

**CONTRACT OF LEASE
(LAND)**

**Note: SAMPLE ONLY
PIA TO FINALIZE**

KNOW ALL MEN BY THESE PRESENTS:

This Contract made and entered into by and between:

PHIVIDEC INDUSTRIAL AUTHORITY (PIA), a government-owned corporation created and existing pursuant to Presidential Decree No. 538, as amended, with principal office address at the Mindanao Container Terminal Administration Building, Tagoloan, Misamis Oriental, Philippines, herein represented by its Administrator/CEO, **ATTY. FRANKLIN M. QUIJANO**, as evidenced by its Secretary's Certificate herein attached as **Annex "A"**, hereinafter referred to as the **"LESSOR"**;

-and-

(Name of Firm), a corporation duly organized and existing under the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) under Registration No. ___ dated ____, with principal office address at _____, herein represented by its **(Position and Name of Head of Office)**, as evidenced by its Secretary's Certificate herein attached as **Annex "B"**, hereinafter referred to as the **"LESSEE"**;

WITNESSETH THAT:

WHEREAS, the LESSOR is empowered and authorized under Presidential Decree No. 538, as amended, to develop, operate, administer and manage an industrial estate known as the PHIVIDEC INDUSTRIAL ESTATE OF MISAMIS ORIENTAL (PIE-MO), located in the Municipalities of Tagoloan and Villanueva, Province of Misamis Oriental;

WHEREAS, the LESSOR is likewise empowered and authorized by PD 538, as amended, to acquire all lands within the 3,000 hectare industrial estate, and to subsequently lease out portions thereof as deemed necessary and proper by the LESSOR's Board of Directors as it has herein so deemed and authorized;

WHEREAS, the LESSOR is the absolute and legal owner of parcels of land, particularly designated as Portions of Lot No. _____ Pls-799, with an area of _____, more or less, located in _____, PHIVIDEC Industrial Estate in Misamis Oriental;

WHEREAS, the LESSEE is a duly registered service firm pursuant to PIA Board Resolution No. _____ s. 2009 to engage in _____;

NOW, THEREFORE, for and in consideration of the foregoing premises, which are essential conditions and integral parts of this Contract, and the mutual covenants and conditions hereinafter set forth, the parties hereby agree as follows:

I. LEASED PREMISES

1. The LESSOR hereby leases unto the LESSEE, a portion of _____, containing an aggregate area of _____ hectares, more or less, the Sketch Plan with Technical Description of which is hereto attached and marked as **Annex "C"** and forming an integral part of this Contract. The said area is hereinafter referred to as the Leased Premises.

2. The Leased Premises shall be used exclusively by the LESSEE for its business of _____. The said area shall be used for the LESSEE'S own exclusive purpose and other related activities. Conformably thereto, the Leased Premises may not be used for any other purpose without the written consent of the LESSOR.

II. TERM OF LEASE

The term of the lease shall be for a period of _____, (_____) and shall take effect from the signing of this Contract, unless sooner terminated as hereinafter provided. The lease may be renewed at the option of the LESSEE, upon such terms and conditions as may be mutually agreed upon by the parties. Such option shall be exercised in writing by the LESSEE not later than sixty (60) days prior to the expiration/termination of this Contract. The LESSOR shall have the option to pre-terminate this Contract of Lease at anytime on grounds herein provided upon a ninety (90) day prior written notice to the LESSEE.

III. RENTAL

1. For the use and occupancy of the Leased Premises, the LESSEE shall pay unto the LESSOR a rental of _____ (Php _____) per square meter per year for the land, exclusive of the prevailing VAT rate and Real Property Taxes (RPT), provided that, the RPT on the Lot shall be adjusted accordingly on the regular schedule of revision on the assessed value of the land. The corresponding RPT on the structures and improvements to be introduced by LESSEE shall be assessed and collected separately. The lease rate shall be escalated 5% every year but to be applied on the third year and shall be paid by the LESSEE unto the LESSOR not later than every first ten (10) days of the anniversary date of the payment of rental for the first year of the term without need of demand subject to applicable withholding tax.

2. Upon execution of this Contract, the LESSEE shall pay unto the LESSOR an advance land rental equivalent to one (1) year advance rental in the amount of **PESOS:** _____ (Php _____), plus the prevailing VAT of the land upon signing of this Contract.

3. Should the LESSEE fails to pay the amount due or any part thereof within the stipulated period, a penalty of two percent (2%) per month of the delay shall be imposed until the amount due is paid. A fraction of a month shall be considered as a full month for purposes of penalty.

