Article 6

- A) The Ministry shall, in agreement with the Ministry concerned with the Municipal Affairs, establish an office or more at every municipality called "Leased Property Agreements Registration Office" to be delegated with registering property lease agreements subject to the provisions of this Law and any alteration that make take effect thereon together with preparing the required registers thereof.
- B) Office business system and registration procedures shall be issued by an order from the Minister.

Article 7

- a) Fees prescribed for registering lease agreements or any alteration that may take place thereon shall be determined by an Order from the Minister after upon approval of the Council of Ministers for a sum of no less than Bahrain Dinar one and not to exceed Bahrain Dinars five for the property leased for residential purpose and a fee of no less that Bahrain Dinars five and not exceeding Bahrain Dinars ten for other purposes.
- b) Registration shall be borne by the lessor and in case of refusal, the lessee shall inform him by way of a registered letter that the Agreement is registered and the fee shall be deducted from the rent.

Article 8

- a) The Committee shall not accept cases or disputes resulted from unregistered lease agreements.
- c) A lease agreement may be notarised and in such a case, the notarised lease agreement shall be considered as a force executable official document in accordance with the Civil and Commercial Procedures Act and the lessor shall, under the supervision of the Execution Court Judge, recover the leased property at contract's expiry date.

CHAPTER FOUR LESSOR'S OBLIGATIONS

Article 9

- a) A lessor shall handover the leased property and all its attachments to the lessee in a state that is intended to benefit there from in accordance with whatever agreed upon or nature of the property.
- b) If proven that the leased property, at the handover time, is not fit to fulfil such benefit, greatly reduced or in a state that subjects the lessee, whoever live with him or his workers to serious health hazards, a lessee, after informing the lessor by way of a registered letter to correct or repair the damage, to request the Committee to reduce the rent equivalent to the lack of benefit or terminate the contract with compensation if required.

Article 10

A lessor shall carry out the necessary maintenance of the leased property and if delayed or declined after being informed by way of a registered letter to carry out such maintenance, a lessee shall, according to his knowledge, carry out the required maintenance and collect's whatever he paid by deducting it from the rent. Without prejudice to his right in claiming the rent reduction being equivalent to lack of benefit or to extend the lease agreement in conformity with the lapse of beneficiary period or the right to terminate the agreement and claim for compensation if required.

Article 11

- a) A lessee shall not be permitted to prevent the lessor from carrying out the necessary maintenance and if such act resulted in a breach that prevents from utilising the leased property, the lessee may request revoking of such agreement or dropping the rent for lapse of benefiting period and claim for compensation if required.
- b) A lessee's right shall be waived in all the above if he remains occupying the property for a period of no less than a month from the date of notification of benefit expiry without consulting the Committee.

Article 12

- a) a lessor shall be entitled to increase the number of units in the leased property either by adding or uplifting provided a licence shall be obtained from the competent authority and if such act resulted in decreasing the benefit of the leased property, he shall request revocation or rent reduction together with compensation if required.

b) If a lessor is delayed after being notified by way of a registered letter to carry out the work indicated in Paragraph (a) of this Article and after obtaining the licenses, lessee's evacuation, or leased the property to a third party, the lessee shall be entitled to return and occupy the property or seek compensation that is equal to the damage inflicted upon him, provided it shall not exceed one year's rent.

Article 13

If the area of a leased property is determined, the lessor shall be considered a guarantor of the limits of this area, unless otherwise agreed and the lessee may request termination of the agreement due to the shortage of the leased property. If proven that such shortage is sizeable and if identified by the lessee, he would not conclude such agreement, unless otherwise agreed upon.

Article 14

a) If it was apparent that the property's area exceeds what was determined in the lease agreement and the rent is calculated by the unit, and if the leased property is divisible, the excess shall be in favour of the lessor unless decided to take it in return of an equivalent rent. If the property is indivisible, the lessee shall pay the fare of the excess. If such excess is sizable, he may request the termination of the agreement's termination.

b) If the rent is estimated at one lump sum, the excess shall be in favour of the lessee, unless such excess is sizeable and if the lessor is familiar therewith he would not have concluded the agreement. In such a case and unless otherwise agreed upon, the lessee shall have the option of either rent increase in conformation with such excess in the leased property or to terminate the contract.

Article 15

Lease termination, decreasing rent, supplement thereof, returning a raise due to decrease or increase in leased property area cases shall not be heard if one year has lapsed from the date of actual handing over of the leased property.

Article 16

- a) Leased property shall be at the disposal of the lessee from the date of notification and enabling him to legally or actually take charge thereof together with benefiting from it without any restraints in the manner that conforms with its nature.
- b) Handing over shall be also made by the Contractors mutual consent if the leased property was in the lessee's possession before leasing or if the lessor has retained it in his custody for another reason after leasing.

