



**DEC 05 1995**

PPA ADMINISTRATIVE ORDER  
NO 22 - 95

T O All District Managers, Port Managers  
and Others Concerned

SUBJECT **REVISED GUIDELINES ON REAL  
ESTATE MANAGEMENT**

Pursuant to the provisions of Art IV Sections 6 (a) (ii) and (b) (vii) (ix) of Presidential Decree No 857, as amended, otherwise known as the Revised Charter of PPA, and in consonance with Board Resolutions 931 and 879 promulgated to widen private sector participation and equity investments in the provision of port facilities and infrastructures, the following revised guidelines, amending by substitution PPA MC 38-89, is hereby issued for the information of and compliance by all concerned

### **ARTICLE I PRELIMINARY PROVISIONS**

#### Section 1 **Scope**

This Order provides the guidelines and procedures in the utilization, valuation and leasing of PPA real estate, including the determination of rental charges for land, buildings and other improvements, whenever it is not possible yet to privatize the operation of the whole port

#### Section 2 **Definition of Terms**

For purposes of this Order, the terms or words used herein shall mean or be understood to mean as follows

2.1 REAL ESTATE - land and everything permanently attached to it

- 2 2 PERMANENT ATTACHMENT (or PERMANENT IMPROVEMENT) - anything built upon or permanently attached to the land, including roads, fences, drainage systems, buildings and permanent fixtures, that tend to increase its value or utility or adapt it for new and other purposes
- 2 3 APPRAISAL - the act or process of determining the value of property at a specific date
- 2 4 MARKET VALUE - the price at which a seller is willing to sell and a buyer is willing to buy, neither being under abnormal pressure
- 2 5 RETURN ON ASSET - the ratio of rent for land and improvements over the appraised value of its improvement and the market value of the land

Section 3 **Statement of Policies**

3 1 The Authority shall adopt a service-oriented approach in real estate management which shall be characterized by private participation, social orientation, service efficiency and public accountability

3 2 The implementation of the policy shall be supported by the following

- 3 2 1 Medium and long term leases shall be subject to public bidding
- 3 2 2 The port lay-out Plan shall be a basis in the processing of all lease applications
- 3 2 3 Non-operational or commercial areas may be leased out on long-term basis only in instances where the prospective lessee intends to put up a permanent structure that is consistent with the 15-year Port Development Plan and there exists no intention by PPA to use the area directly
- 3 2 4 Lease terms shall not exceed those granted in permits to operate when the latter is so required

3 3 The leasing out of whole ports for privatized operation shall be a primary consideration Towards this end, no leases that prejudice such program shall be made

**ARTICLE II UTILIZATION OF PORT REAL ESTATE**

Section 4 Demand Forecast for Services and Facilities

4 1 All PMOs, in coordination with their respective Port District Offices and Head Office departments concerned, shall determine demands for specific primary, ancillary and other support services in conformity with the 15-year Port Development Plan. The demand forecast shall be based on freight-flow projections, passenger volume forecasts, vessel traffic forecasts, trade/industry trends and other relevant information.

4 2 Priorities in the utilization of the port real estate properties shall be in the following order:

FIRST - use of land, buildings and improvements for the provision of traditional maritime and primary port services and facilities. These include, but are not limited to shipping, arrastre/stevedoring, preliminary & temporary storage, ro-ro & reefer services, passenger terminal and portage services.

SECOND - use of land, buildings and improvements for the provision of services and facilities that are directly supportive of maritime/port operations. These include, but are not limited to warehousing, equipment shed, cargo consolidation, chandling, trucking and brokerage.

THIRD - use of land, buildings and improvements indirectly supportive of maritime/port operations or are parts of a local economic program. These include, but are not limited to fuel stations, canteens, banks, etc.

**Section 5 Delineation of Operational and Commercial Areas**

All areas used or intended for use in services/facilities falling under the first priority shall be classified as operational areas. Those areas used or intended for use in services/facilities under the second and third priorities shall be classified as support-facility areas and commercial areas respectively.

