

JUN 21 2022



PPA ADMINISTRATIVE ORDER
No. 04 - 2022

TO : All Port Managers
Department Managers
Lessees
Others Concerned

SUBJECT : 2022 REVISED RULES ON REAL ESTATE MANAGEMENT
OF THE PHILIPPINE PORTS AUTHORITY

RATIONALE

The policy on real estate management of the Philippine Ports Authority (PPA) under Administrative Order No. 22-95 has paved the way for the adoption of commercial orientation in the utilization of the port's real estate assets. It has institutionalized the provision of vital facilities and structures by the private sector under long-term lease contract arrangements with reversion clauses.

To provide the highest level of performance as well as to comply with the government's thrusts on transparency in government transactions including decentralization of responsibilities in lease contract administration, there is a need to revise the rules on Real Estate Management to establish a more proactive approach towards optimizing the ports utilization and maximizing the revenue potentials of these vital assets.

AUTHORITY

Pursuant to Articles IV, Section 6 (a)(ii)(b)(vii)(ix)(xv), Article VII, Section 20(a) and Article XI, Section 43 of Presidential Decree 857 otherwise known as the Revised Charter of the Philippine Ports Authority, as amended, and with reference to the pertinent provision of laws, rules, and regulations of the following:

- **Commonwealth Act No. 141**, otherwise known as the Public Land Act, as amended
- **Republic Act No. 2694**, entitled "An Act to Amend Certain Provisions of Sections Thirty-Seven and Sixty-Four of Commonwealth Act Numbered One Hundred Forty-One"
- **Republic Act 7652**, otherwise known as the "Investors' Lease Act"
- **Executive Order No. 109 series of 2002** re "Streamlining the Rules and Procedures on the Review and Approval of all Contracts of Departments,

Bureaus, Offices and Agencies of the Government, including Government-Owned or Controlled Corporations and Their Subsidiaries”

- **Executive Order No. 301, series 1987** entitled “Decentralizing Actions on Government Negotiated Contracts, Lease Contracts and Records Disposal”
- **Joint Circular No. 1**, dated September 30, 1989 (Department of Budget and Management (DBM), Department of Environment and Natural Resources (DENR), and Department of Public Works and Highways (DPWH), entitled Manual on Building Services and Real Property Management
- **Commission on Audit Resolution No. 89-17**, entitled Amending Certain Provisions of the State Accounting Standards Pertaining to the Evaluation of Property, Plant and Equipment Through Appraisal.

ARTICLE I GENERAL PROVISIONS

Section 1. Title

These regulations shall be known as the “2022 Revised Rules on Real Estate Management of the Philippine Ports Authority.”

Section 2. General Policy Statements

- 2.1 PPA shall adopt a service-oriented approach in real estate management which shall be characterized by private participation, social orientation, service efficiency and public accountability.
- 2.2 The implementation of the policy shall be supported by the following:
 - 2.2.1 Medium and long-term lease shall be subject to public bidding.
 - 2.2.2 The Port Land Use Scheme (PLUS) shall be the basis in the processing of all lease applications.
 - 2.2.3 Commercial areas may be leased out on a long-term basis only in instances where the prospective lessee intends to put up a permanent/semi-permanent structure that is consistent with the Port Development Plan and there exists no intention by the Authority to use the area directly.
 - 2.2.4 Lease terms shall not exceed those granted in permits to operate when the latter is so required.

- 2.3 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 SCOPE

Section 3. Scope

This Rules prescribes the following:

- 3.1 To provide a comprehensive guidelines and procedures in the utilization, administration, valuation of the Philippine Ports Authority's PPA's real estate properties, including the determination of rental charges for improvements with the end view of promoting wider private sector participation and equity of investments in the provision of port facilities and infrastructures.
- 3.2 Establishment and implementation of the duly approved PLUS in delineating areas for operation and disposition thru lease/s to ensure port productivity and efficiency in port services delivery.
- 3.3 Defines the Criteria for the Port Real Estate to be leased for Short-Term, Medium-Term, and Long-Term Lease.

These rules do not cover the following:

- 3.4 Contracts issued under the Port Terminal Management Regulatory Framework (PTMRF) or concession contract/s.

Section 4. Objectives

The revised rules on PPA Real Estate Management (REM) is being implemented to:

- 4.1 Encourage private sector active participation in the provision and modernization of vital port services and facilities.
- 4.2 To formulate and implement a comprehensive PLUS in conformity with the Port Development Plan and zoning standards prescribed by the Philippine Ports Authority.
- 4.3 To provide guidelines on the proper maintenance and utilization of port assets particularly those considered as operational or common user facilities.
- 4.4 To formulate lease terms and evaluate applications with the end view of rationalizing the allocation and proper use of port land resources and in

accordance with the future spatial organization of economic and social activities.

- 4.5 Define respective roles of concerned PPA units in property administration, management, and operation.
- 4.6 To carry out the task of administering PPA real estate properties, both taxable and exempt.
- 4.7 Effectively supervise and monitor lessees' compliance to contract provisions.

Section 5. Construction

These Rules shall be liberally construed to facilitate just, expeditious, and inexpensive determination of every related proceeding or matters before the Authority.

Section 6. Technical Rules Not Applicable

In any application proceedings under these Rules, the judicial rules of evidence are not controlling. It is the spirit and intention of these Rules to ascertain the facts in each case by every and all reasonable means without regard to technicalities of law or procedure.

ARTICLE III

ACRONYMS AND DEFINITION OF TERMS

Section 7. Acronyms and Definition of Terms

7.1 Acronyms

- 7.1.1 BIR – Bureau of Internal Revenue
- 7.1.2 CRF – Customer Registration Form
- 7.1.3 CSD – Commercial Services Department
- 7.1.4 DTI – Department of Trade and Industry
- 7.1.5 ICTD – Information Communication Services Department
- 7.1.6 LC – Lease Contract
- 7.1.7 LSD – Legal Services Department
- 7.1.8 LGU – Local Government Unit
- 7.1.9 OREMS – Online Real Estate Management System
- 7.1.10 PLUS – Port Land Use Scheme
- 7.1.11 PMO – Port Management Office
- 7.1.12 PMS – Property Management System
- 7.1.13 PPA – Philippine Ports Authority
- 7.1.14 PPDD – Port Planning and Design Department

- 7.1.15 PTMRF – Port Terminal Management Regulatory Framework
- 7.1.16 PTMC – Port Terminal Management Contract
- 7.1.17 REM – Real Estate Management
- 7.1.18 ROA – Return on Asset
- 7.1.19 RMD – Resource Management Division
- 7.1.20 SBAC – Special Bids and Awards Committee
- 7.1.21 SEC – Securities and Exchange Commission
- 7.1.22 TD – Treasury Department

7.2. Definition of Terms

For purposes of this Order, the following terms used herein shall be construed to mean as indicated below:

- 7.2.1 Apostille – is a certificate that authenticates the origin of a public document. It is issued by a country that is party to the Apostille Convention to be used in another country which is also a party to the convention. (Office of the Consular Affairs).
- 7.2.2 Appraisal/Valuation – is the act or process of estimating the value of a property as of a specific date for a specific purpose. It is an estimate or opinion of value, usually market value or value as defined by the appraiser. It is made as of a specific date and is a conclusion which results from a logical and orderly analysis of facts.
- 7.2.3 Assessed Value – is the value placed on a taxable property by the assessor for valorem tax purposes.
- 7.2.4 Assessment – is the determination of the value of the thing or property subject to tax and the amount of tax to be paid by everyone.
- 7.2.5 Authority – means the Philippine Ports Authority
- 7.2.6 Commercial Areas – refer to areas intended for services and facilities directly supportive or indirectly supportive to maritime operations of the port. These areas are outside the operational areas and sizes may vary depending on the operational needs of the port.
- 7.2.7 Common User Facilities – are those facilities located in the operational area such as piers, slips, Container Yards, Container Freight Station (CFS), transit sheds, open storage areas, field office, passenger terminals and other areas which use is for activities directly involving port operations.
- 7.2.8 Contract of Lease – is a public instrument which integrates all the covenants, understanding and agreements of the Lessor and Lessee. The type of lease contract of lease is classified as short-term lease,

medium-term lease and long-term lease as defined in Section 7.2.11.1 to 7.2.11.3 of this Rules.

- 7.2.9 Foreign investor – shall mean an individual or juridical entity not falling within the meaning of “Philippine national” as defined herein.
- 7.2.10 General Partner – is an entity or person defined under the Laws of Partnership or Civil Code Book 2. The general partner can act on the company’s behalf.
- 7.2.11 Lease – is a privilege granted by the State to a person to occupy and possess, in consideration of a specified rental, any land of the public domain in order to undertake any authorized activity therein. The type of lease is identified as follows:
- 7.2.11.1 Short-Term Lease –a privilege granted to a lessee to occupy specific areas identified in the PLUS for a period of one (1) year.
- 7.2.11.2 Medium-Term Lease – a privilege granted to a lessee to occupy specific areas identified in the PLUS for a period of more than one (1) year up to five (5) years.
- 7.2.11.3 Long-Term Lease – a privilege granted to a lessee to occupy specific areas identified in the PLUS for a period of more than five (5) years.
- 7.2.12 Leasable Area – refers to the total area of the real estate in square meters being occupied or to be occupied by the Lessee less the common area like lobby, stairway, elevator hall, common comfort room and other areas of common use by the public.
- 7.2.13 Lessee – refers to a party who rents the building/space. The lessee may be a private individual, partnerships, cooperatives, associations, corporation, or a government agency. If a private individual, the applicant/proponent may personally enter into contract or authorize somebody, thru a special power of attorney, to represent him. If a corporation, the representative should be duly authorized by a resolution of the governing board. If a government agency, the Head of the Agency shall be represented by the official having custody and administration of the building/space, who is duly authorized by law to enter this contract, and the lease contract shall be subject to approval by the Head of the Agency concerned.
- 7.2.14 Lessor – refers to any private individual, partnership, cooperative, association, or corporation having absolute ownership over the real estate or venue to be leased. The Lessor pertaining to this Order shall be the Philippine Ports Authority.

- 7.2.15 Market Value - the price of what a willing buyer would pay a willing seller for a given property or asset if both have a reasonable knowledge of the worth of the property.
- 7.2.16 Online Real Estate Management System (OREMS) – is a PPA computerized system where applications for lease and processing thereof are done online.
- 7.2.17 Operational Area – refer to areas managed, maintained, assigned and allocated by the Authority to render traditional or basic port services as further detailed under Section 12.1. These are determined by considering the projected cargo/passenger traffic relative to the required capacity to accommodate operational needs and are treated as common-user facilities.
- 7.2.18 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.
- 7.2.19 Philippine national – shall mean a citizen of the Philippines or a domestic partnership or association wholly-owned by citizens of the Philippines; or a corporation organized under the laws of the Philippines of which at least sixty percent (60%) of the capital stock outstanding and entitled to vote is owned and held by the citizens of the Philippines; or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least sixty percent (60%) of the fund will accrue to the benefits of Philippine nationals: Provided, that where a corporation and its non-Filipino stockholders own stock in a Securities and Exchange Commission (SEC) registered enterprise, at least sixty percent (60%) of the capital stock outstanding and entitled to vote of both corporations must be owned and held by the citizens of the Philippines and at least sixty percent (60%) of the members of the Board of Directors of both corporations must be citizens of the Philippines in order that the corporation shall be considered a Philippine national.
- 7.2.20 Port Land Use Scheme (PLUS) – is a systematic plan that shows the jurisdictional limits, the designated operational/commercial areas, listing of blocks and lots, their respective areas, technical descriptions, functional or intended use of property, improvement/s introduced, appraised value and the actual occupants/lessees. It shall be presented in map format/spatial according to actual or allocated land use/s based on the approved Port Development Plan.
- 7.2.21 Port Real Estate Properties – include all the land within the territorial jurisdiction of a port, including everything permanently attached to it that tend to increase its value or utility or adapt it for a new or further purpose. These permanent attachments include but are not limited to the

piers, slips, wharves, container freight stations, field offices, passenger terminals, warehouses, buildings and other improvements, roads, drainage systems and fences and others as defined under Article 415 of the Civil Code of the Philippines and Article IX, Section 30 of Presidential Decree 857 as amended.

- 7.2.22 Port Terminal Management Contract – a contract involving the financing and development, management and operation, and maintenance of a port for Tiers 1, 2 and 3, including all the facilities and structures therein, designated and intended to attract private sector interest and participation in terms of investments in port infrastructure, equipment, technology, and manpower and less rigid regulatory controls.
- 7.2.23 Private lands – shall refer to those lands which have been segregated from the general mass of the public domain and distributed by any form of gratuitous or onerous grant by the State, such as but not limited to, a deed of sale, adjustment title, special grant or possessory information title converted into a record of ownership. The definition herein shall include patrimonial properties of the state owned, held, controlled, supervised, or managed by government owned or controlled corporations.
- 7.2.24 Property Appraisal - is the act or process of determining the value of property as of a specific date for a specific purpose.
- 7.2.25 Rental – refers to the amount paid by the lessee for the use and/or occupancy of the publicly owned real estate to the PPA, where payment is usually made monthly.
- 7.2.26 Return on Asset – the ratio or rent for land and improvement over the appraised value of its improvement and the market value of the land.
- 7.2.27 Support Facilities – these are facilities which are indirectly supportive of maritime/port operations or are parts of a local economic program such as fuel stations, canteens, banks.
- 7.2.28 Zonal Valuation – is the fair market value of real properties by zones or districts assessed by the Bureau of Internal Revenue for taxation purposes.
- 7.2.29 Zoning – is the division of port into zones or sub-zones (e.g. operational, commercial and support facilities etc.) according to present and potential uses of land to maximize, regulate and direct their use and development in accordance with the Port Land Use Scheme. It provides, among others, regulations affecting uses allowed or disallowed in each port zone or sub-zone, conditions for allowing them, and procedures on evaluating deviations.

ARTICLE IV PORT LAND USE SCHEME

Section 8. Port Land Use Scheme

8.1 The Port Land Use Scheme (PLUS) shall indicate the geographical location of the area/s is under the Philippine Ports Authority where the respective boundaries and peripheral areas are properly shown based on the approved Port Zone Delineation.

8.2 The map shall be drawn in accordance with actual land use based on the approved Port Development Plan.

8.3 The PLUS shall show the operational and commercial areas (**Annex A**) with color codes and information, as follows:

8.3.1 For PLUS Map/Plan

8.3.1.1 Operational Area (blue)

8.3.1.1.1 PLUS Map

- Block No. and Lot No.
- Area size (sq.m.)

8.3.1.1.2 PLUS Data

- Block No. and Lot No.
- Area size (sq.m.)
- Technical Description

8.3.1.2 Commercial Areas (yellow)

8.3.1.2.1 PLUS Map

- Block No. and Lot No.
- Area size (sq.m.)

8.3.1.2.2 PLUS Data

- Block No. and Lot No.
- Area size (sq.m.)
- Technical Description

8.3.2 PLUS Tabular Form

8.3.2.1 Operational Area (blue)

- Block No. and Lot No.
- Area size (sq.m.)

- Technical Description
- Functional or Intended Use
- Appraised value (for properties/assets recorded in the PPA Books of Accounts) or Construction cost (for newly constructed ports/facilities not yet included in PPA Books of Accounts)

8.3.2.2 Commercial Areas (yellow)

- Block No. and Lot No.
- Area size (sq.m.)
- Improvement introduced
- Intended Use of the Property
- Appraised value (for properties/assets recorded in the PPA books of accounts) or Construction cost for newly constructed ports/facilities not yet included in PPA Books of Accounts)

8.4 The operational and commercial areas should clearly indicate the areas authorized for short, medium and long-term leases.

8.5 The operational and commercial areas shall indicate the following:

8.5.1 Operational – Working apron, Piers, Wharves, Quays, Slips, Marshalling Yard, Marshalling Areas for roro vehicles, stacking areas, Container Yard, Container Freight Station, Transit sheds, Open storage areas, Passenger terminals, Elevated Walkways, Field Offices, among others.

8.5.2 Commercial Areas – Areas identified by the Port Management Office (PMO) as outside the operational area and is utilized for commercial and business-related activities.

8.6 The PLUS shall indicate a walkway, entrance/exit gates, roads, parking areas for port users.

8.7 The PLUS Map/data/tabular form shall be prepared and the output documents shall be duly signed by the following PMO officials:

Official Person Responsible (OPR) Responsibility Center (RC)	Duties and Responsibilities
• Business Development Marketing Officer/Business Development Marketing Specialist • Engineering Services Division (ESD) Personnel	• Prepares the Port Land Use Scheme (PLUS) Map/Plan (in AutoCAD and PDF format) and tabular form

• Port Services Division (PSD) Manager • Finance Manager	• Validates the completeness and accuracy of the PLUS Map/Plan
• Business Development Marketing Specialist/Business Development Marketing Officer • Finance Manager	• Validates the completeness and accuracy of the entries in the Tabular Form
• Port Manager of the concerned Port Management Office (PMO)	• Recommends the PLUS Map/Plan and Tabular Form to the General Manager

- 8.8 The PLUS map/plan/data including tabular forms shall be prepared and submitted by the PMO at the end of first quarter of the year and every three (3) years thereafter.
- 8.9 The PLUS map/plan/tabular form shall be evaluated by the following Head Office – Responsibility Centers:
- 8.9.1 Port Planning and Design Department (PPDD) – as to its conformity to the approved Port Development Plan; and
- 8.9.2 Commercial Services Department (CSD) – as to the accuracy and timeliness of real estate management inputs e.g. area size, technical description, actual occupant/s, appraised value, etc.
- 8.10 If in order, the PLUS shall be jointly endorsed by the Assistant General Managers for Operations and Engineering to the General Manager for approval.
- 8.11 Any deviations or amendments to be reflected in the approved PLUS shall be submitted immediately by the Port Manager to the Offices of the Assistant General Managers for Operations and Engineering, Attention: Commercial Services Department (CSD) and Port Planning and Design Department (PPDD), for approval of the General Manager.
- 8.12 Failure of the PMO to comply with the submission of the PLUS thirty (30) days within the set deadline shall constitute a violation under the existing Civil Service Commission Rules and Regulations.

ARTICLE V UTILIZATION OF PORT REAL ESTATE

Section 9. Demand Forecast for Services and Facilities

All PMOs shall determine the demands for specific primary ancillary and other support services in conformity with the Port Development Plan. The PMO, upon recommendation of the Port Manager shall submit the demand forecast based on freight-flow projections, passenger volume forecasts, vessel traffic forecasts, trade/industry trends.

The said documents and other relevant information shall be submitted every three (3) years thereafter to the Office of the Assistant General Manager for Operations.

