

# Lease Agreement

<b>Terms and Conditions of Lease Agreement</b>		
<b>Leased Premises</b>	<b>Room Number</b>	
	<b>Use</b>	
	<b>Area</b>	
<b>Lessee</b>		
<b>Date of Agreement</b>		
<b>Term of Agreement</b>		
<b>Security Deposit</b>		
<b>Monthly Rent</b>		
<b>Remark</b>		

**Kaesong Industrial District Management Committee**

# Lease Agreement

## Description of Leased Premises

**Location:** General Support Center, 25-1 Kaesong Industrial District Stage 1, Kaesong-si

**Area :**

This Lease Agreement (this “**Agreement**”) is entered into by and between Kaesong Industrial District Management Committee (the “**Lessor**”) and *Name of Lessee*, (the “**Lessee**”) with respect to the above-described leased premises (the “**Leased Premises**”).

## Article 1 (Establishment of Agreement)

- (1) The Lessor shall lease to the Lessee, and the Lessee shall lease from the Lessor, the Leased Premises.
- (2) The Lessee shall not have any rights other than a right to lease and use the Leased Premises pursuant to this Agreement.

## Article 2 (Limitation on Use and Duty of Care)

The Lessee shall lease the Leased Premises to be used as office space and shall not use the Leased Premises for any other purposes. The Lessee shall comply with this Agreement and the regulations on building management of the Lessor, and shall exercise the duty of care with respect to the Leased Premises and any and all facilities leased from the Lessor.

## Article 3 (Lease Term)

- (1) The terms and conditions of this Agreement shall become effective from the date on which the term of this Agreement commences.
- (2) The Lessor and the Lessee may terminate this Agreement by mutual consultation even during the term of this Agreement, if the Lessor and the Lessee deem that there is a reasonable and inevitable reason to terminate this Agreement.
- (3) The Lessor or the Lessee may terminate this Agreement on the expiration date of the term of this Agreement by giving the other party written notice of its intention not to renew this Agreement at least three (3) months prior to the expiration of the term of this Agreement.
- (4) This Agreement shall be automatically extended for additional one-year period on the same terms and conditions, unless either of the Lessor or the Lessee gives the other party written notice of its intention not to renew this Agreement at least three (3) months prior to the expiration of the term of this Agreement.

## Article 4 (Amendment)

The Lessor and the Lessee may amend the terms and conditions of this Agreement by mutual consultation prior to the expiration of the term of this Agreement and even during the extended term of this Agreement, if there is reasonable and inevitable reason to do so.

## **Article 5 (Rent)**

- (1) The Lessor shall send the Lessee an invoice of the sum of the monthly rent (for a period from the first day till the last day of a month) for six months, which is to be converted based on the exchange rate (as announced by Seoul Money Brokerage Services) as of the base date (which is the last day of the month preceding the month in which the term of this Agreement is commenced or the last day of every 6<sup>th</sup> month thereafter) by the fifth day of the month following the month in which the term of this Agreement commences or every sixth month thereafter. The Lessee shall pay the six months' rent calculated as above to the account of the Lessor (account number: ODA919010789) by the twentieth day (by the next business day if it is a holiday) of the month in which such invoice is issued; provided, however, that if the Lessee moves to another building from the building owned by the Lessor, the due date for the initial rent shall be determined by mutual consultation between the parties.
- (2) If the term of this Agreement commences or expires during a month, the rent of that month shall be calculated on a pro rata basis.
- (3) If the Lessee fails to pay the Lessor the monthly rent by the due date set forth in Paragraph (1) above, the Lessee shall additionally pay default interest on the delayed rent at the default interest rate of 0.05% every day from the date following the due date.
- (4) Even if the Lessee fails to move into the Leased Premises on the agreed moving-in date due to causes attributable to the Lessee, the rent shall be calculated from the commencement date of the term of this Agreement; provided, however, that if the Lessor fails to deliver the Leased Premises to the Lessee by the commencement date of the term of this Agreement, the rent shall be calculated from the date on which the Leased Premises are actually delivered to the Lessee.

## **Article 6 (Maintenance Fee)**

- (1) The Lessee shall pay the Lessor the maintenance fee applicable to the area of the Leased Premises upon the receipt of invoice thereof calculated based on the expenses actually incurred, together with the charges for electricity, water, heating and air conditioning, etc. in USD. Article 5 shall apply mutatis mutandis in case of matters related to the exchange rate of USD, calculation on a pro rata basis and imposition of default interest for delayed payment; provided, however, that, the base date for the payment of the maintenance fee shall be the last day of each month.
- (2) The payment date of the maintenance fee shall be separately set forth in and notified by the invoice thereof.
- (3) Even if the Lessee did not use the Leased Premises during the effective term of this Agreement, the Lessee shall pay the above maintenance fee.
- (4) With respect to the charges for the energy (steam, hot-water (heating and water heater), electricity, etc.), if there is a difference between the total quantity consumed by the entire building and the sum of the quantity consumed by each lessee, such difference shall be distributed to lessees in accordance with the energy use rate per each lessee and paid to the Lessor.