**Section 6 Port Lay-out Plan (PLOP)**

6 1 The demand forecast for services and facilities completed, and operational, support-facility and commercial areas so identified and delineated, the specific blocks allocated for service or facility groups to be maintained and/or developed, as well as the partitioned lots for assignments of such, shall be drawn into a PLOP by the PMO together with the following:

- 6 1 1 For Operational Areas, listings of blocks, their respective areas, current market values and assigned or intended functional use, (Annex A1)



6 1 2 For support-facility and commercial areas, listings of blocks, their respective areas, the improvements, the appraised values of such improvements and occupants/lessees, if any, (Annex A2 & A3 )

6 1 3 Listing of existing lessees

6 2 The PMOs thru the PDOs shall submit the Port Lay-out Plan as specified in the foregoing in two sets to the Office of the Assistant General Manager for Operations, Attention Commercial Services Department (CSD) CSD shall forward one copy of the Port Lay-out Plan to the Project Development Department for review If it is found consistent with the port's development plan, the same shall be submitted jointly by the Assistant General Manager for Operations and the Assistant General Manager for Engineering Services to the General Manager for approval The approved layout plan shall be returned to the respective PMOs thru the CSD The approved 15-year Port Lay Out Plan shall specifically include 3 PLOP areas as indicated

6 2 1 Area authorized for short term lease/PTOC (PLOP A1)

6 2 2 Area authorized for lease up to 5 years (PLOP A2)

6 2 3 Area reserved for development after 5 years (PLOP A3)

### **ARTICLE III - VALUATION OF PORT REAL ESTATE**

#### **Section 7 Basis for Valuation of Port Real Estate**

The value of the Authority's real estate assets shall be appraised at least once every five (5) years by an independent third party appraiser which shall be appointed by PPA

In cases where there is no appraisal conducted by a third party appraiser, and a rental rate for a lease application is needed, valuation of the fixed assets shall be undertaken as the need arises

### **Article IV PROCEDURES FOR LEASING PORT REAL ESTATE**

#### **Section 8 Short Term Leases**

Short-term leases are those in areas identified in the PLOP A1 granted for a maximum period of one year and covered by a Permit to Occupy (PTOc)

8 1 The prospective lessee may submit in writing his lease proposal to the PMO which has jurisdiction over the area, together with the following area required, intended usage, proposed business/service to be established including detailed specifications of the project, proposed rental rate and other pertinent information



8 2 The PMO then evaluates said proposal based on its approved PLOP, the determined needs and demands for the proposed service or facility-use, and the financial proposal

8 3 If in order, the Port Manager may then issue Permit to Occupy in accordance with the revised Delegation of Authority

8 4 Renewals of Permits-to-Occupy maybe issued by the PMOs, copy furnished their respective Port District Offices and the AGM-Operations, Attention Commercial Services Department

## Section 9 **Medium and Long Term Leases**

Medium-term leases shall be those covered in PLOP A2 with duration of from more than one (1) year to five (5) years, and long term leases covered in PLOP A3 shall be those with more than five years, depending on the economic life of the permanent structures to be put up

9 1 As a general rule, medium and long term leases shall be subject to public bidding. However, publication of lease proposals, three times in a newspaper of general circulation over a minimum period of two (2) weeks, may take the place of public bidding if any of the following instances are present

9 1 1 when the area will involve the furtherance of port operational activities or services and the prospective lessee is an existing authorized port operator, provided that the lease will be co-terminus with the existing contract,

9 1 2 when the infrastructure/improvements to be introduced by the prospective lessee is an unsolicited specialized port related facility and directly supports port/maritime operations and the purpose will enhance port operations

9 2 Procedures for the publicity requirements are as follows

9 2 1 Medium and long term lease proposals received by the PDO/PMO which are exempted from the bidding requirements as stated in Section 10 1 shall be supported by a pre-feasibility study priorly accepted by PPA. The proposal shall be published three times in a newspaper of general circulation over a minimum period of two (2) weeks

9 2 2 The advertisement shall state the nature of the proposal such as service/facility to be put up, proposed site location, area to be

leased, proposed contract term/period, among others, and shall invite comparative applications or counter proposals. It will also include the deadline for submission of comparative applications which shall not be more than (sixty) 60 calendar days reckoned from the last date of publication. The cost of the publication shall be borne by the proponent.

- 9 2 3 In the event that another project proponent submits a financial proposal more favorable to the government than that submitted by the original project proponent, the latter shall have the right to match said financial proposal within thirty (30) working days.
- 9 2 4 Should the original project proponent fail to match the more favorable financial proposal submitted within the specified period, the contract shall be awarded to the tenderer of the more favorable financial proposal.
- 9 2 5 If the original project proponent matches the submitted financial proposal within the specified period, the original project proponent shall be awarded the project.
- 9 2 6 If the prescribed period for submission of comparative application or counter proposals has lapsed and there is no other application received, evaluation and processing shall proceed. Lease may be granted through negotiated contract, subject to the approval of the Board.

9 3 Bidding of new leases shall be undertaken following the procedures as enumerated.

- 9 3 1 Invitation for bids shall be published three times by the PDO in a newspaper of general circulation or any other means allowed by law, extending over a period of at least ten (10) days.