Article 17

- a) The lessor shall be bound to hand over the leased property upon concluding the agreement unless the agreement states another delivery date and subject to the dates necessitated by a property nature or prescribed by custom.
- b) The lessor shall incur the delivery costs unless the agreement or custom otherwise requires.

Article 18

- a) If the leased property is completely destroyed prior to its hand over for a foreign reason, the lease agreement shall be terminated but if such destruction is partial or damaged due to a foreign cause, the lessee shall have the right to decrease the rent in conformity with the decreased benefit of the leased property.
- b) If the destruction or damage is sizable and is available at the time of concluding the agreement, the lessee shall be obliged to terminate the agreement.

Article 19

- a) A lessor may charge an advance cash payment not to exceed three months of the property leased for accommodation and may agree otherwise for other purposes.
- b) A lessor may receive an insurance not exceeding one month's rent of the leased property which shall be returned to the lessee at the expiry date of the Agreement, evacuating and handing over of the leased property, unless other liabilities to be deducted from the insurance amount.

Article 20

- a) A lessor shall refrain from act that prevent a lessee from benefiting one of his rights or privilege being utilised as indicated in this agreement or in accordance with the leased property is intended therefor.
Occurrence of such act a lessee shall, after informing the lessor by way of a registered letter to return the property to its status within two weeks from the date of notification, to request the Committee to permit him to return the right or privilege on the lessor's cost and by deducting the sum from the rent.

b) If the lessor's commitment becomes exhausting or not in conformity with the property's rent proceed, the Committee may divide the cost or returning between both parties. If it was apparent to the Committee the incapability of returning the right or privilege, it may upon the lessee's request to reduce the rent or extend the Agreement against the incomplete right or privilege, or the termination.

Article 21

A lessor shall not be permitted to conclude more than one contract for the same leased property and if more than one lessee is available, the first person arrived shall be preferred, as a bona fide, to lay hand over the property. If no person has lay hand over the property, the first registered Agreement shall be preferred and without prejudice to the bona fide lessee's right in claiming compensation from the lessor.

CHAPTER FIVE

LESSEE'S OBLIGATIONS

Article 22

a) A lessee shall be obliged to pay the rent indicated in the agreement to the lessor within a period not exceeding one week from due date indicated in the agreement. If no due date is indicated, it shall be payable on the first day of every month at the lessee premises upon a receipt for the rent period signed by the lessor, unless otherwise agreed upon.

- b) If a lessor refused to receive the rent including whatever developed thereon, the lessee shall offer the rent to the lessor by a registered letter for collection within a week. If a lessor refused to collect the rent, it shall be deposited with whatever development at its due date with the Committee's Secretary which shall deliver the rent to the lessor at payment of the prescribed fees.
- c) Deposition shall be considered as a payment receipt for the due rent and a lessee shall not be permitted to withdraw whatever deposited except by the lessor or the Committee's approval.

Article 23

- a) Subject to the provisions of Article (10) of this Law, a lessee shall pay the rent on time even if a dispute arises between him and the lessor about the rent, deduction or reduction therefore until such dispute is resolved by a resolution from the Committee or upon a written agreement between both parties, otherwise he shall be considered falling behind in rent payment.
- b) Payment of the prescribed fee for a specific period is considered as payment evidence for the previous periods unless otherwise proven.

Article 24

A lessee shall be obliged to use the leased property for the purpose agreed upon or the purpose intended thereof subject to the prevailing custom in such region.

Article 25

- a) A lessee shall maintain the leased property in accordance with the regular personal maintenance and may not carry on any alterations without a written approval from the lessor unless such alteration does not result in any damage to the lessor. In case of violation, a lessor shall have the right to oblige the lessee to return the property to its original state together with compensation if required.
- b) If a lessee made any plantation or improvements in the leased property, he shall be obliged to leave them at the expiry of the leased agreement unless otherwise agreed upon.

Article 26

A lessee is bound to carry on the leased maintenance on the leased property and shall pay the water, electricity, telephone and joint services consumption fees together with any other fees unless otherwise agreed upon.

Article 27

- a) A lessor shall not increase the rent agreed upon in the agreement except after the lapse of two years from the lease commencement date or from the date of the last rent increase, whichever closer. An increase shall be 5% of the leased property rent for the residential purpose, 7% for commercial, industrial, occupation, handicraft or others within a maximum limit of five times during the lease agreement period, unless otherwise agreed upon in writing.
- b) The provisions of the preceding Paragraph shall be applicable on all current lease agreements at the enforcement date of this Law, upon renewal or re-conclusion after the expiry of the period indicated in Article (4) of the Issuing law.

c) A lessor shall notify a lessee by a registered letter with his intention to increase and determine the rent at lease three months prior to the expiry of the second year, unless otherwise agreed upon.