IV. TAXES AND CHARGES

All real property taxes due on the leased Premises and on the improvements introduced thereon by the LESSEE shall be for the account of the LESSEE. Also, the LESSEE shall be responsible for all other taxes, fees and charges that may be imposed on the Leased Premises in connection with the business operation of the LESSEE.

V. LESSOR COVENANTS

1. The LESSOR warrants that the LESSEE shall have peaceful and quiet possession and enjoyment of the Leased Premises throughout the term of this Contract. The LESSOR represents further that it has the sole, full and unrestricted right over the Leased Premises without any lien, charges or encumbrances on or against the ownership of the Leased Premises.

2. In the event that the LESSEE is deprived of or interrupted in its peaceful and quiet possession and enjoyment of the Leased Premises, the LESSEE without prejudice to the other remedies available under the law, shall have the right to claim reimbursement from the LESSOR of any unused amount paid by the LESSEE under this Contract as well as other expenses incremental to the Lease Agreement.

VI. LESSEE COVENANTS

1. The LESSEE, during its occupancy of the Leased Premises, shall hold the LESSOR free and harmless from any damage, liability or responsibility to any person or property arising out of or as a consequence of the LESSEE'S use or enjoyment of the Leased Premises.
2. To the extent applicable, the LESSEE shall observe strictly all prevailing laws, rules and regulations imposed by the Republic of the Philippines;

VII. IMPROVEMENTS

1. The LESSEE may install at its own account facilities and equipment of every kind, description and character, and undertake such improvements or repairs of the Leased Premises as will be necessary for the operation of its business activities in the said Leased Premises which shall be used as a _____ PROVIDED, however, that the strength and general structure of the buildings to be constructed in the Leased Premises shall be subject to the applicable provisions of Republic Act No. 7916 and its implementing rules and regulations and the pertinent provisions of Presidential Decree No. 1096, otherwise known as the National Building Code of the Philippines as amended by Presidential Decree No. 171-A and such other applicable Board Resolutions of the LESSOR, rules and regulations, circulars, directives and laws governing the issuance of the building and occupancy permits, mechanical or electrical inspections and visitation of the Leased Premises;
2. All immovable and permanent improvements introduced by the LESSEE in the Leased Premises shall, after the expiration of the lease or extension or the pre-termination of this Contract, vest in absolute ownership unto the LESSOR without reimbursement of their value to the LESSEE. For this purpose, immovable or permanent improvements shall refer to everything attached to an immovable property in a fixed manner in such a way that it cannot be removed or separated therefrom without breaking the material or deterioration of the object to which it is attached. It shall likewise refer to those immovable properties enumerated in Article 415 of the New Civil Code of the Philippines.

Except as herein provided, only machinery, equipment, inventories, and semi-permanent improvements which are installed therein by the LESSEE may be removed at its own exclusive expense. Semi-permanent improvements include those that can be removed from the Leased Premises without causing any damage to the latter. The LESSEE is hereby granted a reasonable time within which to remove the improvements which shall in no case be more than ninety (90) days from and after the termination or expiration of this Contract or extension thereof; PROVIDED that the LESSOR shall have a first lien on such machinery or facilities or equipment installed by the LESSEE; PROVIDED FINALLY, that if the Leased Premises be defaced or damaged on the occasion of such removal, the same shall be restored or repaired at the sole and exclusive expense of the LESSEE.

3. In the event the LESSEE fails to remove within the 90-day period the foregoing non-permanent improvements, the LESSOR, at its option, may remove the same and the expenses attendant thereto shall be chargeable against the LESSEE. However, the LESSEE shall continue to be liable to pay the lease rental until it has completely vacated the premises.

VIII. SIGNS, ADVERTISEMENTS, ETC.

The LESSEE shall use only signs and advertising media as may have been previously approved in writing by the LESSOR. No streamers or any similar advertising signs shall be allowed to be hanged on the Leased Premises without prior written consent of the LESSOR.

IX. ACCESS TO LEASED PREMISES

The LESSOR or its duly authorized representative(s) shall have the right to enter and view the conditions of the Leased Premises at reasonable hours and in convenient manner upon prior notice to Lessee for the purpose of enforcing the terms and conditions of this Contract and the pertinent rules and regulations promulgated by the LESSOR.

X. CARE OF LEASED PREMISES

The LESSEE shall at its own expense, maintain the Leased Premises in a clean and sanitary condition, free from noxious odors, disturbing noises and other nuisances. The LESSEE shall likewise keep the Leased Premises and its immediate surrounding vicinity free from environmentally hazardous waste materials, and for this purpose, should maintain a safety waste disposal system.

XI. UTILITIES

The LESSEE shall pay and defray at its own expense the cost of electricity, water, telephone, janitorial services and such other services or utilities as may be employed or consumed by the LESSEE upon the Leased Premises.