The Advertisement shall include a Notice to Prospective bidders concerning the service/facility to be put up, its location, area to be leased, place/s to secure pre-qualification forms and the deadline for their submission.

If the prescribed period in the first scheduled bidding has lapsed and there is only one interested bidder, a second bidding shall be scheduled. PPA may enter into a negotiated contract only if there is again only one bidder during the second bidding.

- 9 3 2 Prequalification of prospective lessees is a prerequisite for bidding  
Only prequalified prospective bidders shall be allowed to bid
- 9 3 3 The award shall be given to the bidder who offers the highest  
evaluated bid price and/or to that which is found to give the most  
advantage to PPA following the "two (2) envelope system"  
(Technical and Financial)
- 9 3 4 A Committee shall take charge of prequalifying prospective bidders  
and administering the bidding process in accordance with standard  
regulations on Public Bidding This shall be composed of the  
following
- |               |  |
|---------------|--|
| Chairman      | Manager<br>Port District Office  |
| Vice-Chairman | Manager, Port Management Office  |
| Members       | TSD Manager (PDO)<br>RMD Manager (PMO)<br>ESD Manager (PMO)<br>District Attorney |
| Observer      | COA Representative   |

Section 9 4 The leases shall be approved as follows

	<u>Lease Term</u>	<u>Approving Authority</u>
9 4 1	Short-term up to 1-year	Port Manager
9 4 2	Medium-term, beyond one year up to 5 years	Port District Manager
9 4 3	Long term, beyond five years up to 10 years	General Manager
9 4 4	Long term, beyond 10 years	Board of Directors

Notwithstanding the above, all leases involving 1,000 square meters or more shall be subject to Board approval

Section 10 **Determination of Rental Charges**

10 1 Rental charges shall be a function of the demand for the area's utilization and the cost of the land and the improvements

10 2 The Port Manager shall consider the present supply/demand conditions in determining the rental rate Pricing decisions shall be influenced by current market prices in the port's peripheral areas

10 2 1 If the demand for land utilization exceeds the available areas for lease, then the lease rate may be fixed higher than market prices To comply with PPA's commitments to its foreign creditors, the rental rate must yield at least a 10% ROA annually, based on the appraised value conducted by the third party appraiser as provided for in Section 7 hereof

10 2 2 If there is a depressed demand because of the availability of land areas near the port, or if the land will be used for a long term infrastructure project with substantial investment, the lease rate may be fixed at market rates or even lower than market rates However, such rate shall not be less than the floor rates stated in Republic Act No 2694 which fixes the minimum amount of rental as follows

ORIGINAL LAND - 3% per annum of the latest appraised value plus 1% per annum of the latest appraised value of the improvements,

RECLAIMED LAND - 4% of the latest appraised value of the land plus 2% per annum of the latest appraised value of the improvements

10 2 3 If the lease rates have to be less than 10% of the appraised value of the land/buildings/improvements, a written study and justification for Head Office approval shall be submitted

10 3 All initial rental rates for PPA properties shall be subject to evaluation by Commercial Services Department and approval by the General Manager



10 4 For late payment of rental dues, the following interest and penalty charges shall be imposed

10 4 1 Interest charges at uniform rate of 1% per month, and,

10 4 2 Penalty charges over and above the interest charges of 1% per month

10 5 Rentals shall be separate from concession privilege fees, government share, royalty fees, advertising fees which the PMO may decide to impose for the privilege of conducting business/commercial activities/ancillary services within the port and to cover administrative costs of processing PTOc and lease/contract agreements

10 6 Rental of land, buildings and improvements by government agencies occupying port real estate in connection with the performance of their functions inside the ports as required by law shall be charged reduced rates but not lower than 3% per annum of the appraised value of the land and 1% per annum of the appraised value of the improvement

Section 11 **Rate Adjustments**

11 1 The Authority shall have the right to increase existing rental rate whenever there is a currency devaluation or price increase which raises price levels (based on The Consumer Price Index or CPI) by at least 25% since the last appraisal made by the contracted independent appraiser The CPI shall be for that of the city or province where the property is located

The automatic adjustment formula shall be as follows

$$R_1 = R_0 \frac{CP_{11}}{CP_{10}}$$

Where

- R<sub>1</sub> = new rental rate
- R<sub>0</sub> = existing rental rate
- CP<sub>11</sub> = current consumer Price Index
- CP<sub>10</sub> = consumer Price Index at R<sub>0</sub>

However, where the ratio of Consumer Price Index (CPI) is less than 1.25, the rental rate shall remain the same

11.2 Rental adjustments shall be rounded off to the nearest peso

11.3 Adjusted rates shall be uniform for given areas within the port

11.4 In case of Section 11.1 above, rental rate adjustment shall be approved by the General Manager through the Commercial Services Department