Section 10. Priorities in the Utilization of the port real estate properties

The priorities in the utilization of the port real estate properties shall be in the following order:

1. 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 and temporary storage
 - ro-ro services
 - passenger terminal
 - portage services.
2. 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
 - dockworker's shed
 - cargo consolidation
 - chandling
 - brokerage
 - cold storage facilities
 - Motorpool
 - Other cargo handling related services
3. 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:
 - canteens
 - banks/Automated Teller Machines (ATM)

- shops/stores (sari-sari/convenience store, souvenir/curio/shops, pasalubong centers, bookstore, newsstand, drugstore, vending machines and similar services)
- booking/ticketing
- office spaces
- communication service
- parking/garage
- weighbridge operation
- water supply facilities
- other services provided on a regular basis inside the port, which are not listed herein

Section 11. Delineation of Operational and Commercial Areas

- 11.1 All areas used or intended for use in services falling under the first priority shall be classified as operational areas.
- 11.2 Those areas used or intended for use in service/facilities under the second and third priorities shall be classified as commercial areas.
- 11.3 The said delineation shall be reviewed by the Port Services Division (PSD), Engineering Services Division (ESD) and the Business Development Marketing Specialist/Officer of the concerned Port Management Office (PMO) every three (3) years in order to adapt to the requirements for redevelopment and extension. This enables the port to make future decisions on change of use, at the time the need arises.

Section 12. Land Use Categories

12.1 Operational Areas

- 12.1.1 As a general rule, operational areas shall be retained in operational use of the Authority. As such, operational areas as identified in the PLUS shall be maintained and operated as common-user facilities for traditional and basic services. These areas include but are not limited to:

- Working apron
- Piers
- Wharves
- Quays
- Slips
- Marshalling Yard
- Marshalling Areas for ro-ro vehicles
- stacking areas

- Container yard
- Container freight station
- Transit sheds
- Open Storage areas
- Passenger terminals
- Elevated Walkways
- Field Offices

12.1.2 Under no circumstances shall the lease of the abovementioned areas be allowed.

12.1.3 However, Passenger Terminal Buildings (PTBs), Port Operations Buildings (POBs), Port Integrated Clearance Office (PICO) Building located in operational areas maybe leased out subject to the conditions setforth under Section 21 and 22 of this Rules.

12.2 Commercial Areas

Commercial areas are those areas identified by the PMO as outside the operational area and is utilized for commercial and business-related activities.

ARTICLE VI ASSET VALUATION AND RENTAL PRICING

Section 13. Real Property Appraisal and Valuation

13.1 In order to systematize the conduct of the appraisal preparatory to the conduct of the actual fixed asset appraisal in the ports, the following activities shall commence after the finalization of the Contract Document with the Winning Bidder for the third-party appraiser to conduct the appraisal of all PPA properties:

Activity	Responsibility	Performance Date
1. Creation of a Committee/ PPA Counterpart and submission of the Listing of the PPA Counterparts (for Head Office/PMOs)	Administrative Services Department Port Planning & Design Department Dredging and Survey Department Port Management Offices	Not later than 15 days after the issuance of the Notice to Proceed
2. Circulation of the Detailed Port Itineraries submitted by the winning bidder	Treasury Department	Not later than 25 th day of May of the year

13.2 Participatory Functions of the PPA Counterparts in the Conduct of the Actual Appraisal

13.2.1 Treasury Department (TD)

13.2.1.1 Acts as overall coordinator

13.2.1.2 Endorses the Final Appraisal Reports, submitted the Contracted Independent Appraisal, to the Office of the Assistant General Manager, Finance and Administration.

13.2.1.3 Assists the Appraiser in securing copies of available documents that would establish PPA's ownership.

13.2.2 Administrative Services Department (ASD)

13.2.2.1 Assists the Independent Appraiser in the physical identification of the Head Office properties for appraisal.

13.2.3 Dredging Services Department (DSD)

13.2.3.1 Provides technical information on buildings and other infrastructure.

13.2.4 Port Planning and Design Department (PPDD)

13.2.4.1 Provides data/land area of port zones

13.2.5 Port Management Office (PMO)

13.2.5.1 Creates Committee/PPA-PMO Counterpart

13.2.5.2 Assists the Independent Appraiser in the actual appraisal of properties of PMO

13.2.5.3 Prepares and submits the PLUS map/data/tabular form per PMO indicating location of buildings/structures inside the port.

13.2.5.4 Provides copy of building plans to the contracted Independent Appraiser.

13.2.5.5 Conduct an exit conference with the Appraiser relative to the review and evaluation of the draft Appraisal Report.

Discuss with the appraiser the items that need clarification/revision prior to the submission of the Final Appraisal Report.

- 13.2.5.6 The respective PMO Final Appraisal Report shall be countersigned as "Conforme" by the Chairperson of the Counterpart Appraisal Committee and the Port Manager.
- 13.2.5.7 Ensure the submission of the Final Appraisal Report on due date.
- 13.2.5.8 Ensure that the appraisal increase/decrease, revaluation increment and other adjustments in relation to the re-appraisal shall be booked by the PMO in their respective Fixed Asset Module.

Section 14. Rental Rate Determination

14.1 Basic Guiding Principles

- 14.1.1 Real property valuation is generally based on the current and fair market value of the land prevailing in the locality where the property is located and the cost of reproduction new and sound value of the improvements.
- 14.1.2 The following methods are adopted in property valuation:
 - 14.1.2.1 For Land – market value approach which is based on the HIGHEST of the following amounts:
 - a. The fair market value as determined by the Commissioner of the Bureau of Internal Revenue (BIR);
 - b. The fair market value as shown in the schedule of values fixed by the provincial and city assessors; or
 - c. The fair market value as ascertained by PPA's contracted Real Estate Appraiser.
 - d. Prevailing Rental Rate Imposed by the PMO
 - 14.1.2.2 For Improvements – Market Value Approach which is based on the HIGHEST of the following amount:
 - a. The fair market value as shown in the schedule of values fixed by the provincial and city assessors; or

b. The fair market value as ascertained by PPA's contracted Real Estate Appraiser.

c. Prevailing Rental Rate Imposed by the PMO

14.1.3 The adjusted rent rates as approved, shall be imposed outright to all areas not yet covered by any lease agreements and to holders of expired lease contract agreements.

14.2 Formulae Used

To compute for the monthly rental per square meter, the formulae shown below is used:

$$\text{Rental Rate} = \frac{\text{TAV/TA}}{12 \text{ months}} \times \% \text{ ROA Yield}$$

Where:

TAV = total appraised value
TA = total area

14.3 Minimum Return On Asset (ROA) Yield

14.3.1 Determination of rental rates must be based on fair and realistic market levels considering not only the costs of development but also the demand for the area/s to be utilized.

14.3.2 If the demand for land utilization exceeds the available areas for lease, then the lease rate may be fixed higher than the market prices. To comply with the PPA commitments to its foreign creditors, the rental rate must at least yield a 10% Return on Asset (ROA) annually, based on the derived rental rate under Section 14.1.2 of this Order.

14.3.3 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; and

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

14.3.4 If the lease rates have less than 10% Return on Asset (ROA) of the appraised value of the land/buildings/improvements, a written study and justification for Head Office approval shall be submitted to the Office of the General Manager for approval.

14.4 Rental Rate Imposed to Other Government Agencies

14.4.1 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 a reduced rental at 3% per annum of the appraised value of the original land and 1% per annum for the appraised value of improvement.

14.4.2 Lease of building improvements such as office buildings, warehouses, etc. owned by PPA shall be based on the latest property appraisal.

14.4.3 Permanent improvements introduced by government lessees on its area/s shall become the property of the PPA upon expiration of the lease contract agreement.

14.4.4 Buildings or the permanent structures constructed inside the port by the government lessees shall not be subleased to other commercial users.

14.5 Initial Rental Rate

All initial rental rates for the Authority's port real estate properties in the PLUS are subject to evaluation by CSD and confirmation by the Assistant General Manager (AGM) for Operations prior to approval by the General Manager.

14.6 Rental Rate Adjustment

14.6.1 The Authority reserves its right to adjust existing rate/charges at least once every three (3) years based on the independent professional third-party appraisal and valuations conducted and consistent with existing economic conditions.

14.6.2 The PMO proposed rental rates shall be presented in a public hearing to inform lessees of the said rental increases which is based on the highest of the following amount pursuant to Section 14.1.2 of this Order.

ARTICLE VII
CONDUCT OF PUBLIC HEARING FOR RENTAL RATE INCREASE

Section 15. Creation and Composition of the Rent Adjustment Committee

- 15.1 A Real Estate Management (REM) Committee shall be created by the PMO to draw up the rental rate based on the valuation identified in Section 14.1.2 of this Order.

Chairperson	:	Port Manager or its duly authorized representative
Vice-Chairperson	:	Manager, Port Services Division
Members	:	Finance Manager Manager, Administrative Division Manager, Legal Affairs Division Terminal Manager, Terminal Management Offices Business Development & Marketing Specialist/ Officer
Observers	:	Manager, REMD-CSD Manager, Tax Management Division, Treasury Department (TMD/TD)

- 15.2 The PMO proposed rental rates shall be submitted to the CSD, Attention: Real Estate Management Division for validation before presenting said rental rate adjustment in a public hearing to inform lessees of the said rental increases.

Section 16. Creation of Port Management Office (PMO) Secretariat

The concerned PMO shall assign the Secretariat support to the Rent Adjustment Committee for purposes of public hearing, and perform the following functions, among others:

- 16.1 Prepare and issue the Notice of Public Hearing;
- 16.2 Prepare and certify the Minutes of the Public Hearing, including the attendance sheet; and
- 16.3 Prepare the Draft Report, with the PMO recommendation on application for adjustment and/or proposal for rental rate increase.

Section 17. Procedure in the Conduct of Public Hearing

- 17.1 The Committee shall issue a notice/invitation to all affected sectors, such as the lessees, port users, stakeholders, relevant industry sectors and association, local government units, non-governmental units and other

interested parties. The PMO may invite other affected sectors not mentioned herein.

- 17.2 The Notice shall contain the venue, day, and time of the Public Hearing. Said notice shall be posted in public areas within the jurisdictional area of the concerned PMO and in the official websites of the PMO.
- 17.3 The PMO shall post and send the notices/invitations through letters, electronic mail and other acceptable means, at least ten (10) working days before the scheduled public hearing. A copy of the sworn filing, including Annexes, duly certified by the Port Manager as complete shall also be posted at the PMO official website.
- 17.4 The Port Manager shall submit to the Assistant General Manager (AGM) for Operations, Attention: CSD-REMD, within one (1) day from dissemination of the Notices to affected stakeholders the following documents:
 - 17.4.1 proof of compliance with the required posting/issuance of Notice/Invitation to participants;
 - 17.4.2 Other essential data for use of the Operations Office to come up with a complete report to the PPA Board.

Section 18. During the Public Hearing

- 18.1 The primary purpose and objective of the public hearing shall be fully explained to the attendees. The rent adjustment proposal shall be presented, discussed and justified by the PMO.
- 18.2 The attendees shall be allowed to freely express their opinions, comments and recommendations. Decorum, courtesy and respect to the opinion of all participants shall be observed during the entire proceedings of the Public Hearing.
- 18.3 The Secretariat shall present the survey form during the conduct of the public hearing. Said result of the survey form shall form part of the Minutes of the Public Hearing.

Section 19. Documents to be Submitted After the Public Hearing

- 19.1 The participants shall submit their position in writing, addressed to the proponent, copy furnished the concerned PMO, within five (5) working days from the conduct of public hearing. Position papers received after the prescribed period shall not be considered in the evaluation.
- 19.2 The concerned PMO, as part of its Secretariat functions, shall submit the following:

19.2.1 Minutes of the Public Hearing together with the attendance sheet, the survey forms and summary of position paper received vis-à-vis the reply of the proponent and the comments of the PMO; and

19.2.2 Draft Report to the PPA General Manager coursed through the CSD-REMD within ten (10) working days after the conduct of public hearing.

Section 20. Submission of Report/Recommendation

- 20.1 The Office of the Assistant General Manager (AGM) for Operations, thru the CSD shall prepare the consolidated PPA Rent Adjustment Program.
- 20.2 The complete report together with the appropriate recommendation shall be submitted to the Board through the General Manager for final consideration.
- 20.3 Upon approval of the PPA Board, the PPA Rent Adjustment Program shall be published twice (2x) in a newspaper of general circulation for a minimum period of one (1) week.
- 20.4 The Port Manager thereafter shall notify/advice all concerned lessees of the result of the Management on said rental rate adjustments.
- 20.5 The imposition of rental rate adjustment is manifested by the issuance and signing of supplemental lease agreement duly signed by both contract parties, namely PPA authorized signatory and lessee.

ARTICLE VIII TERM OF THE PPA REAL PROPERTIES FOR LEASE

Section 21. Real Properties for Short-Term Lease

- 21.1 Short-term leases are granted to qualified applicants for a period of (1) year.
- 21.2 Upon recommendation of the PMO, the following list of properties maybe issued for lease for short-term basis:

Type of Lease	Duration	Location	Description of Property/ies	Nature of Business	Area	Approving Authority	Covered by
Short-Term	Up to One (1) Year	Operational Area	Building	Services indirectly supportive of maritime/ port operations such as but not limited to:	Maximum of 20 square meter/stall	Port Manager	Short-term Lease Contract
			Stalls inside the Passenger Terminal Buildings/PICO Buildings/Port Operations Building)	➤ Office space ➤ booking/ticketing booths ➤ convenience stores ➤ souvenir shops ➤ pasalubong centers ➤ food kiosks ➤ ATM Booths ➤ communication service	More than 20 square meter/stall	Assistant General Manager for Operations	

				➤ other services provided on a regular basis which are not listed herein			
		Commercial Areas	Commercial land/building spaces	Services facilities directly supportive of maritime/port operations. These includes but are not limited to the following: ➤ warehousing ➤ equipment shed ➤ cargo consolidation ➤ handling ➤ brokerage	Up to 100 square meter More than 100 square meter	Port Manager Assistant General Manager for Operations	Short-term Lease Contract
				Services indirectly supportive of maritime/port operations such as but not limited to: - Office space - booking/ticketing booths - convenience stores - souvenir shops - pasalubong centers - food kiosks - ATM Booths - communication service - other services provided on a regular basis which are not listed herein	Up to 100 square meter More than 100 square meter	Port Manager Assistant General Manager for Operations	Short-term Lease contract

21.3 All cargoes, idle equipment and ship's gears stored in the operational areas shall be charged the corresponding storage fee in accordance with the provisions of Section 6 of PPA Memorandum Circular No. 03-95 Implementing Guidelines on the Proper Assessment and Collection of PPA Port Tariff Rates.

21.4 Upon implementation of the Port Terminal Management in a designated port, the Short-Term Lease Contract issued and valid in said port shall be terminated.

Section 22. Real Properties for Medium-Term Lease

22.1 Medium-Term Lease are those areas granted to a Lessee with a duration of more than one (1) year up to five (5) years.

22.2 Upon recommendation of the PMO, the following list of properties maybe issued for lease for a period of 2 to 5 years:

Type of Lease	Duration	Location	Description of Property/ies	Nature of Business	Area	Approving Authority	Covered by
Medium-Term	More than one (1) year up to five (5) years	Operational Area	Building Stalls inside the Passenger	Services indirectly supportive of maritime/port operations such as but not limited to: ➤ Office space	More than 20 square meter/stall	Assistant General Manager for Operations	Medium-Term Lease Contract

			Terminal Buildings/ PICO Buildings/Port Operations Building	➤ booking/ticketing booths ➤ convenience stores ➤ souvenir shops ➤ pasalubong centers ➤ food kiosks ➤ ATM Booths ➤ communication service ➤ other services provided on a regular basis which are not listed herein			
Medium-Term	More than one (1) year up to five (5) years	Commercial Area	Land/Buildings	Services and facilities directly supportive of maritime/port operations, such as but not limited to the following: - Manufacturing - Fabrication - Assembly area for hauling and loading operations - Dockworkers shed - equipment shed - Water supply facilities - Weighbridge operation - other services provided on a regular basis which are not listed herein Services and facilities indirectly supportive of maritime/port operations, such as but not limited to the following: - Office spaces - banks - food business - communication services other services provided on a regular basis which are not listed herein	More than 100 square meter	Assistant General Manager for Operations	Medium-Term Lease Contract

- 22.3 All areas outside the operational area shall be identified in the PLUS as commercial area and maybe leased out on a medium-term basis executed thru a public bidding.
- 22.4 However, publication of lease proposals maybe carried out and take place instead of public bidding subject to the conditions setforth under Section 43.2 of this Rules.
- 22.5 The approving authority for all Medium-term lease shall be the Assistant General Manager for Operations.

Section 23. Real Properties for Long-Term Lease

- 23.1 Long term lease are those areas with a duration of more than five (5) years. Long-term leases basically cover huge capital outlay for the development, construction and operation of a particular service or facility, consistent with the overall development plan of the port.
- 23.2 All areas identified as commercial areas listed may be leased out on a long-term basis, only in instances, where the prospective lessee intends to put up a permanent structure that is consistent with the Port Development Plan and there exist no intention to use the area directly by PPA and the use of the land conform with the expansion plan of the port.
- 23.3 Upon recommendation of the Port Manager of the concerned PMO, the following areas may be leased on a long-term basis:

Type of Lease	Duration	Location	Description of Property/ies	Nature of Business	Area	Approving Authority	Covered by
Long-term Lease	More than five (5) years up to 10 years	Commercial Area	Land/ Building/ Improvements	Services and facilities that are directly supportive of maritime/port operations, such as but not limited to the following: ➤ Manufacturing ➤ Fabrication ➤ Assembly area for hauling and loading operations ➤ Dockworkers shed ➤ equipment shed ➤ Water supply facilities ➤ Weighbridge operation ➤ other services provided on a regular basis which are not listed herein	Up to 10,000 square meter	General Manager	Long-term lease contract
	More than five (5) years up to 10 years More than 10 years	Commercial Area	Land/ Building/ Improvements	Services and facilities indirectly supportive of maritime/port operations, such as but not limited to the following: ➤ Office spaces ➤ banks ➤ food business ➤ communication services ➤ other services provided on a regular basis which are not listed herein	Up to 10,000 sq.m. More than 10,000 sq.m.	General Manager PPA Board	Long-term lease contract

- 23.4 Applications for long-term lease shall be subject to public bidding which shall be carried out by the Special Bids and Awards Committee (SBAC) to be

created by the General Manager adopting the procedures identified under Republic Act 9184.

- 23.5 The approving authority for long-term lease shall be the General Manager/Philippine Ports Authority (PPA) Board of Directors. The General Manager shall be authorized to sign the lease contract.