XII. PARKING ALONG THE ROADS

The LESSEE shall not be allowed to park its motor vehicles along the roads near the Leased Premises except for loading and unloading purposes.

XIII. ASSIGNMENT AND SUBLETTING

The LESSEE may not assign, transfer or sublease the Leased Premises provided a written consent of the LESSOR is obtained by the LESSEE thirty (30) days prior to such assignment, transfer, or sublease and subject to such conditions and restrictions as may be imposed by the LESSOR. Any and all rights and interests accruing to third parties in violation of this provision shall not be binding against the LESSOR.

The assignment or transfer shall be subject to the same terms and conditions herein provided.

In case of sublease, the term of the sublease contract shall be co-terminus with the term of this Contract or should not exceed the original term provided in this Contract.

XIV. SECURITY OF AREA & PREMISES

The LESSEE shall provide and pay for the services of security guards to secure and protect the Leased Premises against any trespassers or intruders. The LESSOR shall not be liable for any loss or damage suffered by the LESSEE resulting from any theft, robbery and other crimes committed within the Leased Premises.

XV. CUMULATIVE REMEDIES/NON WAIVER

The receipt by the LESSOR of any rent or payment, with or without the knowledge of the breach of any covenant hereof, shall not be deemed a waiver of such breach, and no waiver of any sum or right hereunder shall be valid unless made in writing and signed by the LESSOR waiving said sum or right. No delay or omission in the exercise of any right or remedy accruing to the LESSOR hereto upon any breach of obligation provided in this Contract shall impair such right or remedy, or be construed as a waiver of any such breach thereafter occurring.

XVI. AMENDMENT OF CONTRACT

This Contract may not thereafter be modified or altered except by mutual agreement reduced in an instrument duly signed by the parties thereto.

XVII. TERMINATION OF LEASE

Among others herein provided, the LESSOR may motu proprio terminate this Contract by a written notice upon the happening of any of the following events:

1. An affirmative act of insolvency by the LESSEE or the filing by the LESSEE of a petition under any bankruptcy, reorganization, insolvency or moratorium law for relief from debtor;

2. The filing of any involuntary petition under any bankruptcy statute against the LESSEE, or the appointment of any receiver or trustee to take possession of the properties of the LESSEE;

3. A final judgment by the Courts of Justice or the final decision by the LESSOR that results in the permanent suspension of any permit or license, possession of which is prerequisite to the operation of the LESSEE'S business under applicable laws;

4. If the rental herein stipulated, or any part thereof, is not paid by the LESSEE to the LESSOR within three (3) months from the time the same is due;

5. If the LESSEE shall at anytime fail or neglect to perform or comply with any of the covenants, conditions, agreements or restrictions herein stipulated.

In the event of such termination based on any of the above cases, the premises shall be immediately vacated peacefully by the LESSEE for the LESSOR to hold, enjoy and dispose of and the LESSOR or any person or persons duly authorized on his behalf, may without any formal notice or demand, enter into and occupy said Leased Premises or any part thereof, even in the absence of a court order, and further without prejudice on the part of the LESSOR to exercise any or all rights under this Contract and those provided by law.

PROVIDED, FINALLY that if the cause of termination of the Contract includes non-payment of the rentals and other monetary obligations by the LESSEE, the LESSOR *ipso facto* has the authority to sell the machineries, equipment and other properties of the LESSEE to answer for the unpaid financial obligations of the LESSEE. Any excess to such sale, less the cost of sale, shall be refunded by the LESSOR unto the LESSEE.

Other causes for termination may include acts of God, or voluntary termination by the LESSEE for cause, provided that in the case of voluntary termination by the LESSEE a three (3)-month prior notice to that effect shall be given to the LESSOR.

If the lease will be pre-terminated by the LESSEE, LESSOR shall reimburse to the LESSEE the unused portion of the advance rental paid subject to any valid claims that the LESSOR may have against the LESSEE at the time of pre-termination. It shall be based on the actual months used subject to any valid claims that the LESSOR may have against the LESSEE at the time of pre-termination. A fraction of a month shall be considered a full month for purposes of computation. However, this refund shall not apply to termination by the LESSOR for cause stated in Section XVII paragraph 5 hereof.

XVIII. BINDING EFFECT OF CONTRACT

This Contract shall be binding upon the successors, assigns, executors, and administrators of the parties herein.

XIX. EFFECTIVITY OF THIS CONTRACT

This Contract shall take effect upon its signing by the contracting parties and shall continue to take effect during the _____ unless renewed or pre-terminated for causes herein provided.