**Section 12. Right of PPA to Ownership of the Improvements Made by the Lessee**

12.1 The ownership of all the improvements made by the lessee on the land shall automatically be vested in PPA at the end of the lease period free from all liens and encumbrances, unless stipulations in the contract provide otherwise

12.2 The lessee may not mortgage or use as a collateral any of the improvements it has introduced

12.3 The lessee may not sub-lease or assign in part or in whole the property under lease unless otherwise approved by the Authority. Deed of assignments approved shall be subject to payment of the corresponding transfer fees as imposed

**Section 13. Real Property Tax and GSIS Insurance Coverage**

13.1 For purposes of tax and insurance payments, real estate properties whose beneficial use are granted thru lease to a private person, partnership or corporation, shall be listed, valued and assessed in the name of such person, partnership or corporation

13.2 Real properties identified under Sections 30, 31, 32, 33 and 34 of Article IX of PD 857, beneficial use of which continue to be enjoyed not by PPA but by other government instrumentalities without the benefit of a written contract of lease, authorization or other agreements, shall be reported to the City/Provincial/Local Assessor's Office as actual occupants/users of the specific area/s indicated. Since the premises put up were not formally turned over nor leased from PPA they shall be obliged to pay directly their respective real estate tax dues and insurance coverage, unless otherwise they are so exempted from such tax payments

13.3 All grantees of medium and long-term contract agreements shall be required to insure with the GSIS all permanent improvements and fixtures put up, with the Authority as beneficiary of the proceeds thereof. A copy of the policy contract

shall be furnished Head Office Attention - Treasury Department for its reference/file Likewise the corresponding tax declaration and receipt of payment accruing the property shall be furnished PPA c/o Commercial Services Department

13 4 Where there are several lessee-occupants of a PPA building, the Authority shall pay for the insurance coverage with GSIS, but shall factor in the rental fees to be imposed, the pro rated accrued insurance premium due the building premises in the corresponding PTOc to be issued

#### Section 14 Cancellation/Termination of the Lease Contract

14 1 The PPA shall have the right to revoke/cancel the occupancy permit/lease contract anytime during the lease period in case of non-compliance with any of the terms and conditions thereof, or for violation of pertinent PPA rules and regulations as well as the other laws applicable thereto, by a written notice to the lessee given thirty (30) calendar days in advance During the 30-day period, the lessee shall not remove any improvement introduced in the leased premises without the prior written consent of the PPA

14 2 If at anytime during the lease period, it becomes evident that the lessee is not using the property for which it was originally intended, PPA shall have the right to cancel the contract on a thirty (30) days notice

14 3 The Port Manager shall have Authority to revoke any permit he has given provided there is sufficient ground to do so For medium and long-term leases and for those contracts that involve amounts greater than that delegated to the Port Manager, the General Manager shall act on the termination based on the recommendations of the Port Manager and the District Manager of the PDO concerned

14 4 The Authority shall not be obliged to pay for the improvements introduced by the lessee, if the revocation of the permit, medium or long-term lease is due to lessee's fault

If leases are revoked for reasons of PPA's need for the premises as demanded by its own operational requirements, but without the lessee's fault, the Authority may negotiate for the payment of improvements introduced by the lessee Negotiated payment to the lessee shall, however, not exceed the ownership interest due to lessee after deducting PPA interest using the following formula



PPA's Interest =  $\frac{t_e}{t_m t_i}$  -----

$t_m$   $t_i$

#### WHERE

$t_e$  = number of years the improvements have existed

$t_n$  = lease period

$t_i$  = number of years the contract has been in effect  
at the time the improvement was introduced

Section 14 5 It shall be the duty of the Port Managers concerned to notify lessees with expired lease contract to vacate the leased areas within fifteen (15) days from the expiry date

14 6 All occupants of areas/properties without valid written permits, contracts or other forms of authorization shall be notified by the respective Port Managers to apply for lease within a period of ninety (90) days Those who refuse to heed the notice shall face eviction proceedings

#### Section 15 Renewal of Expired Contract of Lease and Permit to Occupy

15 1 For short-term leases, a written intention to renew must be submitted to the Port Manager at least one (1) month before the expiration of the Permit to Occupy

15 2 Renewal of medium and long term leases shall be done thru public bidding, as if it were a "new" lease application except as covered in the contract

15 3 Notwithstanding Sections 15 1 and 15 2 above, there shall be no presumption of renewal or continuance of permit/lease beyond the stipulated terms