Article 28

A lessee shall immediately return the leased property at its state at the expiry period of the leased agreement, if handing over procedures were not completed as agreed upon, he shall pay all the obligations provided for in Article (26) of this Law by the due rent from the expiry date of the agreement and until the actual handing over date of the leased property with the compensation if required.

CHAPTER SIX

SUB-LEASING AND LEASE ASSIGNMENT

Article 29

A lessee shall not be permitted to assign the lease or sub-lease all or part of the leased property except by a written permission from the lessor.

A lease assignment or sub-leasing shall not be considered effective against third parties except from its registration date.

Article 30

a) If a lessee, who is permitted by the lessor to sub-lease the leased property to a third party and assign it to him, the relation shall be established between the lessor and sub-lessee provided the sub-lease period shall not exceed the original lease term and the original lessee has paid all his dues. In such case, the rent shall be determined as the

same amount of the original agreement or the rent determined in the sub-lease agreement, whichever is higher.

b) If a sub-lease agreement is signed for a part of the leased property, the lessor shall have options which include a request for vacation or permanence of the sub-lessee and in this case, a direct relation shall be formed between them and to determine the rent of the lease portion at the same value agreed upon with the original lessee.

Article 31

If the lessee or his heirs sold their rights resulted from the lease agreement of the leased property for industrial, commercial, occupational, handicraft or other purposes, such rights and obligations shall be transferred to the buyer until the end of the agreement provided non damage shall be sustained by the lessor, unless otherwise agreed upon.

CHAPTER SEVEN

LEASED PROPERTY OWNERSHIP TRANSFER

Article 32

a) The current lease agreement shall be applicable to the new owner even if no previous date is set for the ownership transfer unless proven it's pro forma or invalidation and the new owner shall not be permitted to claim for rent increase or lease agreement termination except in accordance with the provisions provided for in this Law.

b) The new owner shall be obliged to inform the lessee and the Office by a registered letter with the transfer of property ownership within thirty days which shall commence from the day following the date of registering the property in his name and shall attach a copy of the property ownership document or equivalent.

Article 33

The new owner shall not be permitted to claim any payment in advance intended to the previous owner unless proven, at the payment time, the lessee's knowledge of the ownership transfer. If the new owner fails to prove such matter, he shall only return to the previous owner.

CHAPTER EIGHT

LEASE AGREEMENT EXTENSION OR TERMINATION

Article 34

a) A lease agreement shall expire upon its determined period and if expired and the lessee remains benefiting from the leased property with the lessor's knowledge and without any objection, the agreement shall be considered extended for a similar period and with the same conditions.

b) If the lessee wishes to vacate the leased property, he shall notify the lessor by a registered letter with his intention at least three months prior to the Agreement's expiry date.

c) The lessee's continuation in benefiting from the leased property shall not be considered as an agreement extension or renewal after being notified with the vacation.

Article 35

a) Without prejudice to the provision of Article (39) of this Law, a lessor shall not be permitted to request the lessee, as for the agreements concluded after the enforcement date of this Law, to vacate the property intended for residential except after three years, after seven years for the property intended for commercial, industrial, occupational, handicraft or other purposes, from the receiving date unless both parties agreed otherwise in writing.

b) A lessee may renew the lease agreement with a period that is less than the period indicated in Paragraph (a) of this Article for a period or periods which do not exceed such period by informing the lessor by a registered letter informing him with his intention to renew the agreement at least three months prior to the expiry date of the original contract.

Article 36

a) A lease agreement shall not expire by the death of the lessor or the lessee and the lessee's heirs may request the termination of the agreement within no more than one year from the death date. If some of the heirs other than the rest requested the termination of the agreement, it shall be considered terminated for the ones requested its termination.

b) If a lease agreement was concluded only for personal considerations of the lessee or his occupation and died, his heirs or the lessee may request the termination of the agreement.

c) In all cases, vacating notification date provided for in Article (34) of this Law shall be considered.

Article 37

a) In the event of the death of the lessee's of a leased property for residential purpose, his relatives to the third degree who actually live with him in the leased property at the time of his death shall replace him in all his rights and obligations resulting from the lease agreement.

b) The lease agreement of a leased property intended for industrial, commercial, occupation, handicraft or other purposes shall continue in favour of the heirs or partners.

c) In all cases, this lease agreement shall expire for those transferred to them at its expiry date in accordance with Article (34) of this Law.

CHAPTER NINE

VACATING THE LEASE PROPERTY

Article 38

A lessor may request the evacuation of the leased property in any of the following cases:

1. If a lessee refused to pay the rent the date indicated in the agreement or by a resolution of the Committee for a period of two successive months. The Committee may not pass a vacating resolution if proven that the lessee's delay in paying the rent is due to a strong

excuse accepted by the Committee and he has paid all due rent together with all litigation expenses incurred by the lessor until the end of the first session being properly notified therewith. If he continued refusing to pay or delay in paying the rent twice without any justifiable excuse during the agreement's term, an evacuation resolution should be passed.