ARTICLE IX ELIGIBILITY CRITERIA

Section 24. Eligible Applicants

Lease Application	Criteria
Short-term lease applications	• Must be a Filipino citizens of lawful age / sole proprietor (for area to be leased covering not more than 20 square meter)/company/corporations/Cooperative/partnership/corporate entity duly organized and existing under Philippine laws; • Port service provider/s indirectly supports maritime/port operations or part of a local economic program such as ticketing offices, canteens, store, banks, office spaces among others.
Medium and Long-term lease applications	• Must be a Filipino citizen of lawful age/sole proprietor (for area to be leased covering not more than 20 square meter)/company/cooperative/corporate entity duly organized and existing under Philippine laws; • Partnerships duly organized under the laws of the Philippines, and of which at least sixty percent (60%) of the capital contribution belongs to citizens of the Philippines and the general partner must be a Filipino citizen. • Corporations duly organized under the laws of the Philippines, and of which at least sixty percent (60%) of the outstanding capital belongs to citizens of the Philippines. • For foreign corporation, must be registered in the appropriate agency in the place of incorporation, and all its papers to be submitted to Philippine Ports Authority (PPA) should be translated in English and duly Apostilled or authenticated by the Philippine Consulate in the Place of Incorporation, whichever is applicable

Section 25. Non-Eligible Applicants

- 25.1 Members of the PPA Board of Directors and their alternates and its Technical Assistants, PPA personnel or those within the fourth civil degree of consanguinity or affinity to any member of the PPA Board of Directors, Technical Assistants of the PPA Board of Directors and PPA employees including job orders, contract of service including consultants.
- 25.2 Lessees which have violated any PPA policy, regulations or have engaged in nefarious, illegal and immoral and vicious activity inside the port, in any court, tribunal, or other quasi-judicial agency, or any other government agency.

Section 26. Criteria for Evaluation

- 26.1 The following criteria shall be considered in the evaluation of the lease proposal:
- 26.1.1 Thoroughness and completeness of the proposal and the required legal, financial and other documents submitted
 - 26.1.2 Proposed Financial Proposal
 - 26.1.3 Technical, financial capability and cash flow analysis for the business/service to be established which shall include detailed specifications/requirements of the project for capitalization, area manpower, equipment, technical knowhow
 - 26.1.4 Summary of Proposal (description of the proposed use, demand within the vicinity and the benefit of the project proposal to the surrounding community)
 - 26.1.5 Compatibility of proposed project with surrounding uses and conformity of the proposed lease proposal with the port land use regulations of the authority.

Section 27. Documentary Requirements

All short, medium and long-term lease applications shall submit the following documentary requirements to the PMO concerned for initial evaluation.

27.1 New Applications

Type of Application	Documentary Requirements
Short-Term Lease Application	1. Duly filled-out Lease Application Form with Customer Registration Form (CRF) with project brief indicating the terms of lease such as description of the proposed use, rental rate, specific area to be leased

	2. Duly notarized Omnibus Undertaking (Sworn Statement) 3. Licenses, Accreditation or additional permits specifically required for the business operations of the proponent 4. Vicinity/Location Map 5. Secretary's Certificate (for corporation/partnership/cooperative) 6. Authorization Letter (for single proprietor)
Medium-Term and Long-Term Lease Application	1. Duly filled-out Lease Application Form with Customer Registration Form (CRF) with project brief indicating the terms of lease such as description of the proposed use, rental rate, specific area to be leased 2. Duly notarized Omnibus Undertaking (Sworn Statement) 3. Secretary's Certificate (for corporation/partnership/cooperative) 4. Authorization Letter signed by the sole proprietor (for single proprietor) 5. Legal Requirements • Certified True Copy of SEC/DTI/CDA Registration, whichever is applicable • Licenses, Accreditation or additional permits specifically required for the business operations of the proponent. 6. Financial Requirements • Proof of financial capability to conduct and sustain the business; • Proof of Financial and managerial capacity of applicant for the business/service to be established which shall include detailed specifications/requirements of the project for capitalization, area manpower, equipment, technical knowhow

	• Summary of projected income, costs and earnings for the first five years of the operation of the proposed project 7. Technical Requirements • Business Plan/Project Brief indicating the proposed improvements/development to be introduced in the area, terms of lease (i.e. duration of lease, rental rates, etc.) estimated project cost and timeline of the proposed development, among others • Architectural Plan/Land Use Plan • Proof of experience and expertise in conducting the proposed business • Other related inputs such as physical description and/or land use plan of the port or terminal, port traffic statistics and other data relevant and necessary for the bidding • All other documents as may be reasonably required by the Authority during the selection process or through the Terms of Reference to prove the legal capacity of the proponent
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27.2 Renewal Applications

Type of Application	Documentary Requirements
Medium and Long-Term Lease Application	1. Duly filled-out Lease Application Form with Customer Registration Form (CRF) with project brief indicating the terms of lease such as description of the proposed use, rental rate, specific area to be leased 2. Duly notarized Omnibus Undertaking (Sworn Statement) 3. Secretary's Certificate authorizing representative to enter into contract with PPA (for corporation/partnership/cooperative/corporate entity)

	4. Authorization Letter signed by the sole proprietor (for single proprietor) 5. Legal Requirements • Certified True Copy of SEC/DTI/CDA Registration, whichever is applicable • Proof of compliance in payment of Taxes due to the government • Tax Clearance from the BIR that the Applicant has no outstanding tax obligation with the government • Licenses, Accreditation or additional permits specifically required for the business operations of the proponent. 6. Financial Requirements • Proof of financial capability to sustain the business; • Proof of Financial and managerial capacity of lessee for the business/service to be established which shall include detailed specifications/requirements of the project for capitalization, area manpower, equipment, technical knowhow • Summary of projected income, costs and earnings for the first five years of the operation of the proposed project 7. Technical Requirements • Business Plan/Project Brief indicating the proposed improvements/development to be introduced in the area, terms of lease (i.e. duration of lease, rental rates, etc.) estimated project cost and timeline of the proposed development, among others • Architectural Plan/Land Use Plan • Proof of experience and expertise in conducting the proposed business
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	• Other related inputs such as physical description and/or land use plan of the port or terminal, port traffic statistics and other data relevant and necessary for the bidding • All other documents as may be reasonably required by the Authority during the selection process or through the Terms of Reference to prove the legal capacity of the proponent
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- 27.3 All documents submitted pursuant to this provision should be current and should be certified true copies of the original documents. All documents originating from any jurisdiction outside the Philippines should be authenticated by the Philippine Consul stationed at the origin country of the documents or authenticated through an Apostille, whichever is applicable.

ARTICLE X SUBMISSION OF APPLICATIONS

Section 28. Form and Substance

Using the prescribed sworn filing form in **Annex "B"**, the application shall state clearly and concisely the request and the legal authority upon which the party relies for the said application.

Section 29. Online Application

- 29.1 The Authority shall accept lease applications for short, medium and long-term leases thru the Online Real Estate Management System (OREMS).
- 29.2 The application must be filed and submitted online using the PPA Online Portal. In the absence of a fully-functioning online portal for the processing of lease applications, a manual application may be filed at the concerned Port Management Office.
- 29.3 Every application shall be filed with the concerned PMO in three (3) clear legible copies including the original and shall bear among others, the name, signature, address of the Applicant.
- 29.4 Only lease applications with complete documentary requirements submitted to the concerned PMO shall be allowed to pay the filing fee.
- 29.5 All lease proposals shall be evaluated using the standard, normal process as prescribed in this regulation.

- 29.6 Upon effectivity of this Order, The ICTD shall conduct a Mandatory Hands-On Training to be required for all authorized OREMS Users.

Section 30. Defect of Form

The Authority, thru the concerned PMO, shall not accept Application that do not comply with the provisions of these Rules.

Section 31. Process Flowcharts

All procedures in the application for lease contracts are indicated in **Annex “C”** of this Order.

ARTICLE XI REAL ESTATE MANAGEMENT FEES

Section 32. Administrative Fees

- 32.1 The following non-refundable filing fees, exclusive of VAT shall be imposed on all new/and or renewal applications for Short-Term, Medium-Term and Long-Term Lease Contract.

Type of Lease	Filing Fee
Short-term lease application up to one (1) year	Two Thousand Pesos (Php2,000.00)
Medium-term lease application, up to five years	Six Thousand Pesos (Php6,000.00)
Long-term lease application of up to twenty-five (25) years	Ten Thousand Pesos (Php10,000.00)

ARTICLE XII EVALUATION PROCESS OF SHORT-TERM LEASE APPLICATIONS

Section 33. Filing of Application

All requests for short-term leases shall be filed by the applicant-proponent online. A manual application may be filed and submitted at the PMO concerned together with the following complete documentary requirements listed in Section 27.1 of this Order but online application is highly encouraged.

Section 34. Completeness Check

The concerned Business Development Marketing Specialist/Officer of the PMO, upon receipt of the application, shall immediately check the completeness of the submitted documents in accordance with these Rules, and applicable laws. Incomplete submissions of documentary requirements shall not be accepted and shall be returned to the proponent immediately. Only applications with complete documentary requirements shall pay the corresponding filing fee online or at the concerned PMO Cashier's Office or Treasury Department.

Section 35. Evaluation

- 35.1 All short-term lease applications shall be processed upon receipt of complete documentary requirements from prospective applicants. The PMO shall also notify the proponent that the validation and evaluation of the application has commenced.
- 35.2 For new applications, the PMO evaluates and process all new applications for short-term lease over a minimum period of ten (10) working days from receipt of complete documentary requirements based on its approved PLUS, the determined needs and demands for the proposed service or facility-used, and the financial proposal.

Section 36. Approval/Disapproval of the Application

For new applications, the approving authority shall within three (3) working days approve/disapprove the lease application.

Section 37. Release of Results of the Application

If the application is approved, the PMO, within one (1) working day will advise the applicant to sign the Short-Term Lease Contract (**Annex "D"**) issued and return the same to PMO and pay the corresponding cash deposit amounting to two (2) months deposit and one (1) month advance rental. The Short-term Lease Contract shall be notarized by PPA and released to the applicant (copy furnished Commercial Services Department) within three (3) working days upon receipt of payment.

ARTICLE XIII EVALUATION PROCESS OF MEDIUM AND LONG-TERM LEASE APPLICATIONS

Section 38. Filing of Application

The prospective lessee shall file the lease application together with the documentary requirements thru online or manually as mentioned in Section 27.1 of this Rules at the PMO concerned.

Section 39. Completeness Check

The concerned Business Development Management Officer (BDMO) of the concerned PMO, upon receipt of the application, shall immediately check the completeness of the submitted documents in accordance with these Rules, and applicable laws. Incomplete submissions of documentary requirements shall not be accepted and shall be returned to the proponent immediately. Only applicants with complete documentary requirements shall pay the corresponding filing fee at the concerned PMO or Treasury Department.

Section 40. Evaluation

- 40.1 The PMO shall verify the validity and authenticity of the documents submitted within three (3) days upon receipt of complete documents.
- 40.2 The PMO shall inform the proponent thru an acknowledgement signifying acceptance and commencement of the processing of the application, upon determination of completeness and sufficiency of the application in form and substance.

Section 41. Approval/Disapproval of Application

41.1 Medium-Term Lease Application

- 41.1.1 The CSD, in coordination with the LSD shall evaluate the lease proposal within ten (10) working days upon receipt of complete documents from the PMO.
- 41.1.2 The Assistant General Manager (AGM) for Operations shall approve/disapprove within five (5) working days the Medium-Term Lease of up to five (5) years. The Assistant General Manager (AGM) for Operations signs the Lease Contract.

41.2 Long-Term Lease Application

- 41.2.1 The CSD, in coordination with LSD shall evaluate the lease proposal within ten (10) working days upon receipt of complete documents from the PMO.
- 41.2.2 The Assistant General Manager (AGM) for Operations shall within four (4) working days endorse to the General Manager the results of the review of the application.
- 41.2.3 The General Manager shall approve/disapprove within three (3) working days the long-term lease of more than five (5) years.

41.3 Evaluation Process of Long-Term Lease by Foreign Investors

Long-term lease of private lands by foreign investors shall be authorized only for purposes of and in connection with the establishment of industrial estate, factories, assembly or processing plants, agro-industrial enterprises, land development for tourism, industrial or commercial use and/or other productive endeavor.

Section 42. Release of Results of the Application

If the application is approved, the CSD within one (1) working day advises the applicant the result of the application. The CSD shall transmit the lease contract to the proponent for signature prior to counter-signature of the General Manager.

Section 43. Procedures in the Publication Requirements

43.1 Medium and long-term lease proposals may be executed thru public bidding.

43.2 However, publication of lease proposal maybe carried out and take place instead of public bidding on the following instances:

43.2.1 When the area will involve the continuance of port operational activities or services;

43.2.2 When the prospective lessee is an existing authorized port operator; provided that the lease will be co-terminus with the existing contract; and

43.2.3 When the infrastructure or improvements to be introduced by the prospective lessee is an unsolicited specialized port related facility and directly supports port or maritime operations and the purpose will enhance port operations.

43.3 The advertisement shall state the nature of the proposal such as:

- service/facility to be put up
- proposed site location
- area size applied for lease in square meters (sq.m.)
- proposed contract term/period among others, and shall invite comparative applications or counter proposals.

43.4 Said ad copy also includes 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.

43.5 In the event that another project proponent submits a financial proposal more favorable to the government than the offer submitted by the original

proponent, the latter shall have the right to match said financial proposal within thirty (30) working days.

- 43.6 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.
- 43.7 If the original project proponent matches the submitted financial proposal within the specified period, the original proponent shall be awarded the project.
- 43.8 If the prescribed period for submission of comparative application or counter proposals has lapsed and there is no other application received, processing shall proceed with the lease to be granted.

Section 44. Bidding Requirements

- 44.1 All prime real properties which PPA has priorly identified for bidding shall be carried out by the Special Bids and Awards Committee (SBAC) to be created by the General Manager adopting the procedures identified under Articles IV to XI of Republic Act 9184 and its Implementing Rules and Regulations.
- 44.2 The draft contract and the technical specifications for the lease shall be prepared taking into consideration the criteria indicated under Section 26 of this Rules.
- 44.3 An SBAC shall be constituted for bidding out properties for lease with the following members or as may be determined by the General Manager.
- 44.4 The Chairman of the SBAC shall designate a Secretariat to assist in carrying out the tasks and functions of the Committee.
- 44.5 Bidding Procedure

- 44.5.1 Preparation of Bid Documents

The bidding documents shall be prepared by the SBAC adopting the standard forms and manual provided in the Republic Act 9184.

- 44.5.2 Invitation to Apply for Eligibility and to Bid

Prior to the advertisement or issuance of the Invitation to Apply for Eligibility and to Bid, the SBAC shall call for a pre-procurement conference to assess the readiness of the bidding. Subsequently, SBAC shall cause the publication of the "Invitation to Bid" in a newspaper of general or national circulation and in PPA and Department of Budget and Management (DBM) websites for the

bidding of a medium or long-term lease projects and other conspicuous places.

44.5.3 Pre-Bid Conference

The SBAC shall conduct at least one pre-bid conference with eligible bidders to discuss, among others, matters relative to the technical and financial bids, eligibility requirements, and other relevant bidding matters.

44.5.4 Shortlisting of Prospective Bidders

The SBAC shall short list bidders by evaluating their prequalification using, among others, such factors like completeness and authenticity of required legal, financial and other documents submitted, minimum requirements for paid-up capital, working capital and bank deposit (where applicable), primary purpose of the company/firm and other relevant information and data to establish that such applicants are qualified to participate in the public bidding.

44.5.5 Bid Forms

The SBAC shall provide the corresponding Technical Offer and Financial Offer forms to short listed bidders after payment of the prescribed fees.

44.5.6 Submission and Receipt of Technical and Financial Proposals

The eligible bidders shall be required to submit two (2) separate sealed envelopes each for the "Technical Offer" using "PB Form 2" with all its document requirements therefore and the "Financial Offer", on the date, time and place prescribed for submission.

44.5.7 Modification and Withdrawal of Bids

A bidder may modify his bid, provided that this is done before the deadline for the receipt of bids. The modification shall be submitted in a sealed envelope duly identified as a modification of the original bid and stamped received by the SBAC.

44.5.8 Bid Security

The bid security in the form of cash or manager's or cashier's check in the name of PPA encashable in venue to be prescribed by SBAC shall be included in the envelope containing the Financial Offer. This is to guarantee that the winning bidder, if awarded, shall enter into a contract with the Authority.

44.5.9 Floor and Ceiling Estimates for Financial Offers

The "ceiling" estimate shall not be announced or revealed by the SBAC until immediately before the opening of sealed Financial Offer.

44.5.10 Bid Opening

The SBAC shall open the bids at the time, date and place specified in the Invitation to Apply and to Bid and the bidding documents. The bidders or their duly authorized representatives may attend the opening of bids. All SBAC members or their duly authorized representatives who are present during the bid opening, shall initial every page of the original copies of all bids received and opened. The "Minutes" of the bid opening shall be made available to the concerned parties upon written request and payment of a specified fee to recover cost of materials.

44.5.11 Preliminary Examination of Bids

The SBAC shall open the first bid envelopes (Technical Proposals) of eligible bidders in public to determine each bidder's compliance with the documents required to be submitted for the first component of the bid. Immediately after determining compliance with the requirements in the first envelope, the SBAC shall forthwith open the second bid envelope (Financial Proposals) of each remaining eligible bidder whose first bid envelope was rated "passed".

44.5.12 Evaluation and Comparison of Bids

To determine the Lowest Calculated Bid, the SBAC shall immediately conduct a detailed evaluation of all bids rated "passed" using a non-discretionary criteria, as stated in the Invitation to Apply for Eligibility and to Bid and the Instructions to Bidders.

44.5.13 Post Qualification

The SBAC shall conduct and accomplish a post-qualification of the bidder with the Lowest Calculated Bid or Highest Rated Bid, to determine whether the bidder concerned complies with and is responsive to all the requirements and conditions for eligibility, as specified in the bidding documents, in which case the said bidder's bid shall be considered and declared as the "Highest Rated Responsive Bid."

44.5.14 Notification of Results of the Public Bidding

The SBAC shall formally notify the winning bidder and all the losing bidders of the results of the bidding. The bid bonds of bidders who

ranked second and third shall be returned only after the winning bidder has entered into a contract with PPA.

44.5.15 Notice of Award

The SBAC shall prepare the corresponding resolution, notice of awards, contract and all pertinent documents attendant thereto and forward the same to the General Manager, thru the Assistant General Manager for Operations. The corresponding Notice of Award shall be forwarded to the winning bidder after the approval of the General Manager of the result of the bidding. The SBAC shall notify all losing bidders of its decision within three (3) calendar days from the issuance of the resolution recommending award of the contract.

44.6 Bid Information, Data and Documents

44.6.1 Terms of Reference (TOR)

The Terms of Reference (TOR) shall be prepared by the SBAC to be approved by the General Manager. The Terms of Reference (TOR) defines the scope of the undertakings, rights, obligations and responsibilities expected from both the Authority and the winning bidder.

44.6.2 Instructions to Bidders (ITB)

The Instructions to Bidders (ITB) shall contain all PPA requirements, procedures and instructions for the bidding process to be complied with by interested bidders.

44.6.3 Pro-forma Lease Contract

The suggested pro-forma contract shall be used by the SBAC in the preparation of the corresponding lease contract to be signed by and between the Authority and the winning bidder. The terms of the lease contract shall be in accordance with the rules and requirements set forth in the Terms of Reference (TOR) for the lease of the property.