#### Section 16 Monitoring of Leases

16 1 Leases shall be strictly monitored by the PMOs concerned They shall oversee the implementation of all contract provisions including the terms and conditions of the Permits to Occupy issued by them They shall also provide Commercial Services Department copies of documents covering lease agreements made and approved at the level of the port and district managers

16 2 A monthly report shall be submitted to Head Office, Attention Commercial Services Department, by the PMO covering the status of all leases in his jurisdiction

**Section 17 Format of the Lease Agreement**

17 1 Short-term leases shall be issued "Permits to Occupy" (Annex C), medium and long-term leases, shall be issued the standard lease contract format (Annex D)

17 2 A copy of this Administrative Order shall be included as an Annex to the lease contract, which shall include a statement that both parties shall abide by the same

17 3 In order to ensure that the lessee has fully accepted the terms and conditions reflected in the permit, the conforme of their authorized representative shall be sought Effectivity of the permit shall commence on the conforme date Effectivity of the lease contracts, however, shall commence from the date of approval by the General Manager of the Philippine Ports Authority

Copies of the approved contracts shall be furnished Commercial Services Department thru the Office of the AGM Operation for contracts entered into at PDO level and permits approved at the PMO levels and the Port District Office for permits approved at PMO level, within the first seven (7) days of the succeeding month

**ARTICLE V FINAL PROVISIONS**

**Section 18 Saving Clause**

Any provision or portion of this Order declared by competent Authority as invalid shall not affect its other parts or provisions to which the declaration does not relate

**Section 19 Administrative Sanction**

Any officer or personnel found violating any provision of these guidelines shall be subject to administrative investigation and filing of administrative charges if prima facie evidence exists



Section 20 **Repealing Clause**

All PPA Orders, rules and regulations, policies, guidelines, memoranda or circular inconsistent herewith are hereby repealed or amended accordingly

Section 21 **Effectivity**

This Order shall take effect fifteen days after its publication in a newspaper of general circulation



**CARLOS L. AGUSTIN**

General Manager

Published in Manila Standard December 11 & 18, 1995

Effectivity Date - January 3, 1996

CSD/Revised REM3/WP6

**CONTRACT OF LEASE**

This contract of lease executed this \_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_  
in the City of \_\_\_\_\_, Philippines, by and between

**PHILIPPINE PORTS AUTHORITY**, a corporate body, duly organized and existing under and by virtue of Presidential Decree No 857, as amended, with principal office at Marsman Building, South Harbor, Port Area, Manila, represented herein by its (Name of Authorized Official Per Approved Delegation of Authority), hereinafter referred to as the LESSOR

- and -

(Name of Company), a domestic corporation duly registered, organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at (Company Address), represented herein by its duly authorized representative (Name of Official), (Designation), by virtue of Board Resolution No \_\_\_\_\_ dated \_\_\_\_\_, a certified true copy of which is hereto attached as ANNEX "A", hereinafter referred to as the LESSEE

WITNESSETH

WHEREAS, the LESSOR, as the vested owner of (indicate type of property being leased whether land, building, equipment) consisting of area size in sq m situated at Location as herein described under Annex "B" is empowered under Presidential Decree No 857, Section 6, paragraph b, subparagraph VII, to lease such property to achieve its objectives as set forth in Section 2 of said Decree,

WHEREAS, the LESSEE is willing to lease the aforescribed property for the purpose of (Nature of Business)

NOW, THEREFORE, for and in consideration of the foregoing premises, the parties hereby stipulate and agree on the covenants hereinafter set forth

Section 1 - **Area Coverage**. The LESSOR leases unto the LESSEE and the latter accepts in lease from the former the above described property consisting of *(No. of square meters)* as indicated in the sketch plan and technical description hereto incorporated and made integral part of this contract and marked as ANNEX "B"

Section 2 - **Duration**. This contract shall be for a period of *(No of years)* effective immediately upon signing by the PPA authorized official

Section 3 - **Rental Payment**. During the term of the lease, the LESSEE shall pay to LESSOR an initial monthly rental of \_\_\_\_\_ per square meter or an aggregate annual rental of \_\_\_\_\_, Philippine Currency, Provided, however, that the LESSOR shall have the right to increase the existing rental rate once every five (5) years, or earlier, if there is a currency devaluation or price increase which raises price levels based on the consumer price index, by at least 25% since the last official appraisal

Section 4 - **Interest and Penalty**. Any obligation of LESSEE which is unpaid when due shall bear interest at the rate of ONE PERCENT (1%) per month and further subject to a penalty charge of one percent (1%) per month

Section 5 - **Real Estate Tax and Other Utility Expenses**. The LESSEE shall pay the real estate tax over the leased premises unless otherwise exempted from such tax payments, as well as defray, at his exclusive expense, the consumption of water, electricity, telephone and other utility services being availed of in the leased premises. Likewise, the corresponding tax declaration and receipt of payment listed, evaluated and assessed in favor of said LESSEE, shall be furnished PPA c/o Commercial Services Department