## **Article 7 (Adjustment to Rent)**

- (1) The Lessor may adjust the rent annually even during the term of this Agreement reflecting the facility investment cost, rate of inflation and the building depreciation cost;

provided, however, that the rent adjusted by the Lessor shall not exceed 105% of the preceding rent.

- (2) Besides the case set forth in Paragraph (1) above, if there is an inevitable reason such as the amendment to the relevant laws and regulations, change in the financial situation, or increase in the market value of the rent of adjacent buildings, tax and public dues imposed on the land and building or public utility charges, the Lessor may adjust the rent; provided, however, that in such case, the Lessor shall obtain the Lessee's consent to such adjustment.

#### **Article 8 (Prohibition on Assignment of Rights, Etc.)**

- (1) In any case, the Lessee shall not assign its right and obligations hereunder or sublease all or a part of the Leased Premises to a third party.
- (2) The Lessee, who leased the commercial facilities, shall not exercise any good will or other claim for premium against the Lessor in any case, and the same shall apply to any third party. The Lessor shall not be liable for the premium paid or received by and between the Lessee and another lessee, even if the Lessor was notified thereof.

#### **Article 9 (Right to Use the Leased Premises)**

- (1) In leasing the Leased Premises, the Lessee shall obtain a right to use the Leased Premises and beneficial interest therein by paying the full amount of the security deposit to the Lessor.
- (2) With respect to the Leased Premises, the Lessee shall not have any rights other than a right to occupy and use the Lease Premises.

#### **Article 10 (Operation and Facilities within the Leased Premises)**

- (1) In any of the following events, the Lessee shall obtain a prior approval of the Lessor by submitting an application for approval, together with the relevant drawing, at least seven (7) days in advance, and any expenses arising therefrom shall be borne by the Lessee; provided, however, that in such case, the Lessor may direct and supervise the construction to effectively maintain the integrity of the building:
  1. Installing or remodeling partitions, windows, interior, etc. within the Leased Premises;
  2. Installing and relocating lights or power outlets, changing voltage, installing telephones, or installing, adding, relocating or changing facilities such as gas facility;
  3. Fixing safe and other heavy objects;
  4. Installing sign, advertising material or other signage outside the Leased Premises (gate, outer wall, glass, etc.); or
  5. Installing, repairing and changing other facilities.
- (2) The construction pursuant to Paragraph (1) above shall be made at the location designated by the Lessor, and upon the surrender of the Leased Premises, the Lessee shall, at its own expense, restore the Leased Premises to their original condition.
- (3) If the Lessee neglects its obligation to repair the facilities installed inside or outside the Leased Premises by the Lessee and the Lessor finds it inevitable for the maintenance of the building to conduct necessary repair works or other measures to those facilities, the Lessor may, at its own expense, conduct such repair works or other measures and claim reimbursement of the actual costs and expenses arising therefrom to the Lessee. The Lessee shall pay the same without raising any objections.

- (4) Any and all taxes and public imposts such as acquisition tax and property tax on the facilities installed, added or changed by the Lessee pursuant to Paragraph (1) above, shall be borne by the Lessee, irrespective of on whom such imposts are levied.

#### **Article 11 (Protection of Assets)**

- (1) The Lessor may hire a guard to protect the lobby, hallway and other common use area of the building.
- (2) The Lessee shall purchase, provide and manage the fire-fighting equipment and the earth leakage circuit breaker for the electrical equipment as required for the fire prevention within the Leased Premises.

#### **Article 12 (Employment and Training of Employees)**

- (1) The Lessee's employees hereunder shall refer to the employees and workers engaged in the Lessee's business and other staff related to the Lessee's business within the Leased Premises.
- (2) In hiring employees, the Lessee shall, in principle, hire a person suitable to work within the Leased Premises.
- (3) The Lessee and its employees shall comply with this Agreement and various regulations such as the Lessor's company rules and shall be supervised or directed by or obtain an approval from the person in charge designated by the Lessor. If the Lessee or its employees violate the same, the Lessor may suspend the access to the Leased Premises by the Lessee or its employees and take other measures as necessary.
- (4) If the Lessee's employees cause damage to the Lessor or a third party who moved into the Lessor's facility by way of strike, etc., the Lessee shall be responsible for any and all civil and criminal liability arising therefrom.
- (5) The Lessee shall be responsible for its employees and building or facility occupied by the Lessee, including any and all civil and criminal liability arising therefrom. The Lessee shall compensate for any damage suffered by the Lessor and a third party as a result thereof and may not make any claim against the Lessor with respect thereto.