2. If the lessee assigns or sub-leased all or part of the leased property, or evacuate it to a person other than its owner without a written permission from the owner.

3. If the lessee or the sub-lessee occupied the leased property intended for residence with a number exceeding the familiar one.

4. If a lessee occupies the leased property or permits its use in a manner which violates the agreement's condition, purpose intended therefor, violates the public order, morals or harms the lessor's financial interests.

5. If the leased property is collapsing and feared for the residents safety, or a final administration resolution is issued for its demolition from the concerned municipality.

6. If the property was constructed before almost twenty five years or area reclassification in which the property is situated, the lessor shall have the right to demolish and rebuild the property provided the demolition shall be carried out within one year from the evacuation. In case of the lessor's violation, the lessee shall have an option either to re-occupy the property if standing or claim for compensation with an amount that does not exceed the rent value of the remaining agreement period.

7. a lessor's need to occupy the leased property as his own or one of his relatives of the first degree's residence provided the existence of a written agreement with the lessee in this respect and to notify the lessee

with his intention to occupy the property by a registered letter at least six months before the vacation provided he shall be obliged to actually occupy the property for a period of no less than one year.

If the lessor fails to commit to his obligation to reside or leased the property to a third person after the evacuation, the lessee may request re-occupying the property with compensation to be determined by the Committee for a sum that does not exceed the rent for the remaining agreement period.

8. If the lessor is not residing in the area where the leased property is located or travelling outside the Kingdom and does not own another property, and wished to reside therein upon his return to such region or abroad whenever such condition is indicated in the lease agreement.

9. If the lessee used the leased property or permitted third parties to use it for purposes other than the purpose leased therefor in accordance with its nature or has made changes that may damage its construction safety.

10. If the lessee has left the leased property for a period of no less than one year.

Article 39

The Committee may, if decided to vacate the leased property in accordance with the cases indicated in Article (12) and Clauses (6), (7) and (8) of Article (38) of this Law, grant a lessee a period to implement its resolution provided it shall not exceed three months in case the property is leased for residential purpose and six months for other purposes.

CHAPTER TEN

RENTS DISPUTE COMMITTEE

Article 40

There shall be established a committee or more at the Ministry delegated with speedy settlement of the following:

1. Lawsuits and disputes resulted from lease agreements of properties that are subject to the provisions of this Law.
2. Lawsuits and disputes provided for in Clauses (6) and (7) of Article (8) and Article 8(bis) of the Civil and Commercial Procedures Act.
3. Request to adopt precautionary and timing measures related to the aforesaid lawsuits and disputes.

Article 40

A committee shall be formed every three years by a Minister's resolution as follows:

1. Two judges from the High Civil Court delegated for this purpose by the Supreme Judiciary Council where one of them shall assume the Committee's chairmanship.
2. An experienced officer to be nominated by the concerned Minister upon the Minister's request.

If any Committee member was unable to attend due to certain excuse, a replacement shall be delegated for the same committee's term.

A committee member shall take the following oath before the Minister:

“I swear by God “the almighty” to perform my duties with absolute truth and honesty, and respect the Kingdom’s laws and Orders”.

Article 42

- a) Meetings of the Committee shall be considered valid if attended of all its members, its deliberations shall be confidential and its resolutions shall substantially be issued with the majority votes at a open session.
- b) The Committee may hear witnesses and delegate experts, examine and adopt measures necessary to resolve a dispute.
- c) The Committee shall have a secretariat which shall be delegated with the execution and follow up of the Committee’s resolution, and shall be supplied with a sufficient number of employees.

Article 43

- a) The Committee’s resolutions may be appealed before the High Civil Court within fifteen days commencing from the date of issuing the resolution or notification, as the case may be, and the Court’s judgement in the appeal shall be final.
- b) The Committee may include its resolution an immediate enforcement with or without a bail upon the judgement creditor’s request.

Article 44

The Execution Judge shall be delegated with all the powers to execute the Committee's resolution in accordance with the Civil and Commercial Procedures Act.

Article 45

The Minister shall issue an Order with the Committee's business system; determine the procedures to submit disputes before it, means of notifying the disputed parties with the resolutions adopted and remuneration of non-judges members. Until issuing such Order, the provisions of the Civil and Commercial Procedures Act shall be enforced concerning filing of lawsuits and resolving thereof.

Article 46

The provisions of the Judicial Fees, tables attached thereto and rules for fees determining and exemption thereof shall be applicable to the lawsuits and applications submitted to the Committee.

The provisions of the Civil and Commercial Procedures Act shall be applicable to any provision that is not indicated in this Chapter or its execution orders.