44.6.4 Additional Inputs

In addition to the foregoing documents, the following information, data and bid forms shall be provided, if available, to eligible bidders:

- Area Coverage, Improvements to be put up and Period or Term of Lease
- Physical description and/or land use plan of the port or terminal

- Port Traffic Statistics
- Other data relevant and necessary for the bidding

Section 45. Approval/Disapproval of the Award of the Contract

- 45.1 In the case of approval, the Approving Authority shall immediately issue the Notice of Award to the winning bidder.
- 45.2 In the event of disapproval, which shall be based on valid, reasonable, and justifiable grounds as provided for under these Rules, the Approving Authority shall notify the SBAC and the eligible bidder, in writing, of such decision and the grounds for it.
- 45.3 Notwithstanding the issuance of the Notice of Award, any award of contract shall be subject to the signing of the contract within thirty (30) days from the date of receipt of Notice of Award.
- 45.4 Contract award shall be made within the bid validity period provided in these guidelines.
- 45.5 The SBAC shall post, within three (3) days from its issuance, the Notice of Award in the website of the Authority, and any conspicuous place in the premises of the Authority.

Section 46. Renewal of Expired Contract of Lease

- 46.1 It shall be the duty of the Port Manager concerned to notify at least thirty (30) days prior to the expiration of all lessees with expiring lease contracts.
- 46.2 Renewal of medium and long-term leases shall be done thru simplified bidding/public bidding as if it were "new" lease application except if there is a renewal clause in the expired lease contract.
- 46.3 Applications for renewal of expired lease contracts must first secure the following documents from the concerned PMO:
 - PMO Certificate of No Outstanding Account from the Finance Office, unless records show otherwise ;
 - PMO Certification from the Port Manager on the Compliance on the Terms and Conditions of the Lease Contract issued particularly on payment of Real Property Taxes and other utility expenses
- 46.4 There shall be no presumption of renewal or continuance of permit/lease beyond the stipulated terms.

**ARTICLE XIV
RIGHT OF PPA OWNERSHIP OF IMPROVEMENTS
MADE BY THE LESSEE**

Section 47. Right of PPA to Ownership of Improvements Made by the Lessee

- 47.1 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.
- 47.2 The lessee shall not mortgage or use as collateral any of the improvements it has introduced. All lessees which violated this provision shall be subject to cancellation of the Lease Contract issued pursuant to Section 61.4 of this Order.
- 47.3 The lessee shall not sub-lease or assign in part or in whole the property under lease. Deed of assignments approved shall be subject to payment of the corresponding transfer fees as imposed. All lessee which sublease in part or in whole the leased premises shall be subject to the cancellation of lease contract pursuant to Section 61.3 of this Order.

Section 48. Procedures for the Turnover of Improvements Made by the Lessee

48.1 For Lease Contract Terminated by the Authority Due to Lessee's Infractions

- 48.1.1 Prior to takeover proceeding and after proper notice has been served to the lessee, an Inventory and Appraisal Committee shall be created by the Port Manager.
- 48.1.2 Said Inventory and Appraisal Committee shall be composed of the following PMO Officials:
- | | | |
|------------------|---|--|
| Chairperson | : | Manager, Port Services Division |
| Vice Chairperson | : | Manager, Administrative Division |
| Members | : | Manager, Engineering Services Division |
| | | Manager, Finance Services Division |
| | | Business Development Marketing |
| | | Specialist/Officer |
- 48.1.3 The Committee shall conduct ocular inspection of the leased property within one (1) week from the termination of the lease contract issued, take inventory of all permanent improvements introduced, performs related functions and submit findings and recommendations to the Port Manager within a week after the inspection.
- 48.1.4 Upon presentation and acceptance of the inventory report, lessee shall turnover all permanent improvements in the leased premises

thru a duly notarized Deed of Conveyance (**Annex E**) which shall be accepted by PPA thru the PMO.

- 48.1.5 If everything is in order, the PPA takes over the premises with the Finance Division to record in the Authority's books of account the improvements made by the lessee.

48.2 For leases revoked/terminated or cancelled due to the Authority's need for the leased premises.

- 48.2.1 After issuance of the Authority's Notice of Pretermination or Cancellation, the Inventory and Appraisal Committee shall conduct a physical inspection and inventory of the improvements made on the leased premises with the corresponding Deed of Conveyance to be confirmed by the lessee.

- 48.2.2 If there is a need for negotiated payment of the residual value of the property, the corresponding agreed amount shall be paid by the lessor to the lessee.

48.3 For leases revoked due to the lessee's voluntarily withdrawal

- 48.3.1 Upon lessee's notification of its voluntary surrender or withdrawal of its lease, a Deed of Conveyance must be submitted to the PMO.

- 48.3.2 Within one (1) week receipt from receipt of said Deed of Conveyance, the PMO Inventory and Appraisal Committee shall conduct inspection/inventory of the improvements made in the leased property.

- 48.3.3 If everything is in order, the PPA takes over the premises with Finance Division to record in the Authority's books of account the improvements made by the lessee.

- 48.3.4 No sum of payment will be made to the lessee.

- 48.3.5 Within one (1) week after the turnover of leased premises and permanent improvements, the PMO shall furnish Commercial Services Department and Treasury Department copies of the turnover documents and physical inventory/valuation reports.

- 48.3.6 The PMO Finance Division records in the Authority's books of account all the improvements introduced by the lessee in the leased premises. The PMO shall be responsible for ensuring that assets recorded in the books of accounts are duly supported with ownership documents.

Section 49. Transfers, Assignment of Leasehold Rights/Sublease

Request/s for transfer, assignment of leasehold rights and/or change of lessee/company name, the following fees, exclusive of VAT shall be applied.

Type of Lease	Filing Fee
Assignment/Transfer of Medium-Term Lease (up to 5 years)	Twenty Thousand pesos (Php20,000.00)
Assignment/Transfer of lease or leasehold rights for long-term lease (more than 5 years up to 25 years)	Fifty Thousand Pesos (Php50,000.00)
Change of Lessee/Company Name	Twenty Thousand pesos (Php20,000.00)

ARTICLE XV TERMINATION/CANCELLATION/NON-RENEWAL OF LEASE CONTRACT

Section 50. Basis for Termination/Cancellation/Pretermination of Lease Contract

50.1 The PPA shall have the right to revoke, cancel or preterminate the lease contract anytime during the lease period in case of the following conditions:

50.1.1 Revocation of Lease Contract due to lessee's fault such as but limited to non-compliance with the terms and conditions of the permits/contracts issued

50.1.1.1 A Notice of Violation shall be issued by the authorized signatory of the lease contract being terminated.

50.1.1.2 The Authority shall not be obliged to pay for the improvements introduced by the lessee.

50.1.2 Revocation of the Lease Contract due to PPA's need for the leased premises

50.1.2.1 If the revocation of the lease contract is due to PPA's need for the leased premises for its own operational requirements, 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:

$$\text{PPA's Interest} = \frac{T_o}{T_n - t_i}$$

Where:

To – number of years the improvements have existed

Tn – lease period

Ti – number of years the contract has been in effect at the time the improvement was introduced

50.1.3 Voluntary Withdrawal by the Lessee or Permittee

50.1.3.1 Any lease contract issued to the lessee or permit may be withdrawn voluntarily by the lessee or permittee thru a formal written letter of intent to the concerned Port Manager, at least thirty (30) days before the cessation of its lease. This will be construed as termination or cancellation of said Lease Contract.

50.1.3.2 The improvements made by the lessee on its leased premises shall automatically be vested to PPA upon Lessor's cancellation of the lease contract. PPA has no obligation to pay the cost of said improvements.

50.1.4 Failure of the foreign investor to initiate the investment project within three (3) years from the signing of the lease agreement

50.1.5 Withdrawal of approved investment;

50.1.6 Violation by the foreign investor of any of the provision of Investors' Lease Act.

50.2 All occupants of areas and properties without valid permits, contracts or other forms of authorization including those government agencies without legal occupancy permit or lease contract/s shall be notified by the Port Manager to formalize their occupancy or face eviction proceedings.

50.3 Eviction proceedings must be properly coordinated with the Legal Services Department.

50.4 Actual eviction shall be facilitated by the PMO Port Police Offices.

50.5 The PPA shall have the option not to renew the lease contract if the lessee failed to correct, to the satisfaction of PPA said violations pursuant to Section 61 of this Order.

ARTICLE XVI
MONITORING OF LEASING OPERATIONS AND OTHER RELATED
REM REQUIREMENTS

Section 51. Monitoring of Leases

The concerned PMO must undertake the following activities to ensure strict monitoring of leases at the ports.

51.1 Port Management Offices

51.1.1 The PMOs shall submit the following Lease Compliance Reports:
(Annex F)

Name of Report	Frequency of Submission
1. Monthly Status Report on Leases	Monthly Every 5 th day of the succeeding month
2. Areas Available for Lease	Quarterly 1 st Quarter - 5 th day of January 2 nd Quarter – 5 th day of April 3 rd Quarter - 5 th day of July 4 th Quarter - 5 th day of October
3. Quarterly Compliance to Lease Contract Provisions	Quarterly 1 st Quarter - 5 th day of April 2 nd Quarter – 5 th day of July 3 rd Quarter - 5 th day of October 4 th Quarter - 5 th day of January of the succeeding year
4. Port Real Estate Utilization	Semi-Annual 1 st Semester – 5 th day of July 2 nd Semester – 5 th day of January of the succeeding year
5. Monthly Compliance Monitoring Report	Monthly Every 10 th day of the succeeding month

51.1.2 The Port Manager shall supervise permittee or lessee's compliance to the terms and conditions of the lease contract particularly with regards to payment of rental dues plus VAT, insurance, real estate taxes and utility expenses, among other contract/permit terms and conditions.

51.1.3 The Port Manager shall ensure that Lease Contract operating ancillary services must have the corresponding Permit to Operate (PTO).

- 51.1.4 The Business Development Marketing Officer/Specialist of the respective PMOs or any personnel as may be designated by the Port Manager shall compile and maintain a record of all Official Receipts (O.R.) evidencing payments of rental and Real Property Tax (RPT).
- 51.1.5 The PMO shall also provide Commercial Services Department/Real Estate Management Division copies of documents covering lease agreements made and approved at the level of the Port Manager within the first seven (7) days of the succeeding month.
- 51.1.6 The PMO shall also inform the Operations Office/CSD any infraction/s committed by the concerned lessee. After due notifications and problem/s continue to persist, appropriate legal action shall be pursued accordingly.

51.2 Commercial Services Department

51.2.1 The Real Estate Management Division of CSD shall:

- 51.2.1.1 Compile and maintain a record of all documents related to Real Estate Management, to include but not limited to the following documents : Machine copies of Real Estate Tax Declaration Tax Assessment and proof of real property taxes payment, summary of tax payments
- 51.2.1.2 Collate the electronic submission of operational reports
- 51.2.1.3 Closely monitor the lessees' faithful compliance to the terms and conditions of the lease contracts issued.
- 51.2.1.4 Report to the Management on the status of lessees' compliance every end of the quarter of the year.

Section 52. Visitorial Powers

The Authority or its duly authorized representative/s shall have the right to inspect the leased premises at any reasonable hour of the day.

Section 53. Claims for Refund of Rental Deposit

- 53.1 The refund of rental deposit will be processed upon submission of the following documents:
 - 53.1.1 Letter-request of the lessee or permittee for refund addressed to the concerned Port Manager.

- 53.1.2 Certification of No Outstanding Account and Unutilized Amount of Rental Deposit issued by the PMO Finance Division
 - 53.1.3 Duly authenticated copy of Lease Contract Issued by the Authority.
 - 53.1.4 Other supporting documents that may be required during the evaluation of the request.
- 53.2 The procedure in the claim for cash refund of rental deposit shall be processed in accordance with PPA Memorandum Circular No. 10-2021.

Section 54. Billing and Collection

All rental billing invoices issued by the Authority must be settled outright by all concerned lessees or permittees on or before the specified date/s of the invoice/s issued. Delay or non-settlement of rental dues will entail payment of interest and penalty charges, in conformity with PPA Administrative Order No. 01-2002 and its corresponding amendments.

Section 55. Protested Accounts

- 55.1 Rental account/s under protest shall be settled in accordance with PPA Memorandum Circular No. 05-2004.
- 55.2 Any protest to be made by the lessees with valid lease contracts shall not be accommodated, such types of leases are imposed fixed rental rates which are non-negotiable.

ARTICLE XVII REAL PROPERTY TAX

Section 56. Real Estate Property Declaration and Taxation

- 56.1 The PMO Finance and Administrative Division and the BDMS of the Office of the Port Manager, in coordination with the Treasury Department and Commercial Services Department shall work together to develop one masterlist of all properties by location, guided by the Port Land Use Scheme. Each property should be described similarly by said units and the systems generated number coding developed for the Property Management System /Online Real Estate Management System (PMS/OREMS). The preparation of the masterlist shall be closely coordinated with the PMO, CSD, TD and ICTD.
- 56.2 All port real estate properties administered by PPA, whether directly utilized for operation or occupied for other purposes must be registered with the Local

Assessor's Office by the Business Development Marketing Specialist (BDMS) and the Finance Division of the concerned PMO. All port properties shall be declared as owned by the Republic of the Philippines and administered by the Philippine Ports Authority. For those that are leased out, the name of the lessee/s shall be declared as the beneficial user/s of the property/ies.

- 56.3 Properties/equipment that are not operational or under repair should be reported as such in the Sworn Statement for the purpose of suspending the tax assessment during that period.
- 56.4 For each property categorized as "Land Areas" and "Port Complex/Wharves & Piers and Other Port Facilities", a Declaration of Tax Exemption/DOF Circular/PPA Position Paper shall be attached to the Sworn Statement of the True Value of Real Properties. Exception is when the property is leased out, since, it automatically becomes taxable and the beneficial user/lessee is liable to pay for the realty tax.

56.5 Categorization or Properties

The following properties shall be covered by a Real Estate Tax Declaration:

56.5.1 Category 1 - Warehouses and Similar Structures

- Warehouse/Transit Shed/Bodega
- Container Freight Station
- Open Shed
- Passenger/Fastcraft Terminal Building/Passenger Shed
- Vendors Terminal Facility/Canteen
- Port Workers Facility
- Maintenance Shop

56.5.2 Category 2 - Port Complex/Wharves and Piers and Other Port Facilities

- Wharf/Quay
- Pier
- Slips
- Bulkhead/Deflector Wall
- Causeway/Pier Approach
- Breakwater
- Sea Wall/Shore Protection/Revetment
- Fender System/Mooring Bollard/Bitt/Buoys
- RC Platform/Stair Landing
- Ro-Ro Landing/Ramp
- Container Yard
- Roads and Pavements
- Security/Perimeter Fences & Gates
- Guard/Maintenance Check Post

- Public Toilet/Amenities
- Landscaping
- Elevated Sidewalk Bridge
- Navigational Aids and Lighthouses
- Drainage System/Ducts & Culverts
- Sewerage System
- Water Supply System/Elevated Water Tank/Underground Reservoir
- Electrical System/Lighting Facilities
- Power House/Generator Shed
- Crane Rails
- Administration Building/PM Quarters/Car Shed
- Halfway House

56.5.3 Category III – Land Areas

This consists mainly of reclaimed areas and some original land.

Section 57. Filing of Sworn Statement of the True Value of Real Properties

- 57.1 All Port Managers are mandated to file with their respective Local Government Unit (LGU) Assessor's Office the declaration of the true value of properties being administered, whether directly utilized or leased out or partially leased out to taxable persons. The market value as determined by the Local Government Unit (LGU) Assessor's Office maybe used for comparison purposes and as basis for determining the floor levels of the Fair Market Value to be used in accomplishing the accompanying form as shown under PPA Finance Memorandum Order No. 03-2004.
- 57.2 Said sworn declarations must be filed with the Assessor's Office by all Port Managers once every three (3) years during the period of January 1 to June 30.

57.3 Issuance of Real Property Assessment

- 57.3.1 Upon filing of the Sworn Statement, the PMO – Finance Officer shall secure from Local Government Unit (LGU) the Schedule of Listing of Fair Market Value of Properties in City or Municipality and their corresponding Assessment Levels.
- 57.3.2 Likewise, the Resource Management Division Manager/ Administrative Division Manager shall meet with the City or Municipal Assessor to discuss the assessed value (per square meter) of adjacent lots in the City or Municipality as prescribed in the Local Government Unit (LGU) Ordinance to ensure an equitable assessed

value prescribed in the Authority's port real estate properties which will serve as the tax base.

- 57.3.3 The Resource Management Division Manager/Administrative Division Manager shall also ensure that the Real Property Tax Declaration to be issued by the Local Government Unit (LGU) is under the name of:

57.3.3.1 If Utilized by PPA

Owner	-	Republic of the Philippines
Administrator	-	Philippine Ports Authority

57.3.3.2 If leased to private individual/s or entity/ies

Owner	-	Republic of the Philippines
Administrator	-	Philippine Ports Authority
Beneficial User	-	Lessee: (Name of Lessee/s)

- 57.3.4 The Resource Management Division Manager/Administrative Division Manager shall obtain copies of the "Received Copy" of the Sworn Statement of the True Value of Real Property filed with the Local Government Unit (LGU), copy of which must be furnished the Treasury Department and the Lessee concerned.

- 57.3.5 Upon receipt of the Real Property Tax Declarations, the Port Manager shall request for tax exemption of all its directly utilized port real properties with Local Government Unit (LGU), within thirty (30) days from the date of declaration together with the documentary evidence i.e. Presidential Decree 857, in order to be dropped from the assessment roll.

- 57.3.6 Request for revision of the Real Property Tax Declaration shall be filed with the Assessor's Office by the Port Manager whenever there is a change in beneficial user/lessee.

57.4 Real Estate Assessment and Tax Payment/Exemption

- 57.4.1 The PMO Finance Officer shall inquire in advance from Local Government Unit (LGU) the real property tax due of all lessees occupying the leased area under their area of jurisdiction.

- 57.4.2 The permittee/lessee shall pay directly for the real property tax due to the Local Government Unit (LGU). A copy of Official Receipt as proof of payment must be furnished the Port Manager of the Port Management Office (PMO) concerned within seven (7) days upon payment of the corresponding tax due.

- 57.4.3 The PMO shall provide the Local Government Unit (LGU) with the name and address of the lessee and the corresponding Certified True Copy of the Lease Contract for each leased property identified in the Inventory Listing jointly developed by the Local Government Unit (LGU) and PPA-PMO.
- 57.4.4 Copy of the corresponding Real Estate Tax Declaration of any property leased shall henceforth be made as attachment and integral part of any Lease Contract.
- 57.4.5 The electronic copies of tax declaration, tax assessment and proof of real property taxes payment shall be furnished by the PMO to the Treasury Department and Commercial Services Department, three (3) days upon receipt by the PMO from the lessee of the copy of the document, for reference and monitoring purposes.
- 57.4.6 The Business Development Marketing Specialist/Officer and the Finance Division shall prepare a Summary of Tax Payments and submit the same to the Office of the Assistant General Manager for Operations, Attention: Treasury and Commercial Services Departments not later than April 30 of every year.
- 57.4.7 Likewise, a copy must be given to the Port Services Division which handles the leasing operations, for updating of the compliance monitoring report in the Online Real Estate Management System (OREMS).
- 57.5 Taxes not paid shall be issued warrants of levy and notice/s of delinquencies by the concerned Local Government Unit (LGU) Treasurer. Thus, lessee must promptly pay the corresponding property taxes due to avoid incurring delinquent tax account/forfeiture proceedings.
- 57.6 The Port Manager shall monitor and ensure that all taxes of leased port real estate properties are paid by the lessee concerned.
- 57.7 All Real Estate Tax Declaration issued by the Local Government Unit (LGU) shall be kept in the custody of the PMO, copy furnished Treasury Department and Commercial Services Department/Real Estate Management Division.

ARTICLE XVIII INSURANCE COVERAGE

Section 58. Insurance Coverage

- 58.1 All grantees of medium and long-term contracts agreements shall be required to insure with the Government Service Insurance System (GSIS) all

permanent improvements and fixtures put up, with the Authority as beneficiary of the proceeds thereof.

- 58.2 A copy of the policy contract shall be furnished Head Office, Attention: Treasury Department and Commercial Services Department by the concerned PMO for its reference/file.
- 58.3 Where there are several lessee-occupants of a PPA building, the Authority shall pay for the insurance coverage with Government Service Insurance System (GSIS), but shall factor in the rental fees to be imposed, the prorated accrued insurance premium due the building premises in the corresponding Lease Contract to be issued.

ARTICLE XIX FORMAT OF LEASE CONTRACT

Section 59. Basic Lease Contracts Provisions

In the exercise of its corporate power to enter into contracts, the Authority hereby ensures the enforcement of the lease contract terms and conditions consistent with basic rules and regulations.

- 59.1 **Monthly Rental/s.** The monthly rental/s are payable in advance, on or before the 5th day of the month and every month thereafter, with corresponding billing invoices generated every 25th day of each month.
- 59.2 **Rental Deposit.** Immediately upon the approval of the lease contract, cash payments equivalent to two (2) months deposit and one (1) month advance must be remitted by the lessee. The rental deposit shall be held in trust to cover all unpaid accounts or back rentals, utility charges and cost of damage or repair of the leased premises. Upon expiration of the lease agreement, unless the Authority has valid claim/s against the lessee, the rental deposit shall be returned in full.
- 59.3 **Interests and Penalty Charges.** Interests and penalty charges shall be imposed on unpaid accounts reckoned from the day following the due date of the principal amount as prescribed in the current Authority guidelines on the imposition of interest and penalty charges.
- 59.4 **Value Added Tax.** The corresponding prescribed VAT shall be levied, assessed and collected on the leased properties, in addition to the basic monthly rental charges.
- 59.5 **Property Insurance.** All leased premises and improvements shall be insured against all property risks and other applicable coverages with the Government Service Insurance System, as provided for under Section 2.5 of PPA AO 06-2000. The property shall be insured with LOSS PAYEE CLAUSE, stating

specifically, "Loss, if any, is payable to the Philippine Ports Authority. For building and other structures which are temporary leased out to several permittees, the Port Manager shall notify or advice Treasury Department for said assets to be covered with insurance subject to payment of permittees occupying said premises.

59.6 Real Property Tax. For medium or long-term leases covering an entire building Structure and other vertical improvements, the Port Management Office (PMO) shall indicate in the corresponding tax declaration, Republic of the Philippines, as the owner of the property with PPA as administrator and the lessee and/or beneficial user of the property. The lessee shall secure authenticated copies of the Tax Declaration from the PMO. The tax payment receipts shall be furnished the PMO by the concerned lessee. Meanwhile, lessees occupying spaces in a PPA building and other vertical structures shall pay the pro-rated real estate tax due its leased premises directly to the Local Government Unit (LGU).

59.7 Utility Expenses. Utility expenses such as light or electric power, telephone and water are generally charged against the occupant/user of the premises. For lessees using common meters, consumptions are computed and paid for on a pro-rated basis depending on estimated charges or kilowatts used. For lessees using sub meters, which are connected to a mother meter, charges can be increased or marked-up to cover the actual consumption as indicated in the mother meter. Meanwhile, for lessees with individual meters, the utility charges are paid directly to the utility companies.

ARTICLE XX EFFECTIVITY OF THE LEASE CONTRACTS

Section 60. Effectivity of the Lease Contracts Issued

Effectivity of the lease contracts shall commence from the date of the approval by the approving Authority of the PPA and the execution of both parties.

ARTICLE XXI PENALTY

Section 61. Penalty

Violation of any of the provisions of this Order shall subject the lessee to the following penalties:

Type of Violation	Amount of Penalty (VAT Inclusive)
61.1 Penalty for Constructing Additional Improvements Without PPA approval	Cancellation of Lease Contract and any improvement will be forfeited in favor of PPA or demolished, whichever is appropriate.

61.2	Penalty for Lessee's Failure to Construct within sixty (60) days after issuance of the Lease Contract	• First Violation – ₱100,000.00 + written warning from Port Management Office (PMO) • If not paid within seven days from receipt of written warning – Cancellation of the Lease Contract Issued
61.3	Penalty Imposed to Lessees for Subleasing without Prior Written Approval of the Authority	Cancellation of Lease Contract
61.4	Penalty for Lessee which have mortgaged or use as collateral all PPA improvements	Cancellation of Lease Contract
61.5	In cases where the lessee is applying for a Change of Name to evade payment of arrearages on real property taxes	Cancellation of Lease Contract
61.6	Failure to pay any amount due under the lease contract	• 1st violation – 12% interest on the amount due penalty interest until fully paid • If not paid within 30 days upon receipt of the 1st notice of violation, cancellation of the lease contract
61.7	Failure to pay Real Property Taxes	• 1st Violation – ₱25,000.00 + written warning in addition to the payment of the Real Property Tax due • If not paid within thirty (30) days from receipt of written warning – Cancellation of the Lease Contract Issued
61.8	Other Violation of Terms and Conditions of the Lease Contract	• 1st Violation – ₱25,000.00 • If not remedied, cancellation of lease contract

Section 62. Rules and Procedures on Violations on Leasing

- 62.1 The PMO concerned shall immediately report to the AGM for Operations, attention: CSD of any violations committed as stated in Section 61 of this Order.
- 62.2 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.

**ARTICLE XXII
MISCELLANEOUS PROVISIONS**

Section 63. Repository of Documents

A copy of all documents, communications, records pertaining to lease shall be submitted by all department and port management offices concerned to CSD which shall keep and maintain the same for future reference.

Section 64. Repealing Clause

All PPA rules and regulations or parts thereof inconsistent herewith, are deemed repealed or modified accordingly.

Section 65. Separability Clause

If any provision or part hereof is held invalid or unconstitutional, the remainder of these guidelines or the provision not otherwise affected shall remain valid and subsisting.

**ARTICLE XXIII
EFFECTIVITY**

Section. 66. Effectivity

This Order shall take effect fifteen (15) days after its publication in a newspaper of general nationwide circulation and a copy filed with the University of the Philippines Law Center.


JAY DANIEL R. SANTIAGO
General Manager

Published in the Business World - June 24, 2022
Effectivity Date July 9, 2022

PORT LAND USE SCHEME PMO- _____					
Port Operational Areas					
Port Land Use Scheme (PLUS)	BLOCK NO.	Area Size (sq.m.)	Technical Description	Functional or Intended Use	Appraised Value
PLUS A1					
PLUS A2					
PLUS A3					

Prepared by

Validated by:

Recommended by:

 Business Development
 Marketing Officer

 Finance Manager

 Port Manager

PORT LAND USE SCHEME PMO- _____								
Port Commercial Areas								
Port Land Use Scheme (PLUS)	Block/Lot No.	Area Size (sq.m.)	Technical Description	Improvement Introduced, if any	Appraised Value		Intended Use of the Property	Actual Occupants/Lessee, if any
					Land	Improvements		
PLUS A1								
PLUS A2								
PLUS A3								

Prepared by

Validated by:

Recommended by:

 Business Development
 Marketing Officer

 Finance Manager

 Port Manager

LEASE APPLICATION FORM			
Application Date: ____ / ____ / ____		Tracking No: _____	
APPLICANT PROFILE			
Applicant:		Authorized Representative:	
Name of Applicant _____		Name of Applicant _____	
Position/Designation _____		Position/Designation _____	
Signature _____		Signature _____	
Company Name: _____		Company Address: _____	
Company Address: _____		Main Office: _____	
Main Office: _____		Billing Address: _____	
Billing Address: _____		Billing Address: _____	
Fax Number: _____		SEC/DTI Registration Number: _____	
Email Address: _____		Business Permit Number: _____	
Company Tax Identification Number: _____		Effectivity of Business Permit: _____	
Business Type			
☐ Single Proprietorship ☐ Partnership ☐ Corporation ☐ Cooperative ☐ Others			
Nature of Business: _____			
LEASE PROFILE			
☐ New ☐ Renewal			
Property to be Leased: ☐ Land ☐ Building ☐ Others			
Location of Property: Port of _____		Intended Use: _____	
Facilities to be put-up (for Medium or Long-Term Lease): _____			
Land:		Building/Improvements:	
Block No.: _____		Block No.: _____	
Lot No.: _____		Lot No.: _____	
Area Size: _____		Area Size: _____	
Rental Rate/sq.m.: _____		Rental Rate/sq.m.: _____	
DOCUMENTARY CHECKLIST			
Short-Term Lease (see attached checklist)			
Medium and Long-Term Lease (see attached checklist)			
VALIDATION FOR PPA USE ONLY			
Filing Fee: _____		Recommending Approval:	
O.R. No.: _____		☐ Terminal Supervisor	
Date of Receipt: _____		☐ PSD Manager	
Lessee Code: _____		☐ Finance Manager	
Lessee Type: _____		☐ Others _____	
Reviewed/Evaluated		Approved	
_____ Business Development Marketing Officer		_____ Port Manager	

DOCUMENTARY REQUIREMENTS (New Application)		
SHORT-TERM LEASE		
☐	1. Duly filled-out Lease Application Form with Customer Registration Form (CRF) with project brief indicating the terms of lease such as description of the proposed use, rental rate, specific area to be leased	
☐	2. Duly notarized Omnibus Undertaking (Sworn Statement)	
☐	3. Licenses, Accreditation or additional permits specifically required for the business operations of the proponent	
☐	4. Vicinity/Location Map	
☐	5. Secretary's Certificate (for corporation/partnership/cooperative)	
☐	6. Authorization Letter (For Single Proprietor)	
MEDIUM AND LONG-TERM LEASE		
☐	1. Duly filled-out Lease Application Form with Customer Registration Form (CRF) with project brief indicating the terms of lease such as description of the proposed use, rental rate, specific area to be leased	
☐	2. Duly notarized Omnibus Undertaking (Sworn Statement)	
☐	3. Secretary's Certificate (for corporation/partnership/cooperative)	
☐	4. Authorization Letter (For Single Proprietor)	
	5. Legal Requirements	
	☐ Certified True Copy of SEC/DTI/CDA Registration, whichever is applicable	
	☐ Licenses, Accreditation or additional permits specifically required for the business operations of the proponent.	
	6. Financial Requirements	
	☐ Proof of financial capability to conduct and sustain the business;	
	☐ Proof of Financial and managerial capacity of applicant for the business/service to be established which shall include detailed specifications/requirements of the project for capitalization, area manpower, equipment, technical knowhow	
	☐ Summary of projected income, costs and earnings for the first five years of the operation of the proposed project	
	7. Technical Requirements	
	☐ Business Plan/Project Brief indicating the proposed improvements/development to be introduced in the area, terms of lease (i.e. duration of lease, rental rates, etc.) estimated project cost and timeline of the proposed development, among others	
	☐ Architectural Plan/Land Use Plan	
	☐ Proof of experience and expertise in conducting the proposed business	
	☐ Other related inputs such as physical description and/or land use plan of the port or terminal, port traffic statistics and other data relevant and necessary for the bidding	
	☐ All other documents as may be reasonably required by the Authority during the selection process or through the Terms of Reference to prove the legal capacity of the proponent	

DOCUMENTARY REQUIREMENTS (Renewal Application)	
MEDIUM AND LONG-TERM LEASE	
☐	1. Duly filled-out Lease Application Form with Customer Registration Form (CRF) with project brief indicating the terms of lease such as description of the proposed use, rental rate, specific area to be leased
☐	2. Duly notarized Omnibus Undertaking (Sworn Statement)
☐	3. Secretary's Certificate/Affidavit Authorizing Representative to enter into contract with the Authority (for corporation/partnership/ cooperative)
☐	4. Authorization Letter (for single proprietor)
5. Legal Requirements	
☐	Certified True Copy of SEC/DTI/CDA Registration, whichever is applicable
☐	Proof of compliance in payment of Taxes due to the government
☐	Tax Clearance from the BIR that the Applicant has no outstanding tax obligation with the government
☐	Licenses, Accreditation or additional permits specifically required for the business operations of the proponent
6. Financial Requirements	
☐	Proof of financial capability to sustain the business;
☐	Proof of Financial and managerial capacity of lessee for the business/service to be established which shall include detailed specifications/requirements of the project for capitalization, area manpower, equipment, technical knowhow
☐	Summary of projected income, costs and earnings for the first five years of the operation of the proposed project
7. Technical Requirements	
☐	Business Plan/Project Brief indicating the proposed improvements/development to be introduced in the area, terms of lease (i.e. duration of lease, rental rates, etc.) estimated project cost and timeline of the proposed development, among others
☐	Architectural Plan/Land Use Plan
☐	Proof of experience and expertise in conducting the proposed business
☐	Other related inputs such as physical description and/or land use plan of the port or terminal, port traffic statistics and other data relevant and necessary for the bidding
☐	All other documents as may be reasonably required by the Authority during the selection process or through the Terms of Reference to prove the legal capacity of the proponent

**OMNIBUS UNDERTAKING
(SWORN AFFIDAVIT)**

REPUBLIC OF THE PHILIPPINES)
CITY OF _____) S.S.

A F F I D A V I T

I, (Name of proponent/authorized signing official for corporation) of legal age, Filipino, single/married, with residence and postal address at _____, after having been duly sworn in accordance with law, hereby depose and say that:

1. I am the (Position/Title) of (Name of Company) an entity engaged in the business of (Nature of Business), with principal office and business address at (Postal Address).
2. I signify my interest to apply to lease from the Philippine Ports Authority (PPA) the (land/building) property containing (area size) sq.m. area located at (Block No. and Lot No.) at the port of (name of port) for (number of months/year) for the purpose of (purpose of lease).
3. I/the (Name of proponent/authorized signing official for corporation) am attesting that I am responsible for:
 - a. having taken steps to comply and secure all the permits from the local government units and other government agencies necessary for the lease application and to conduct business at the port;
 - b. having determined and acknowledged all matters pertaining to the PPA real estate management rules and regulations;
 - c. having basic knowledge of all applicable laws, decrees and ordinances, rules and regulations thereof;
 - d. having fully read the information supplied in the application form and any false or misleading information provided therein shall be a ground for the cancellation of the Permit to Occupy issued, without prejudice to the filing of appropriate administrative.
4. I hereby authorize the PPA duly authorized official/employee to verify the statements documents information submitted herewith to substantiate my application to lease.
5. I hereby hold PPA free from all liens, encumbrances and liabilities resulting from non-compliance therewith.
6. I am executing this affidavit to attest the truth of the foregoing statements and as a requirement of the lease application.

IN WITNESS WHEREOF, I have unto affixed my signature on this _____ day of 20____ in the City of _____.

(Name and Signature of Affiant)

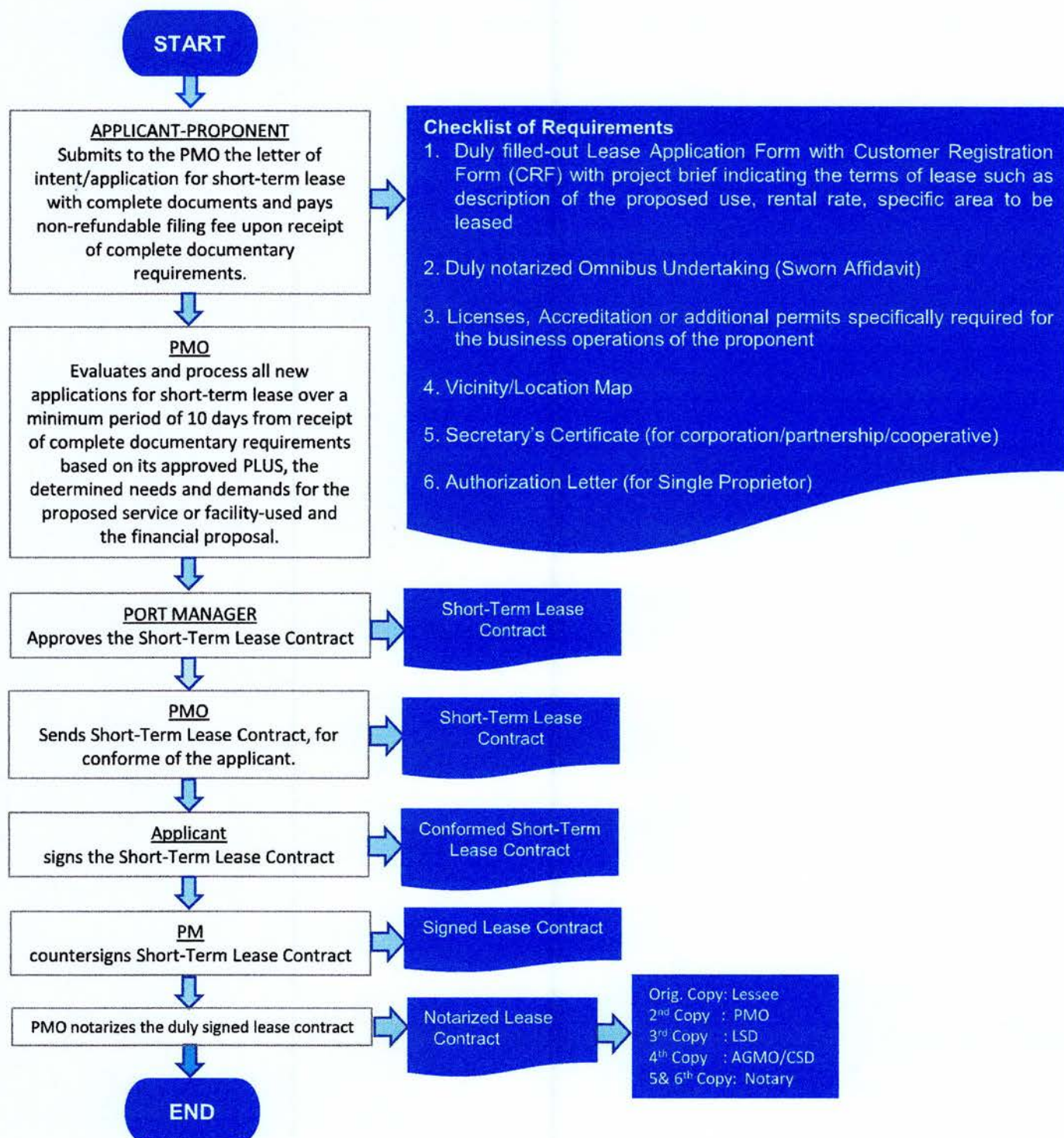
SUBSCRIBED AND SWORN to before me this _____ day of _____.

(Notary Public)

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

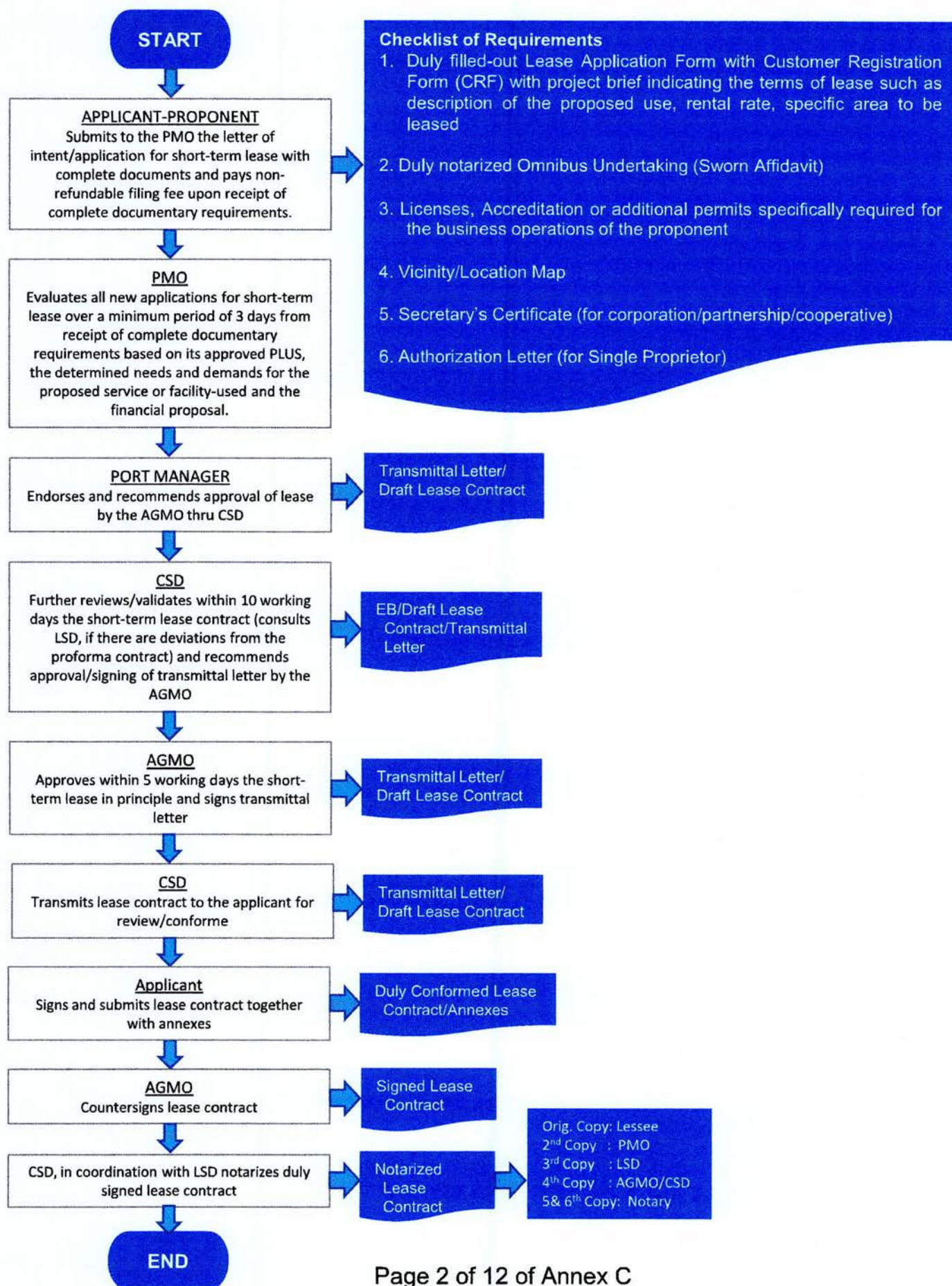
PROCESS FLOWCHART APPLICATION FOR SHORT-TERM LEASE CONTRACT

For Short-Term Lease Applications of up to 20sq.m. located in Operational Areas



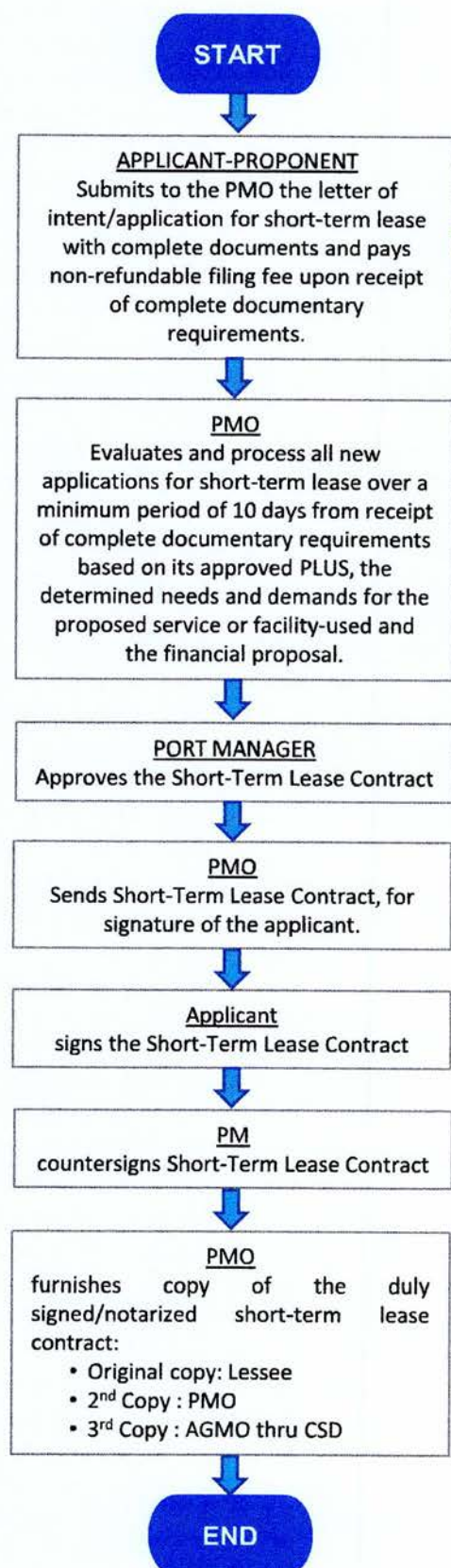
PROCESS FLOWCHART APPLICATION FOR SHORT-TERM LEASE CONTRACT

For Short-Term Lease Applications of more than 20sq.m. located in Operational Areas



PROCESS FLOWCHART APPLICATION FOR SHORT-TERM LEASE CONTRACT

For Short-Term Lease Applications of up to 100sq.m. located in Commercial Areas

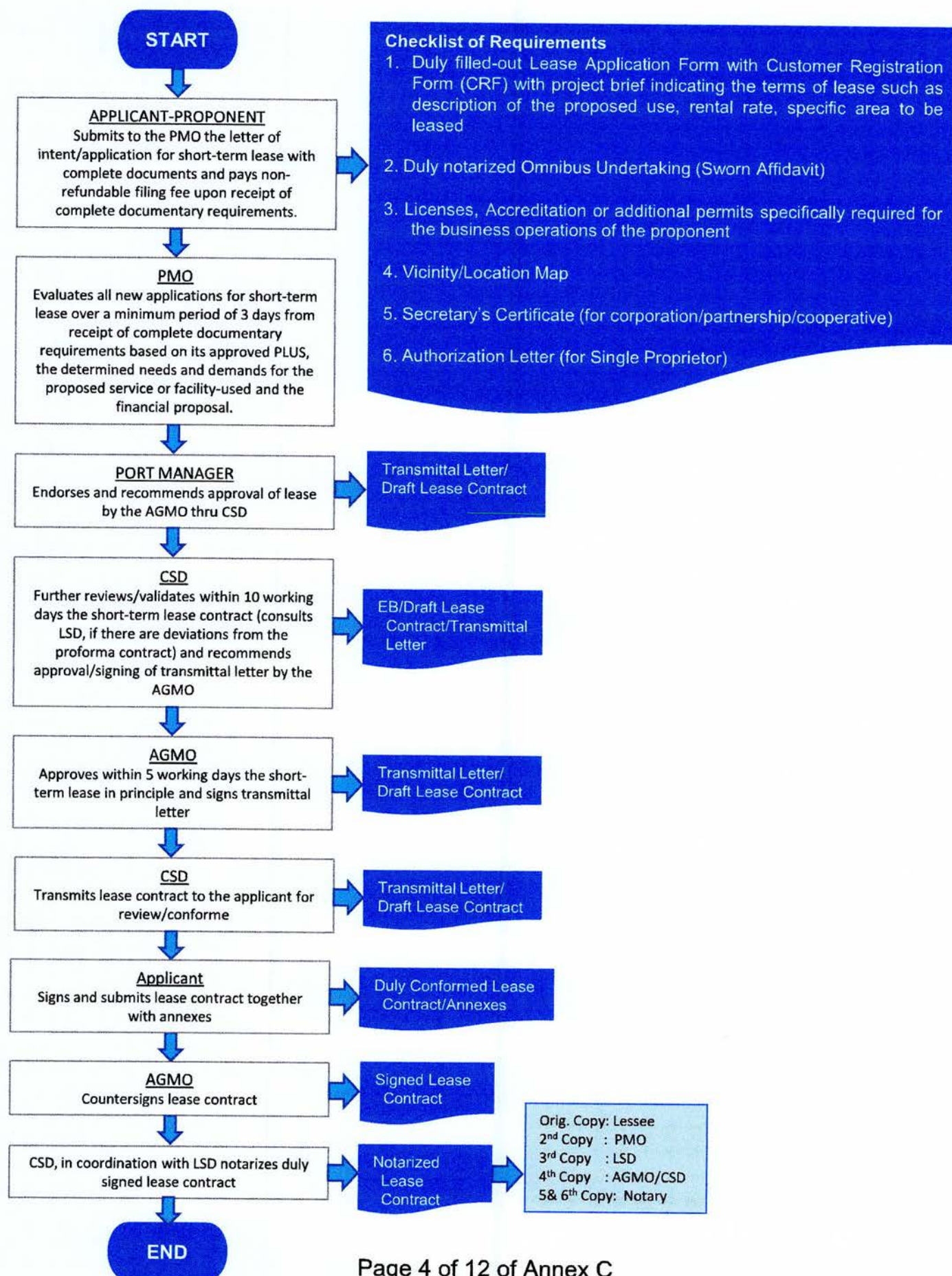


Checklist of Requirements

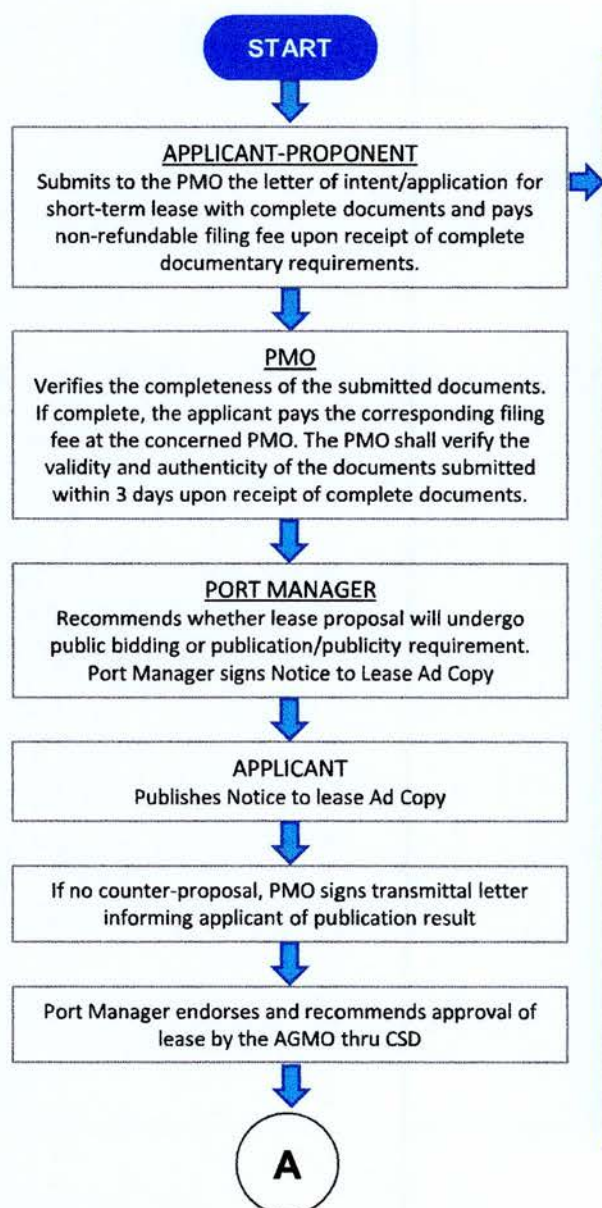
1. Duly filled-out Lease Application Form with Customer Registration Form (CRF) with project brief indicating the terms of lease such as description of the proposed use, rental rate, specific area to be leased
2. Duly notarized Omnibus Undertaking (Sworn Affidavit)
3. Licenses, Accreditation or additional permits specifically required for the business operations of the proponent
4. Vicinity/Location Map
5. Secretary's Certificate (for corporation/partnership/cooperative)
6. Authorization Letter (for Single Proprietor)

PROCESS FLOWCHART APPLICATION FOR SHORT-TERM LEASE CONTRACT

For Short-Term Lease Applications of more than 100sq.m. located in Commercial Areas



PROCESS FLOWCHART APPLICATION FOR MEDIUM-TERM LEASE CONTRACT THRU PUBLICATION OF LEASE PROPOSAL

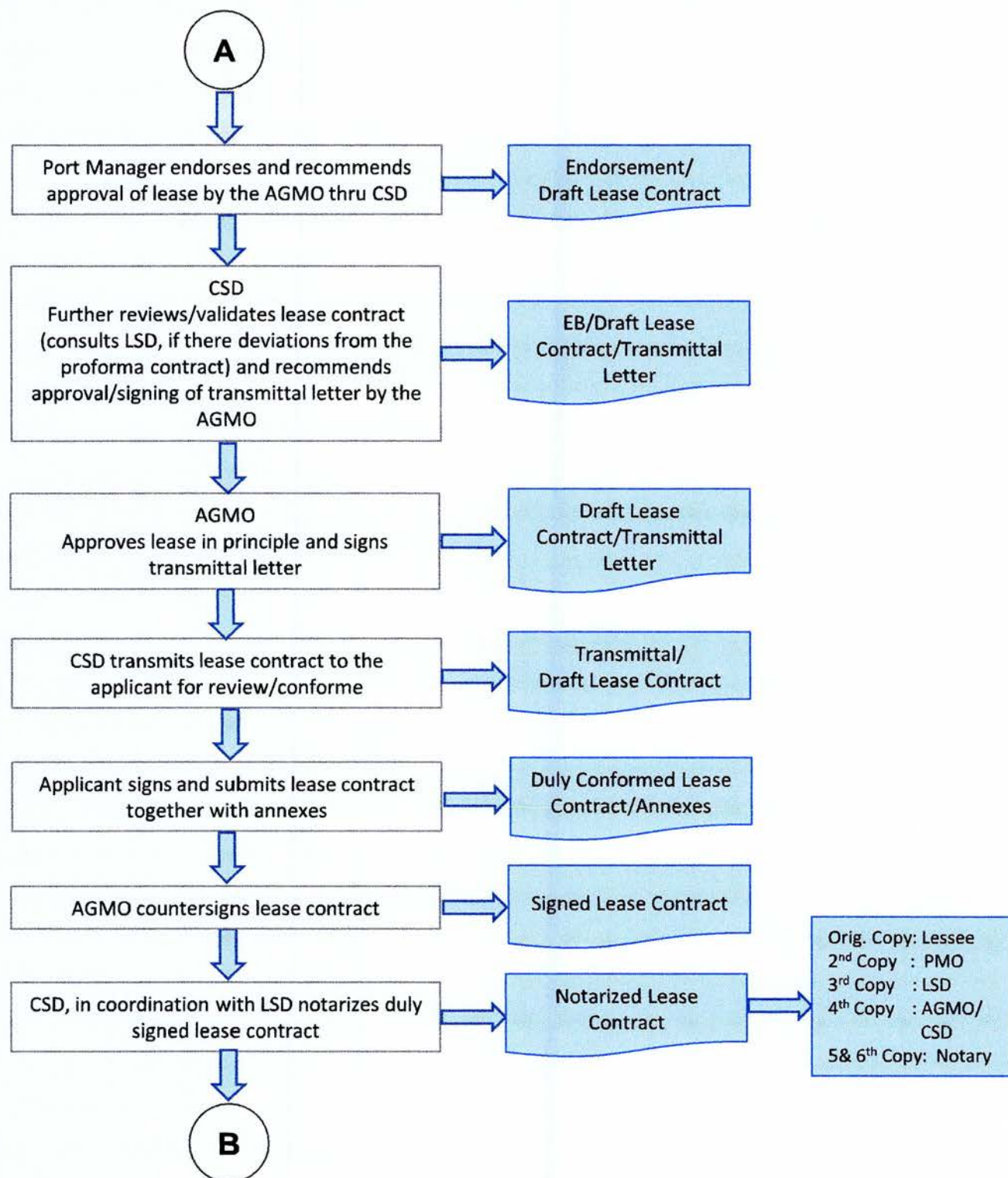


Checklist of Requirements

1. Duly filled-out Lease Application Form with Customer Registration Form (CRF) with project brief indicating the terms of lease such as description of the proposed use, rental rate, specific area to be leased
2. Duly notarized Omnibus Undertaking (Sworn Affidavit)
3. Legal Requirements
 - Secretary's Certificate/Affidavit Authorizing Representative to enter into contract with the Authority
 - Certified True Copy of SEC/DTI/CDA Registration, whichever is applicable
 - Licenses, Accreditation or additional permits specifically required for the business operations of the proponent
4. Financial Requirements
 - Proof of financial and managerial capacity of applicant for the business/service to be established which shall include detailed specifications/requirements of the project for capitalization, area manpower, equipment, technical knowhow
 - Summary of projected income, costs and earnings for the first five years of the operation of the proposed project.
5. Technical Requirements
 - Business Plan/Project brief indicating the proposed improvements/development to be introduced in the area, terms of lease (i.e. duration of lease, rental rates, etc.) estimated project cost and timeline of the proposed development, among others.
 - Architectural Plan/Land Use Plan
 - Proof of experience and expertise in conducting the proposed business
 - Other related inputs such as physical description and/or land use plan of the port or terminal, port traffic statistics and other data relevant and necessary for the bidding
 - All other documents as may be reasonably required by the Authority during the selection process or through the Terms of Reference to prove the legal capacity of the proponent.

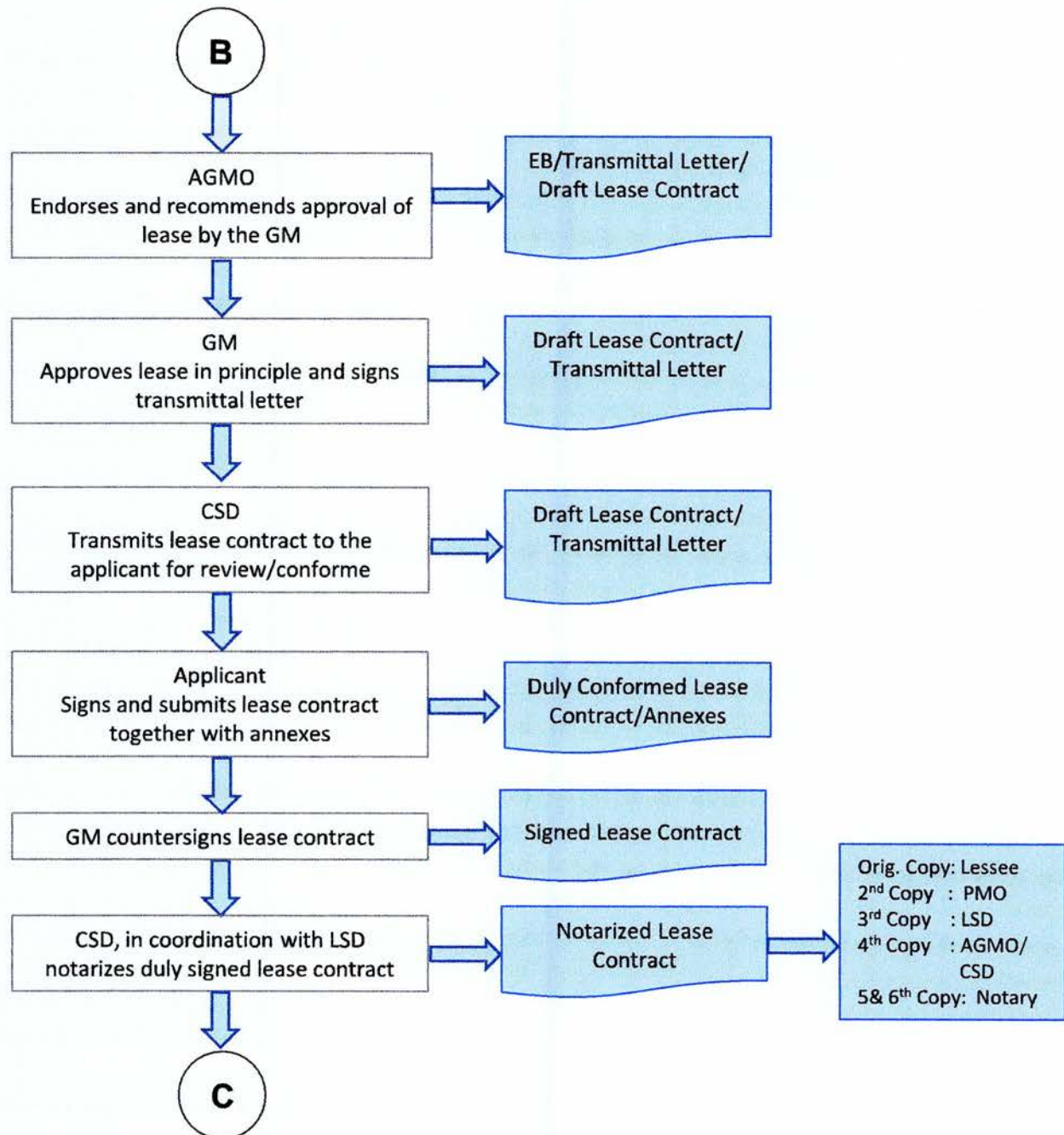
PROCESS FLOWCHART APPLICATION FOR MEDIUM-TERM LEASE CONTRACT THRU PUBLICATION OF LEASE PROPOSAL

LEASE CONTRACT OF MORE THAN 1 YEAR UP TO 5 YEARS



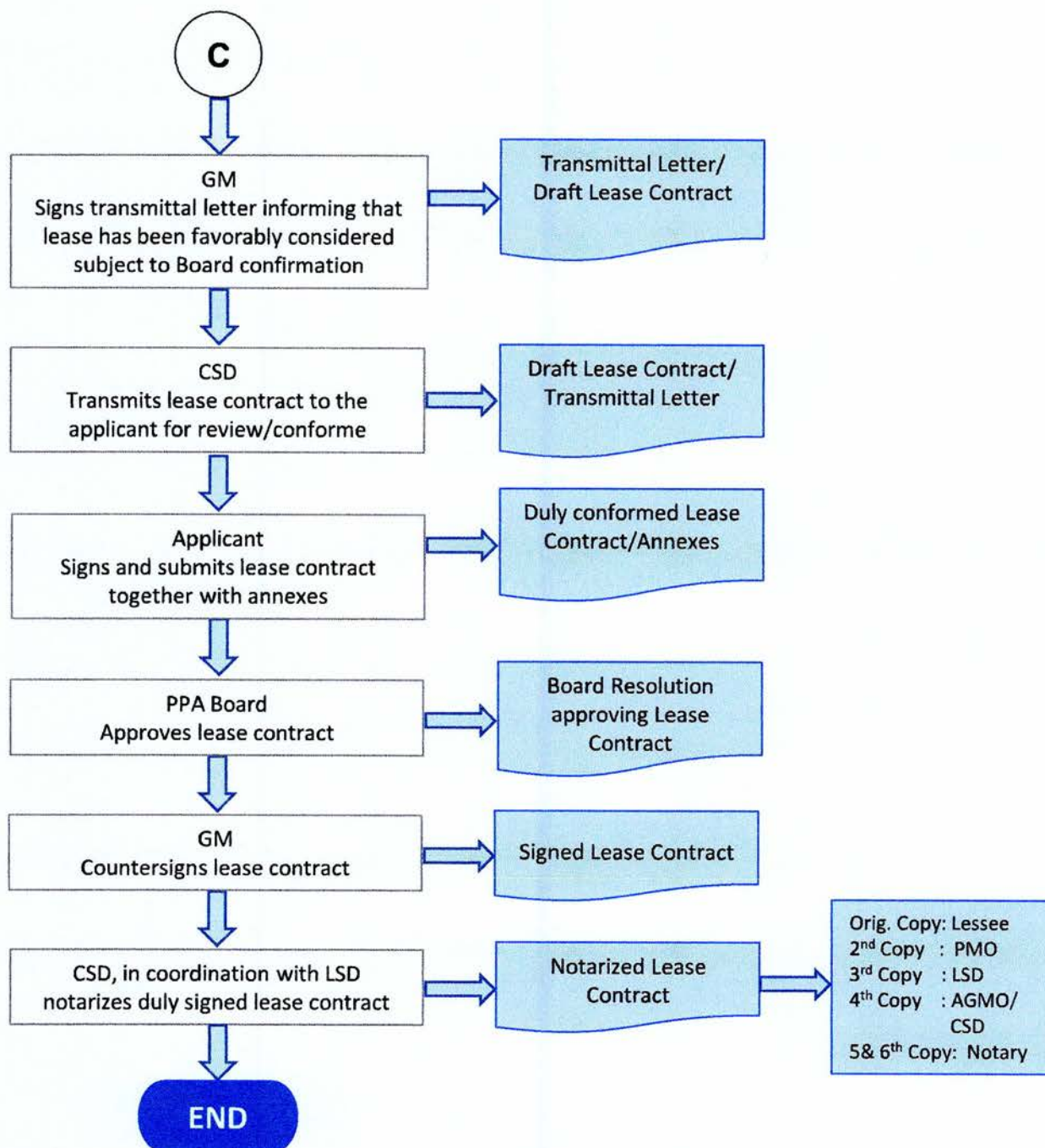
PROCESS FLOWCHART APPLICATION FOR MEDIUM-TERM LEASE CONTRACT THRU PUBLICATION OF LEASE PROPOSAL

LEASE CONTRACT OF MORE THAN 5 YEARS UP TO 10 YEARS

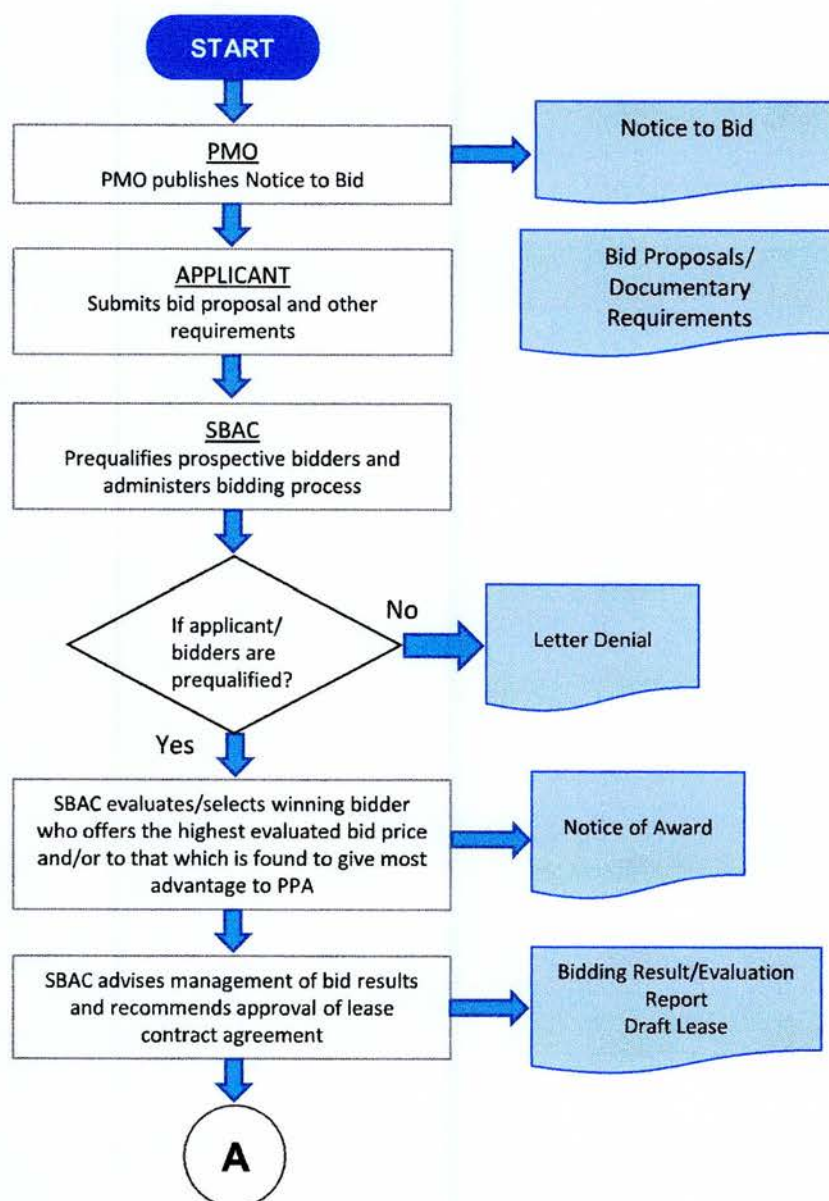


PROCESS FLOWCHART APPLICATION FOR MEDIUM-TERM LEASE CONTRACT THRU PUBLICATION OF LEASE PROPOSAL

LEASE CONTRACT OF MORE THAN 10 YEARS

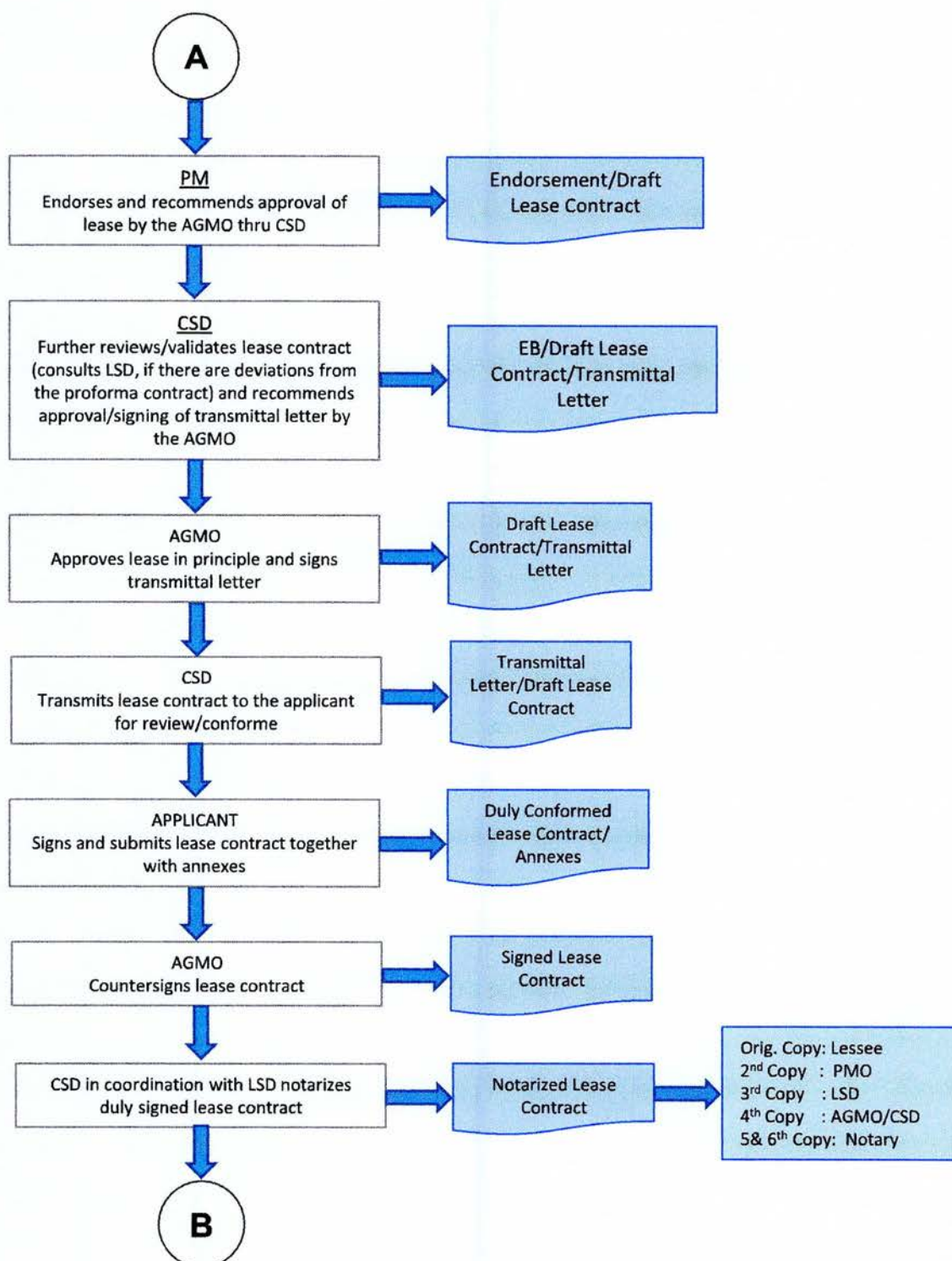


PROCESS FLOWCHART
APPLICATION FOR MEDIUM & LONG-TERM LEASE
CONTRACT THRU PUBLIC BIDDING



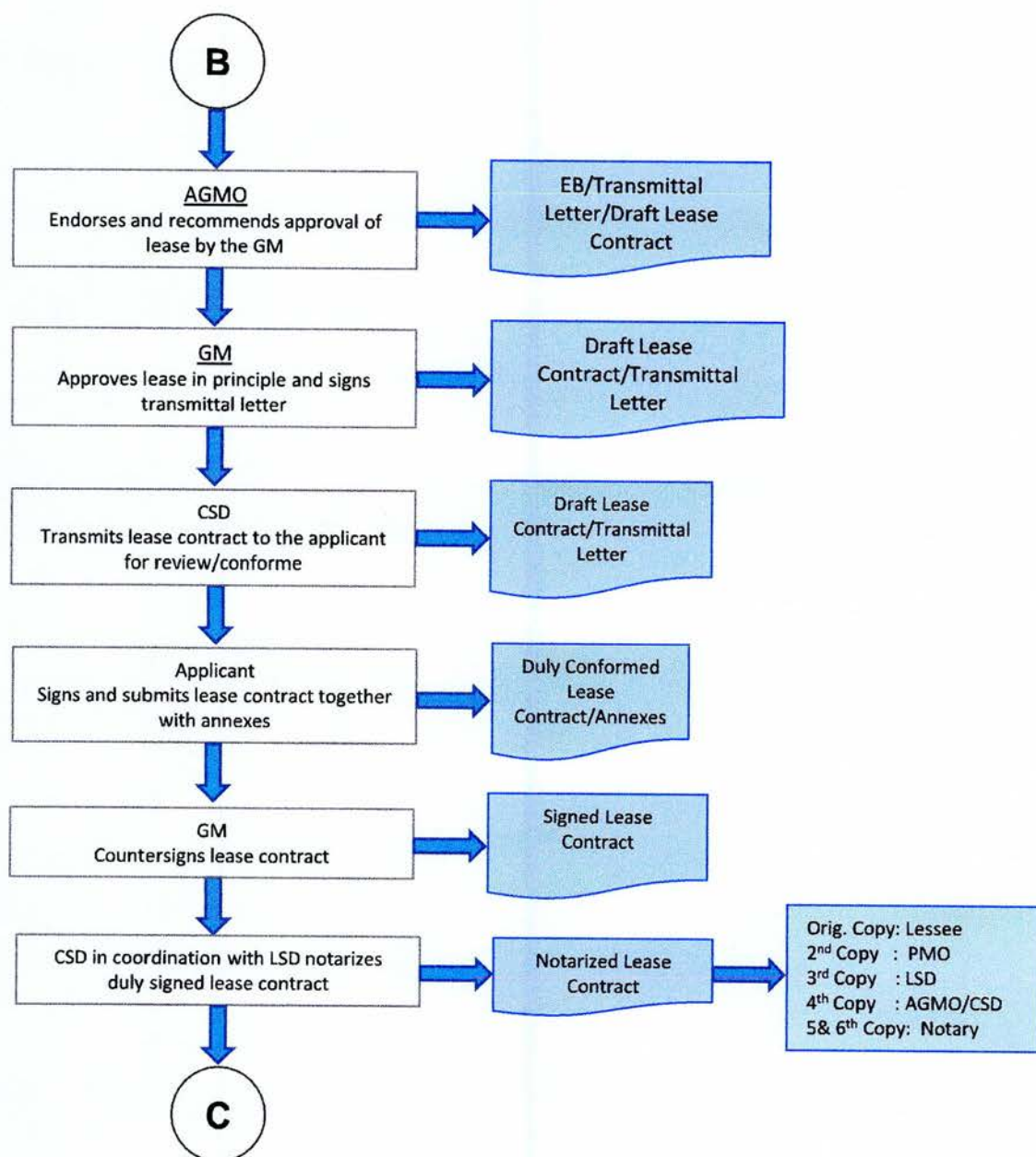
PROCESS FLOWCHART APPLICATION FOR MEDIUM & LONG-TERM LEASE CONTRACT THRU PUBLIC BIDDING