Section 6 - **Property Insurance**. For the duration of this contract, the LESSEE shall, at its own expense, insure the premises and other



installations existing or to be constructed thereon in favor of the LESSOR, against loss or damages by fire, with the Government Service Insurance System, in an amount not less than the total value of the improvements on the leased premises. The LESSOR shall have insurable interest in proportion to the period of the lease which shall be duly annotated on the face of the policy. Proceeds from such insurance coverage shall be utilized to repair or reconstruct the installations damaged or destroyed, with the end in view of having them restored to their condition immediately prior to the event which occasioned the loss or damage. Further, LESSEE shall furnish copy of the Insurance Policy to the LESSOR not later than twenty (20) days from signing hereof.

**Section 7 - Cash Deposit** Upon execution of this contract, LESSEE shall maintain with LESSOR a cash deposit in the amount of PESOS \_\_\_\_\_, Philippine Currency, representing TWO (2) months deposit plus ONE (1) month advance rental amounting to PESOS \_\_\_\_\_, Philippine Currency. The deposit shall answer for possible damages and/or other monetary obligations under or resulting from LESSEE's violation of any of the provisions of this contract. It being understood, however, that LESSEE's liability for breach of its obligation under the lease contract is in no case limited to the said sum. Provided, however, that upon the expiration or termination of this contract and/or after all the amounts due from LESSEE to LESSOR under this contract or for breach thereof shall have been fully determined and liquidated, the sum deposited, or the balance thereof, if any, shall be returned to LESSEE within THIRTY (30) days after vacating said premises.

**Section 8 - Compensation for Damages** LESSEE shall be fully responsible to the LESSOR or third parties for damages or injuries resulting from any accident or operation of the facilities in the leased premises by its employees or agents or by the other participating companies, their employees or agents. Further, LESSEE shall compensate LESSOR for any damage to leased premises caused by fault or negligence of LESSEE, its representatives, agents and/or employees.

**Section 9 - Compliance with Government Regulations and Ordinances** LESSEE shall comply with all laws and government regulations or ordinances affecting the business conducted on the premises and the use or occupancy thereof.

Section 10 - **Submission of Reports** LESSEE shall promptly submit pertinent data or records pertaining to the leased premises which may be required by the LESSOR from time to time , including but not limited to operational, financial, statistical and maintenance reports

Section 11 - **Inspection** LESSOR shall have the right to enter the premises for purposes of inspection upon prior notice to the LESSEE

Section 12 - **Prohibition Against Assignments, Transfer and Other Conveyances** The LESSEE shall not assign, sublease, transfer, convey, encumber or otherwise transact with its right under this contract, neither shall LESSEE sublease the premises or any portion of the premises thereof, unless there is prior approval by the LESSOR In the event the LESSEE no longer finds interest in or necessity for the continuance of the lease for whatever reason, LESSEE shall give 30 days prior written notice and return the same to the LESSOR who may then agree to terminate such lease

Section 13 - **Prohibition Against Alterations, Additional Improvements, Storage of Explosives and Combustible Materials** The LESSEE shall not make any alterations nor introduce additional improvements in the leased premises without the prior written approval of the LESSOR, the LESSEE is further compelled not to bring into, or store in the premises, any inflammable or explosive goods, combustible materials, any article which may increase the fire hazard of the structures or increase the rate of insurance of the building and other articles which the LESSOR may prohibit Any damage/s caused, directly or indirectly by infringement of this prohibition will be borne exclusively by LESSEE

Section 14 - **Prohibition Against Immoral and Illegal Activities** LESSEE shall see to it that no gambling or other immoral or illegal activities are conducted within the leased premises

Section 15 - **Maintenance and Repair** - LESSEE shall take care, maintain and preserve the premises with extraordinary diligence LESSEE shall be responsible for the upkeep, maintenance and repair of the premises and all the facilities therein All repairs, whether major or minor, shall be for the sole account and responsibility of the LESSEE and LESSOR shall have no obligation, at the termination of this contract, to reimburse LESSEE for the cost thereof, further all materials/components/fixtures and the like installed

by LESSEE in the premises as part of the repairs shall, at the expiry/termination of this contract, pertain to the LESSOR LESSEE agrees to observe such rules and regulations as may be set by LESSOR relative to the care, preservation, use or occupancy of the premises