#### **Article 13 (Prohibited Activities)**

The Lessee shall not engage in any of the activities set forth below, and if the Lessee engages in any of the following activities, the Lessor may terminate or refuse to renew this Agreement pursuant to Article 21 hereof:

1. Conducting any activities which are offensive to the public or obstructs the use of common facilities;
2. Piling up any objects in common use area such as hallway;
3. Installing or displaying any nameplate, sign or advertising material inside or outside the building without an approval of the Lessor;
4. Bringing in or storing any object that is explosive, dangerous or harmful to human being or that may cause damage to property within the building;
5. Using charcoal, coal, oil or fuels other than fuels provided or designated by the Lessor for heating equipment;
6. Playing noisy musical instruments or keeping pets other than fish in a fishbowl;
7. Destroying, damaging or changing the Leased Premises and other facilities;

8. Adding or using strong or weak power or other power besides the power supplied by the existing facilities without an approval of the Lessor;
9. Using the Leased Premises as a residential facility; or
10. Manufacturing or selling alcoholic beverages or liquor; provided, however, that, this may not apply to the commercial facilities by mutual consultation between the parties.

#### **Article 14 (Repair and Maintenance)**

- (1) In the event that walls, ceilings and floors of the Leased Premises are naturally damaged, worn out or faded, the Lessor shall bear the cost of repair thereof; provided, however, that, the Lessee shall bear the cost of repair caused or required by the Lessee.
- (2) If the Lessee finds out that a repair work under Paragraph (1) above is required, the Lessee shall immediately give a notice thereof to the Lessor, and if the Lessee repairs the same, the Lessee shall consult with the Lessor in advance.

#### **Article 15 (Limitation on Lessor's Liability)**

- (1) The Lessor shall not be liable for any and all damages suffered by the Lessee or interested parties of the Lessees due to force majeure event under the law such as an act of God, a war, etc. or any other cause beyond reasonable control of the Lessor (with the burden of proof to be imposed on the Lessee).
- (2) The Lessor shall not be held liable for any lack of services or disturbance in using the common use area due to the repair, change or remodeling of the Leased Premises carried out by the Lessee.

#### **Article 16 (Delivery of Instructions and Notices)**

Any and all instructions and notices of the announcements of the Lessor and the Lessee related to this Agreement shall be deemed to be delivered to the Lessee when delivered orally or in writing to the Lessee's employee or to the address of the Lessee set forth in this Agreement.

#### **Article 17 (Obligation to Notify)**

Upon the occurrence of any of the following events, the Lessee shall give the Lessor a written notice thereof together with the relevant documents without delay. The Lessor shall not be liable for any losses or disadvantages arising as a result of the Lessee's failure or delay to notify:

1. Change to the address, company name, representative and articles of incorporation;
2. Material change to the capital structure;
3. Change to the individual or corporate seal or seal impression in use; or
4. Other material change to the Lessee.

#### **Article 18 (Restriction on Use of Common Use Facilities)**

The Lessor may suspend or restrict the operation of the heating and cooling system, elevators and other facilities on Sundays and legal holidays or other days as set forth in the move-in common covenant or when any inevitable reason arises.

### **Article 19 (Time of Operation of Common Use Part)**

- (1) The opening and closing hours of gates and the time of operation of the common use part of the heating and cooling facility shall be determined by the Lessor upon consultation in consideration of the Lessee's convenience, and a separate common covenant thereon may be prepared, if necessary.
- (2) If the Lessor extends the time under Paragraph (1) above pursuant to the Lessee's request, the Lessee shall bear expenses arising therefrom.

### **Article 20 (Manager)**

The Lessor may appoint a third party as a manager for the proper management (cleaning or guarding, etc.) of the Leased Premises and the building, including the common use facilities.

### **Article 21 (Lessor's Right to Terminate)**

In any of the following events, the Lessor may terminate or refuse to renew this Agreement:

1. If the Lessee violates its obligations under the provisions of this Agreement;
2. If the Lessee delays payment of any and all expenses payable to the Lessor, including the monthly rent and maintenance fee, in three or more instances; or
3. If it is acknowledged that the Lessee is unable to pay the monthly rent and maintenance fee as any of the Lessee's asset is subject to attachment, provisional attachment or provisional disposition etc., or a petition for auction sales or bankruptcy is made against such asset.