XX. MISCELLANEOUS PROVISIONS

The LESSEE agrees:

1. Not to use or permit the use of the Leased Premises, or any part thereof for any immoral or other purposes prohibited by law;
2. To make efforts to beautify the Leased Premises;
3. To provide for the safe disposal of all waste produced in the Leased Premises;
4. To give preference in employing veterans, their dependents and/or residents of the Municipalities of Villanueva and Tagoloan on the basis of the Best Qualified Rule subject to existing laws, rules and regulations.

XXI. SURRENDER OF THE LEASED PREMISES

Upon the expiration, extension or pre-termination of the term of this Contract, unless extended or renewed, the LESSEE shall surrender and yield quietly and peacefully to the LESSOR the possession of the Leased Premises, including the immovable improvements thereon pursuant to Section VII hereof, in the same condition which they have been found at the beginning of the lease, ordinary wear and tear, reasonable use and other unavoidable losses expected. If the possession of the Leased Premises is not surrendered at the expiration, or pre-termination hereof, the LESSEE shall be responsible to the LESSOR for all damages which the latter may suffer by reason of such delay and will indemnify the LESSOR against any and all claims made by the succeeding occupant against the LESSOR, resulting from the delay of the LESSEE in delivering the possession of the Leased Premises to the LESSOR, so far as the delay is occasioned by the failure of the LESSEE to surrender the Leased Premises on time.

XXII. LESSOR EXEMPT FROM LIABILITY

The LESSEE shall keep, save and hold the LESSOR free from any and all liabilities, penalties, losses, damages, costs, expenses, causes of action, claims and/or judgments arising out of or by reason of any injury or liability caused by any person or persons, from any cause or causes whatsoever relating to the operations of the LESSEE'S business during the term of this Contract by obtaining an appropriate insurance with an insurance company as would amply protect both parties herein against any liability arising from its registered operations.

XXIII. DEFAULT

Any violation or default in the performance of the covenants and obligations set forth in this Contract by the LESSEE shall constitute a ground for the revocation of this Contract without the need of judicial or extra-judicial demand/action if no corrective or remedial measures satisfactory to the LESSOR are instituted within thirty (30) days from written notice of such violation or default. Provided, that the LESSOR shall be entitled to all damages that it may have suffered by reason of such violation or default.

XXIV. COST OF SUIT/VENUE OF ACTION

1. Any problem arising out of this Contract or interpretation of any provision hereof shall be settled amicably, and where amicable settlement fails, the dispute shall be brought for Arbitration in the Philippines according to the provisions of the Republic Act No. 876, otherwise known as the " Arbitration Law"

2. In case of suit or action in court, the party prevailing shall be entitled to recover costs and expenses of litigation and attorney's fees in an amount not less than P 50,000.00
3. The parties hereto agree that any court action arising out of this Contract shall be filed in the proper court in the Municipality of Tagoloan/ Villanueva or the City of Cagayan de Oro as the case may be.

XXV. NOTICE

Notice required hereunder or by law to be served upon either of the parties shall be in writing and shall be delivered personally or sent by registered mail to the other at its above specified address or to such other address designated by such party in writing. Notice by registered mail shall be deemed completed after five (5) days from receipt of the registry notice.

XXVI. INTEGRATION BY REFERENCE

The following shall be deemed incorporated and/or reproduced to form as an integral part of this Lease Contract, to wit:

1. Presidential Decree No. 538, as amended;
2. Implementing Rules and Regulations of P.D. No. 538;
3. PIA Board Resolutions and those that may thereafter be promulgated;
4. PIA circulars, memorandums and directives;
5. Registration Agreement between LESSOR and the LESSEE.

IN WITNESS WHEREOF, the parties hereto have signed this ___ day of _____, 20___, at the MCT Complex, PHIVIDEC Industrial Authority (PIA) Philippines.

PHIVIDEC INDUSTRIAL AUTHORITY
LESSOR

(Company Name)
LESSEE

By:

By:

ATTY. FRANKLIN M. QUIJANO
Administrator/CEO

(Name and Position)

SIGNED IN THE PRESENCE OF:

A C K N O W L E D G M E N T

REPUBLIC OF THE PHILIPPINES)
Province of Misamis Oriental) s.s.
Municipality of Tagoloan)

BEFORE ME, this ____ day of _____, personally appeared:

NAME

CTC No.

Issued on/at

ATTY. FRANKLIN M. QUIJANO

(Lessee)

Known to be the same persons who executed the foregoing instrument and acknowledged to me that the same is their free and voluntary act and deed as well as that of the entities they represent.

Said instrument refers to a CONTRACT OF LEASE of land, consisting of eight (8) pages including this page whereon this acknowledgment is written, signed by the parties and their witnesses on each and every page thereof and sealed with my notarial seal.

Doc. No. ____

Page No. ____

Book No. ____

Series of ____.