Section 16 - **Automatic Transfer of Improvements** Upon the expiration of the term of this contract or pre-termination thereof, as herein provided, all permanent or semi-permanent improvements/structures introduced by LESSEE on the leased premises shall automatically become the property of the LESSOR without any obligation to reimburse the cost thereof, and to this end the LESSEE shall deliver the same to the LESSOR, free from all liens, encumbrances and liabilities of whatever nature

Section 17 - **Approval of Plans and Specifications Relative to Improvements** Any permanent or semi-permanent improvement/structure that may be permitted or allowed by LESSOR to be constructed by LESSEE on the premises requires, prior to construction, submission of programs of works, plans and specifications for approval by the LESSOR The improvement must be consistent with the Overall Master Plan of the Port of

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Section 18 - **Safety and Security** The LESSEE shall provide perimeter fencing including other safety and security requirement on said leased area Further, the LESSEE shall exercise maximum safety precautions with regard to handling of cargo and equipment

Section 19 - **No Waiver and Abandonment Upon Payment** Any payment by the LESSEE to the LESSOR, or any failure of the LESSOR to enforce any terms or condition of the contract shall not in any way be construed as a waiver, ground for estoppel or abandonment of any of its rights and privileges under this contract

Section 20 - **No Waiver/Abandonment of LESSOR's Rights/Privileges** Failure of the LESSOR to insist upon strict performance of any of the terms, conditions and covenants hereof shall not be deemed a relinquishment or waiver of any right or remedy that said LESSOR may have nor shall it be construed as a waiver of any subsequent breach or default of the terms, conditions and covenants herein contained, which shall be deemed to have been made unless expressed in writing and signed by the

LESSOR

Section 21 - **No Automatic Renewal of Expired Leases** There shall be no automatic renewal of expired leases. The LESSOR through the Port Manager concerned shall duly notify the LESSEE to vacate the premises within fifteen (15) days from contract's expiry date.

Section 22 - **Failure to Vacate Premises** In case LESSEE cannot, for valid reasons, vacate the leased premises after its contract of lease has expired or terminated, lessee shall be compelled to pay rent based on the latest appraised value of land/improvement within the lease term to be treated as effective from month to month or year to year depending on the latest payment received. Failure of LESSEE to pay rental dues/arrearages shall be interpreted as abandonment or waiver of its interest and will be amongst the bases for carrying out eviction proceedings against erring occupant.

Section 23 - **Fees/Other Expenses**. Expenses for the notarization and registration of this contract, including the documentary and science stamps, shall be for the account of the LESSEE.

Section 24 - **Venue of Suit** Any action on this contract must be brought before the proper Court of Manila, Philippines.

Section 25 - **Attorney's Fees, Cost and Other Damages**. In the event of any breach of this contract by the LESSEE or LESSOR and either party is compelled to seek judicial relief against the other, the losing party shall pay attorney's fees equivalent to TWENTY FIVE PERCENT (25%) of the amount claimed in the complaint, aside from the cost and other damages which under existing laws may entitle the aggrieved party to recover from the other.

Section 26 - **Termination and Cancellation** If the rental stipulated in this contract shall, at any time, be in arrears or unpaid, or if the LESSEE shall violate any of the LESSOR's rules and regulations or of the covenants, conditions, agreements or restrictions stipulated in this contract, or if the LESSEE shall become bankrupt or insolvent, or it is evident that the LESSEE is not using the property for the purpose for which it was intended, then and in any of such above cases, this contract shall be terminated and cancelled.

is not using the property for the purpose for which it was intended, then and in any of such above cases, this contract shall be terminated and cancelled extra-judicially by the LESSOR upon THIRTY (30) days advance written notice to the LESSEE. Upon receipt of such notice, the LESSEE shall not, without written consent of the LESSOR, remove from the leased premises any permanent or semi-permanent improvements thereon. After such period, the said premises shall be vacated peacefully by the LESSEE for the LESSOR to hold and enjoy henceforth. It shall then be lawful for the LESSOR or any person or persons duly authorized in his behalf, without any formal notice or demand, to enter into the leased premises or any part thereof, without prejudice on the part of the LESSOR to exercise any or all of its rights under the contract and those given by law. Upon such cancellation of this contract, the LESSOR shall have the legal right to enter and take possession of the leased premises as though the terms of this contract have expired.

IN WITNESS WHEREOF, the parties have hereunto affixed their signatures on the date and at the place first above written.

**PHILIPPINE PORTS AUTHORITY**  
(LESSOR)

\_\_\_\_\_  
(LESSEE)

BY

BY

\_\_\_\_\_  
General Manager

\_\_\_\_\_  
Authorized Representative

Signed in the presence of

\_\_\_\_\_

\_\_\_\_\_

REPUBLIC OF THE PHILIPPINES )  
CITY OF MANILA ) S S

**ACKNOWLEDGMENT**

BEFORE ME, a Notary Public for and in the City of Manila, Philippines,  
this \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_ personally appeared  
the following

<u>NAME</u>	<u>COMMUNITY TAX CERT NUMBER</u>	<u>DATE &amp; PLACED ISSUED</u>
_____	_____	_____
_____	_____	_____

known to me and to me known to be the same persons who executed the  
foregoing instrument and acknowledged to me that the same is their free act  
and voluntary deed, as well as the free and voluntary act and deed of the  
corporations which they respectively represent

The foregoing instrument, consisting of \_\_\_\_\_ ( ) pages  
including the page on which this acknowledgment is written, refers to a  
Contract of Lease, it has been signed by the parties on page \_\_\_\_\_ ( ) and  
on the lefthand margin of each and every other page hereof, and all the  
pages bear the imprint of my notarial seal

WITNESSETH MY HAND AND SEAL on the date and at the place  
aforestated

NOTARY PUBLIC  
Until December 31, 199\_  
P T R No \_\_\_\_\_  
Issued on \_\_\_\_\_  
At \_\_\_\_\_  
T I N \_\_\_\_\_

Doc No \_\_\_\_\_,  
Page No \_\_\_\_\_,  
No \_\_\_\_\_,  
Series of 19\_\_\_\_\_

PHILIPPINE PORTS AUTHORITY  
PDO \_\_\_\_\_  
PMO \_\_\_\_\_

**PERMIT TO OCCUPY**

No \_\_\_\_\_

This authorizes \_\_\_\_\_  
*(Permittee)*

\_\_\_\_\_  
*( Address of Permittee)*

to occupy \_\_\_\_\_  
*(Description of Property, Actual Area Occupied)*

situated at \_\_\_\_\_  
*(Site/Location)*

for a period of \_\_\_\_\_ effective from \_\_\_\_\_

to \_\_\_\_\_

The accompanying TERMS AND CONDITIONS shall be complied with at all times in conformity with existing Real Estate Management (REM) rules and regulations

In witness hereof, the parties hereto voluntarily sign this PERMIT TO OCCUPY this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, Philippines

**PHILIPPINE PORTS AUTHORITY**

**PERMITTEE**

\_\_\_\_\_  
*PRINT NAME/SIGNATURE*

\_\_\_\_\_  
*PRINT NAME/SIGNATURE*

\_\_\_\_\_  
*PRINT NAME/SIGNATURE*

\_\_\_\_\_  
*PRINT NAME/SIGNATURE*

**TERMS AND CONDITIONS**

- 1 **Use and Purpose** The leased premises shall be used exclusively for *(Nature/Type of Business)* and shall not be used for any other purpose without the prior written consent of the Philippine Ports Authority
- 2 **Monthly Rental.** The PERMITTEE shall pay a monthly rental of *(Amount in words/figure ₱ \_\_\_\_\_)*, payable in advance within the first five (5) days of the month, at the Cashier's Office, PMO \_\_\_\_\_
3. **Interest and Penalty.** Rental not paid on time shall bear an interest charge of one percent (1%) per month plus a penalty charge of one percent (1%) per month which shall automatically be deducted from the amount deposited
- 4 **Cash Deposit** Upon signing of this PERMIT, an amount equivalent to two (2) months rental plus one (1) month deposit shall be paid, by the Permittee This amount shall be applied as payment for back rents, if any, and other expenses and charges billed against the company for water, telephone and other utility services still remaining unpaid upon the termination of this Permit
- 5 **Non-Transfer of Leasehold Rights** The PERMITTEE shall not directly or indirectly sublease, assign, transfer, convey, mortgage or in any way encumber its right of lease over the leased premises or any portion thereof under any circumstances whatsoever, any transaction entered into in violation of this clause shall be deemed null and void
- 6 **Water, Electricity, Telephone, Other Utility Expenses** Charges for water, electricity, telephone and other utility services in the premises, including repairs in the service utility system shall be for the account of the PERMITTEE
- 7 **Insurance Premium/Real Estate Tax Premium** The Permittee shall pay the pro-rated accrued insurance and real estate premiums due its leased premises in accordance with Sections 13 2 and 13 3 of PPA AO No 22-95
- 8 **Permanent/Temporary Structures/Other Alterations** The PERMITTEE shall not introduce any permanent/temporary structures or improvements or make any alterations in the leased premises without the prior written consent and approval of the Authority All improvements or alterations of whatsoever nature made thereon as agreed by both parties, shall, upon completion thereof, become integral parts of the leased premises, and shall not be removed therefrom, but shall belong and become the exclusive property of the Authority