Lease Contract more than 2 Years up to 5 Years



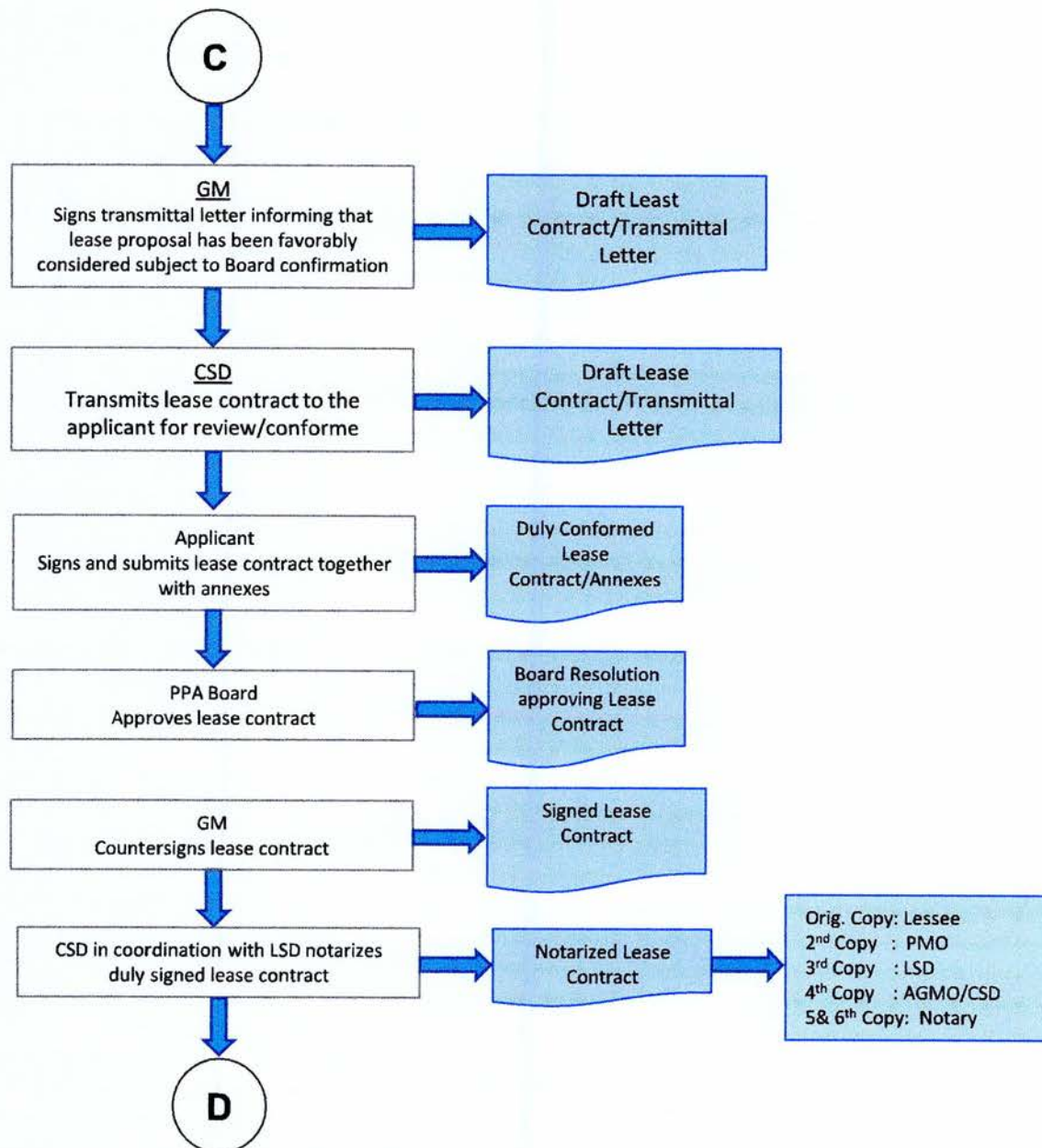
PROCESS FLOWCHART APPLICATION FOR MEDIUM & LONG-TERM LEASE CONTRACT THRU PUBLIC BIDDING

Lease Contract more than 5 Years up to 10 Years



PROCESS FLOWCHART APPLICATION FOR MEDIUM & LONG-TERM LEASE CONTRACT THRU PUBLIC BIDDING

Lease Contract more than 10 Years



CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

This Contract of Lease executed this _____ day of _____ (Year)
in the City of MANILA, Philippines, by and between:

LESSOR
Designation

PHILIPPINE PORTS AUTHORITY, a government instrumentality, duly constituted and existing under and by virtue of Presidential Decree No. 857, as amended, with principal office at PPA Head Office Building, Bonifacio Drive, South Harbor, Port Area, Manila, represented herein by its (Designation), (Name of Official), duly authorized by virtue of Board Resolution No. _____ adopted on (Date), hereinafter referred to as the "**LESSOR**";

- and -

LESSEE
Designation

(Name of Company), a 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 (Designation), (Name of Official), duly authorized for this purpose as evidenced by its Corporate Secretary's Certificate dated _____, a copy of which is hereto attached and made an integral part hereof as Annex "A", and 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) owned by the Republic of the Philippines, located at the (Location) consisting of (Area Size in Square Meters) more or less, 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 afore-described 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 the lease from the former the above-described property consisting of (No. of Square Meters) square meters situated at (Location), as shown in the attached Port Land Use Scheme (PLUS) hereto incorporated and made an integral part of this Contract and marked as Annex "B."

SECTION 2 - Duration. This contract of lease is effective for (No. of Years) commencing upon signing by the (PPA Authorized Official) and shall remain in full force and effect unless sooner modified, cancelled or terminated anytime when PPA deems it necessary in the interest of public service.

SECTION 3 - Rental Payment. The LESSEE shall pay the LESSOR a monthly rental of (_____) or an aggregate annual rental of (_____), Philippine Currency. The aforesaid rental shall be subject to ten percent (10%) yearly escalation.

Said monthly rental shall be payable in advance on or before the 5th day of the month and every month thereafter, at the Office of the LESSOR, without need of demand.

LESSOR
Designation

SECTION 4 - Rental Deposit. Upon execution of this Contract, LESSEE shall maintain with LESSOR a rental deposit equivalent to two (2) months deposit plus one (1) month advance amounting to (_____). 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 as soon as possible.

SECTION 5 - Value-Added-Tax (VAT). It is agreed and understood that the aforesaid rental is exclusive of the twelve percent (12%) Value-Added-Tax and that the VAT due thereon shall be borne and paid for by the LESSEE.

LESSEE
Designation

SECTION 6 - Interest and Penalty. Any obligation of LESSEE which is unpaid when due shall bear interest at the rate of twelve percent (12%) per annum and further subject to a penalty charge of twenty-five percent (25%) per annum.

SECTION 7 - Real Estate Tax, Fees and Charges. The LESSEE shall be responsible/liable for the payment of real estate tax on the leased premises and the improvements thereon unless otherwise exempted from such tax payments, as well as all other fees or charges that maybe assessed or imposed thereof and shall pay the same on the date they become due. The LESSEE shall secure the property Tax Declaration from the local government concerned and shall specifically indicate in the corresponding Sworn Statement for the issuance of the Tax Declaration that the owner of the leased area is the Republic of the Philippines, the LESSOR is the administrator and the LESSEE is the beneficial user of the leased area.

Further, the (Name of Port Management Office) shall be provided with original copies of the Tax Declaration and official receipts of payment for real estate tax, fees and charges within ten (10) days from date of payment thereof.

SECTION 8 - Utility Expenses. Charges relating to electricity, water, communication and other utilities within the leased area shall be for the exclusive account of the LESSEE.

LESSOR
Designation

SECTION 9 - Property Insurance. For the duration of this contract, the LESSEE shall, at its own expense, insure with the Government Service Insurance System, the premises and improvements existing or to be constructed thereon in favor of the LESSOR and covered by property all Risks and other applicable coverage provided under Section 2.5 of PPA Administrative Order No. 06-2000. The property shall be insured with Loss Payee Clause stating specifically "Loss, if any, is payable to the Philippine Ports Authority." Any claim for damage recovered by the LESSOR shall be remitted to the LESSEE upon full restoration of the damaged property as certified by the Port Manager of (Name of Port Management Office).

SECTION 10 - Compensation for Damages. LESSEE shall compensate LESSOR for any damage to the leased premises or port facilities arising from or a consequence of the operation by the LESSOR or those arising from negligence or fault of the LESSOR's employees, representatives, agents, suppliers, etc.

Further, LESSEE shall hold the LESSOR free and harmless from any and all claims, damages, liabilities, or legal actions, suits or causes of action which may be brought by any third party by reason of this Contract, including its implementation, or arising from its own actions or any of its employees, agents and representatives, or due to the non-observance of any applicable law, statute, administrative or executive order or resolution, ordinance, or any of its covenant.

LESSEE
Designation

SECTION 11 - Compliance with Laws, Rules and Regulations, Policies and Guidelines. The LESSEE shall secure at its own cost and expense the necessary licenses, permits and clearances with the relevant government agencies, as may be required. The LESSEE shall comply with all applicable existing laws, rules and regulations, policies and guidelines affecting the business conducted on the leased premises and the use or occupancy thereof, including those which may hereafter be promulgated by LESSOR and other government instrumentalities.

SECTION 12 - 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 13 - Inspection. LESSOR or any of its authorized officials shall have the right to enter the premises for purposes of inspection upon prior notice to the LESSEE.

SECTION 14 - Prohibition Against Assignments, Transfer and Other Conveyances. The LESSEE shall not assign, sub-lease, 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 15 - 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.

LESSOR
Designation

SECTION 16 - 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.

LESSEE
Designation

SECTION 17 - 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 18 - 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 19 - 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 work, plans and specifications for approval by the LESSOR. The improvement must be consistent with the Overall Master Plan of the (Name of Port Management Office).

SECTION 20 - Safety and Security. The LESSEE shall ensure strict compliance with all safety and security requirements as well as rules and regulations specifically intended to safeguard the overall security of the port from any lawless elements or terrorist attacks. The LESSEE shall likewise provide adequate firefighting and related safety equipment in accessible and strategic places within the leased area. The LESSEE shall also provide facilities and equipment in cases of emergencies such as oil spill, etc. and shall submit its Emergency Preparedness and Response Plan.

SECTION 21 - No Waiver/Abandonment Upon Payment. Any payment by the LESSEE to the LESSOR, or any failure of the LESSOR to enforce any terms and conditions of the contract shall not in any way be construed as a waiver, ground for estoppel or abandonment of any rights and privileges under this contract.

SECTION 22 - 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.

LESSOR
Designation

SECTION 23 - Termination and Cancellation. Should the leased premises be needed for the implementation of the approved (Name of Port Management Office) Masterplan, or for any related work or project for the public benefit, the LESSOR may wish to undertake anytime during the existence of this lease, the contract shall be preterminated or cancelled upon settlement of the negotiated payment for the cost of improvement which shall not exceed the ownership interest due to LESSEE, after deducting PPA's interest. In case of LESSEE's violation of 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 be dissolved or abolished, 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 extrajudicially 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. 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 sans Court action.

LESSEE
Designation

SECTION 24 - 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 rent 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 25 - 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 26 - Venue of Suit. Any action of this contract must be brought before the proper Court of Manila, Philippines.

Suggestion: The Parties hereby agree that the venue of any action arising from this Contract shall be the proper courts of the City of Manila, Philippines.

SECTION 27 - 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 28 - Other Conditions. The LESSEE shall strictly comply with all the pertinent provisions of PPA Administrative Order No. (____), dated (____), which is attached hereto and made an integral part hereof and the other applicable

laws, rules and regulations thereto, including those that may be issued after the execution of this Contract.

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

PHILIPPINE PORTS AUTHORITY
(LESSOR)

(LESSEE)

BY:

BY:

(NAME)
(Designation)

(NAME)
(Designation)
Authorized Representative

TIN: _____

TIN: _____

LESSOR
Designation

SIGNED IN THE PRESENCE OF:

TIN: _____

TIN: _____

LESSEE
Designation

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
 _____) S.S

BEFORE ME, a Notary Public for and in the _____, Philippines, this
 ____ day of _____ 20____ personally appeared the following:

	<u>Name</u>	<u>Identification Document Presented</u>	<u>Name/Place/Date of Issue</u>
LESSOR Designation	_____	_____	_____
	_____	_____	_____

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.

LESSEE
Designation

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 and their witnesses on each and every page thereof.

WITNESS MY HAND AND SEAL on the date and at the place aforestated.

NOTARY PUBLIC
 Unit December 31, 20____
 P.T.R. No. _____
 Issued on _____
 At _____
 T.I.N _____

Doc No. _____;
 Page No. _____;
 No. _____;
 Series of 20_____

DEED OF CONVEYANCE

KNOW ALL MEN BY THESE PRESENTS:

(Name of Lessee), a (private/government) corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office and business address at _____, represented herein by its duly authorized representative _____, _____ (designation) _____ as evidenced by a Board Resolution No. _____, s. _____ and Secretary's Certificate dated _____, a copy of which is hereto attached and made an integral part hereof as Annex "A", does hereby transfer and convey unto the Philippine Ports Authority (PPA) the following described properties covered by the Lease Contract issued by PPA (Annex "B"), to wit:

The above-cited improvements were the subject of a physical inventory undertaken report of which is hereto attached as Annex "C";

This Deed of Conveyance is in compliance with paragraph _____ of the Lease Contract quoted hereunder:

IN WITNESS WHEREOF, this Deed of Conveyance is signed at _____ City on the _____ day of _____.

BY:

LESSEE

CONFORME:

LESSOR
Philippine Ports Authority

SIGNED IN THE PRESENCE OF:

ACKNOWLEDGMENT

Republic of the Philippines)
City of _____) s.s.

BEFORE ME, a Notary Public for and in the City of _____, Philippines, this _____ day of _____ personally appeared _____ with Identification Card Number _____ issued at _____ on _____ (Authorized Representative) known to me to be the same persons who executed the foregoing instrument.

The foregoing instrument is a Deed of Conveyance consisting of three (3) pages, including this page on which this Acknowledgment is written, signed by the parties and their instrumental witnesses on each and every page hereof.

IN WITNESS WHEREOF, I have hereunto affixed my hand and notarial seal on these presents at the place and on the date first above written.

Doc. No. : _____
Page No. : _____
Book No.: _____
Series of _____

TURN-OVER OF PORT FACILITIES

Pursuant to the pertinent provision of PPA Administrative Order No. _____, the following port facilities/improvement hereunder listed are hereby turned-over to the Philippine Ports Authority.

TURN-OVER

By:

(Name and Signature)
Position

ACCEPTANCE

By:

(Name and Signature)
Position

MONTHLY STATUS REPORT ON LEASES

PMO- _____

For the month of _____

Contract No.	Name of Permittee/ Company Address	Description of Property (Area/Property/ Specification/s)	Actual Area Occupied	Validity		Rental Rate per sq.m. (P)	Monthly Rental (P)	12% VAT	Total Monthly Rental	Date of Payment Received	Official Receipt No.	Amount Paid	REMARKS
				Start Date	End Date								

Prepared by:

 Business Development/
 Marketing Officer

Noted by:

 PSD Manager

Approved by:

 Port Manager

PHILIPPINE PORTS AUTHORITY

AREAS AVAILABLE FOR LEASE
 For the _____ Quarter of CY 20 _____
 PMO _____

PMO/TMO	Property	Location		Intended Use or Purpose	Area Size (sq.m.)	Rental Rate (P/sq.m./mo.)	Remarks
		Block No.	Lot No.				
	Land						
	Building						

Prepared by:

Noted by:

**Business Development
 Marketing Officer**

Port Manager

PHILIPPINE
PORTS
AUTHORITY



MONTHLY COMPLIANCE MONITORING REPORT

PMO _____

For the Month of _____

CY _____

Name of Lessee : _____
Effectivity of the Lease Contract Issued : _____
Location : _____
Area Size (sq.m.) : _____

Contract Provisions		Complied	Not Complied	REMARKS
1	Use and Purpose			
2	Area Coverage			
3	Duration			
4	Rental Payment			
5	Rental Deposit			
6	Value-Added Tax			
7	Interest and Penalty			
	Real Estate Tax, Fees and Charges			
8	Water, Electricity, Telephone & Other Utility Expenses			
9	Property Insurance			
10	Compensation for Damages			
11	Compliance with PPA and Other Government Agencies			
12	Submission of Reports			
13	Inspection			
14	Prohibition Against Assignments, Transfer & Other Conveyances			
15	Prohibition Against Alterations, Additional Improvements			
16	Prohibition Against Immoral and Illegal Act			
17	Maintenance and Repair			
18	Automatic Transfer of Improvements			
19	Approval of Plans and Specifications Relative to Improvements			
20	Safety and Security			
21	No Waiver/Abandonment Upon Payment			
22	No Waiver/Abandonment of Lessor's Rights/Privileges			
23	Termination and Cancellation			
24	Failure to Vacate Premises			
25	Fees/Other Expenses			
26	Venue of Suit			
27	Attorney's Fees, Cost and Other Damages			
28	Other Conditions			

QUARTERLY STATUS REPORT ON LEASES

For the ____ Quarter 2021

Existing Occupants/ Lessees	Contract Number	Location of the Leased Area	Property Type (Land/Building)	Actual Area/s occupied (sq.m.)	Actual usage/ Utilization of the leased area/s	Permit term/ duration	Contract Term (Short/Medium/Long)	Rental Rate (sq.m./mo.)	Total Rental Amount	Schedule of Payments/ Official Receipts	Physical Condition/s of the Facilities	Status of Lessees compliance to REM requirements	Tax Declaration No/O.R. of Real Property Tax Payments	Tax Amount	Status of Permits Issuance (new/renewal)/ No. of renewals (1 st /2 nd /3 rd etc)

QUARTERLY STATUS REPORT ON LEASES
For the ____ Quarter 2021

PROBLEMS/ISSUES IDENTIFIED

RECOMMENDATIONS/SUGGESTIONS TO THE PROBLEMS/ISSUES IDENTIFIED