### **Article 22 (Surrender and Restore)**

- (1) Upon the termination of this Agreement, the Lessee shall remove its belongings and property from the Leased Premises by the date of termination of this Agreement and return the keys and other assets and goods entrusted to the Lessee that are owned by the Lessor, and surrender all of the Leased Premises to the Lessor.
- (2) The Lessee shall, at its own expenses, remove facilities, partitions and any other structural changes installed by the Lessee and restore the Leased Premises to their original condition by the date of termination of this Agreement.
- (3) If the Lessee fails to remove its belongings and property or fails to surrender the Leased Premises after restoring the Leased Premises to their original condition by the date of termination of this Agreement, the Lessee shall pay the Lessor the unfair profits equivalent to the maintenance fee and the monthly rent payable for the period from the date of termination of this Agreement to the actual date on which the Lessee surrenders or restores the Leased Premises to their original condition.
- (4) The Lessee shall not refuse to surrender or restore to the original condition of the Leased Premises, assert a renewal of this Agreement or file a claim against the Lessor for reimbursement or payment of other money by reason of the expenses for the facilities installed in the Leased Premises or premium paid by the Lessee.

### **Article 23 (Eviction)**

If the Lessee fails to remove its belongings and property from the Leased Premises after the termination of this Agreement, the Lessor may, at the Lessee's responsibility and cost, carry

out enforcement measure, keep such belongings and property or take other legal measures for the surrender of the Leased Premise after giving a notice thereof to the Lessee.

#### **Article 24 (Compensation for Damages)**

- (1) In case the Lessee or its employees willfully or negligently caused destruction to the facilities within the building, the Lessee shall immediately notify the Lessor of such destruction and compensate for the damage caused as a result of such destruction.
- (2) In case the Lessee or its employees willfully or negligently caused damage to other tenants or the public, the Lessee shall, at its own costs, compensate for such damage.
- (3) In case the Lessee lost a key to a gate, which was kept and used by the Lessee, the Lessee shall replace the set of the lock of such gate with a new one or make compensation therefor.
- (4) Any damage under Paragraph (1) above not notified to the Lessor shall be deemed as the damage caused by the Lessee, and the Lessor may take necessary measures such as claim for compensation with respect thereto.

#### **Article 25 (Termination of Agreement)**

This Agreement may be terminated in any of the following events:

1. If the term or any extended term of this Agreement expires; or
2. If this Agreement is terminated or repudiated pursuant to the provisions of this Agreement.

#### **Article 26 (Right of Access)**

- (1) The Lessor (including the management office and service company) may access the Leased Premises for the purpose of maintenance of the building, operation of facilities, inspection, fire and crime prevention, maintenance of sanitation and rescue, or of showing the Leased Premises to prospective tenants before the end of the term of this Agreement, and the Lessee shall not refuse to allow such access.
- (2) In urgent cases for the management of the building where the Lessor has no time to ask for the Lessee's consent in advance, the Lessor may access to the Leased Premises pursuant to Paragraph (1) above even during the Lessee's absence, and in such case, the Lessee may not exercise a right to claim for damages against the Lessor.
- (3) For the access under Paragraphs (1) and (2), the Lessor may unlock the lock or take other measures as necessary.

#### **Article 27 (Fire Insurance Premium)**

If the fire insurance premium for the building increases due to activities or belongings of the Lessee, the Lessee shall pay all of such increased amount to the Lessor.

#### **Article 28 (Pre-trial Conciliation Protocol)**

- (1) The Lessor may request the Lessee to draw up a pre-trial conciliation protocol and other documents necessary for the settlement of disputes related to the term of the lease, surrender of the Leased Premises and payment of the monthly rent, etc. provided herein.
- (2) The expenses arising from the preparation of the pre-trial conciliation protocol shall be equally borne by the Lessor and the Lessee.

### **Article 29 (Jurisdiction and Governing Law)**

Matters not set forth herein shall be determined by consultation between the Lessor and the Lessee in accordance with the applicable laws and regulations and general lease practices. The competent court for any disputes arising shall be the Seoul Central District Court, and the governing law shall be the laws of the Republic of Korea.

### **Article 30 (Common Covenant)**

- (1) The Lessor may enact and enforce a common covenant applicable to all tenants for the protection of the Lessee's property and smooth management of the Leased Premises, and such covenant shall be regarded as a part of this Agreement and shall have the same effect as that of this Agreement.
- (2) If the common covenant under Paragraph (1) above is enacted or amended after the execution hereof, such covenant shall have the same effect as that of this Agreement from the date of such enactment or amendment.

### **Article 31 (Miscellaneous)**

If the Lessee fails to pay any monetary obligations payable to the Lessor pursuant to this Agreement by the due date thereof in full, the Lessee shall additionally pay the default interest on the delayed amount from the date following such due date.

### **Article 32 (Special Agreements)**

- (1) Matters not set forth herein shall be separately determined in an attachment by mutual consultation of the parties hereto.

*Date*

“Lessor”:           Address: Kaesong Industrial District Management Committee, 25-1 Kaesong  
Industrial District Stage 1, Kaesong-si  
Name: Chairman Yang Ho Hong of Kaesong Industrial District Management  
Committee (seal)

“Lessee”:           Address:  
Name: