 <p>LBP RESOURCES AND DEVELOPMENT CORPORATION 24TH Floor LBP Plaza, 1598 M.H. Del Pilar cor. Dr. J. Quintos St. Malate, Manila</p>	<p>GUIDELINES FOR THE LEASE OF LBRDC REAL ESTATE PROPERTIES (REPs)</p>	Class Code: D
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I. SCOPE

These guidelines govern the lease of LBRDC Real Estate Properties (REPs) for eligible private or government entities.

II. OBJECTIVES

These guidelines are hereby promulgated with the following objectives:


- a. To adhere to GAAM provisions and ensure transparency, accountability, and fair competition, these guidelines govern the selection of entities to lease and develop LBRDC REPs.
- b. To lease REPs at a price most advantageous to LBRDC, thereby generating funds that could be reinvested in other asset classes to maximize earnings and achieve the desired Return on Investment (ROI).
- c. To ensure a Contract of Lease covers all lease transactions of LBRDC based on guidelines approved by the Board.

III. GUIDELINES

A. COVERAGE

The following LBRDC Real Estate Properties (REPs) shall be eligible for lease under these guidelines:

1. 4th Floor, The World Centre Building, Makati City
2. Parking Slot No. 9, 11, 13, 15 and 22, The World Centre Building, Makati City
3. LBRDC Naga Building, Gen. Luna Street, City of Naga
4. All the other properties that LBRDC may acquire in the future.

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B. TYPES OF LEASES

The type of lease on LBRDC REPs shall vary depending on the length of the lease term.

1. Short Term Lease

The lease shall be considered short-term if the lease is one (1) year or less.

2. Long Term Lease

The lease shall be considered long-term if the duration of the lease exceeds one (1) year but not exceeding twenty-five (25) years for meritorious reasons, such as:

- a. Long-term lease will be more profitable and advantageous for LBRDC;
- b. Lessee cannot recover its investment in the property within a limited period;
- c. The nature of the business will require a longer lease term; and
- d. Prevailing business practice in the leasing industry.

C. CREATION OF INVESTMENT PROPERTIES - BIDS AND AWARDS COMMITTEE (IP - BAC)

The IP - BAC shall be created for the selection process to lease LBRDC REPs.

- 1. IP - BAC shall be the recommending authority for lease proposals.
- 2. The composition of IP - BAC shall be as follows:
 - i. Chairperson (Head of the Property Management and Maintenance Services (PMMS) Department;



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- ii. Officer knowledgeable with the technical aspects of the project, who shall act as Vice-Chairperson;
- iii. Officer knowledgeable in finance;
- iv. Officer knowledgeable in management/operation; and
- v. Officer knowledgeable in legal matters.

An IP - BAC quorum requires a simple majority of all members and either the Chairperson or Vice-chairperson's presence at meetings. The Chairperson only votes in case of a tie. The PMMS shall serve as the Secretariat of the IP - BAC.

3. The IP - BAC is responsible for selecting a lessee for an LBRDC REP lease, from evaluation to contract award recommendation.
4. The IP - BAC may execute a Code of Conduct to govern its internal procedures in accordance with these guidelines.
5. The IP - BAC, with the Management Committee (ManCom) approval, may form a Technical Working Group (TWG) for each leasing project to aid in the prescribed selection process.

The IP - BAC may hire a consultant to prepare the TOR for the lease of REPs with projected annual rental income over Php100M or for lease projects involving significant land development, following the provisions of RA 9184.

D. MODES OF SELECTION

The LBRDC IP - BAC may recommend to the ManCom the conduct of the following processes in the selection of an eligible lessee for new or renewal of lease of REPs, depending on the given circumstances:

1. Public Bidding

This is the selection mode for leasing available REPs, inviting eligible



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prospective lessees to submit bids based on published procedures and criteria. It applies to REPs not currently leased or with no intent to renew from the current lessee within the prescribed period initiated by LBRDC.

The public bidding shall be declared a failure by the IP - BAC, subject to the confirmation by the PCEO when any of the following circumstances are present:

1. No one purchased the TOR;
2. No one submitted its proposal after the purchase of TOR;
3. No eligible prospective lessee.
4. No proposal met the minimum requirements set in TOR; and
5. Prospective Lessees (PL) were disqualified.

If the first public bidding for the lease of an LBRDC property fails and is confirmed, the IP - BAC will report the cause of failure to the OPCEO. Then, they will review the TOR and recommend a new bidding for the property/properties.

2. Direct Negotiation Mode

This mode of selection may be resorted to in any of the following circumstances:

1. Two (2) Failed Public Biddings

After at least two consecutive failed public biddings for the same REP, LBRDC may directly negotiate with a prospective lessee on a "first come, first serve" basis upon prior public notice.

2. Government-to-Government Transactions

LBRDC can directly negotiate the lease of REPs with other government agencies, following the policy outlined in the 2016 Implementing Rules and Regulations (IRR) of R.A. 9184. The negotiated modality under Annex "H" of the IRR prefers government agencies to lease publicly owned real property from other government agencies. A lease contract can be established with the



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government agency owner if an available property meets the Procuring Entity's requirements.

The Detailed Procedures and Responsibilities for the lease of REPs in the modes are included in Annex "A" of these guidelines.

3. Schedule and Timelines

The recommending Authority shall be able to adopt and prescribe reasonable schedules and timelines, ensuring transparency, accountability, and fair competition.

E. ELIGIBILITY CRITERIA

PLs must satisfy the following criteria, whenever applicable, to be eligible to participate in the public bidding for the lease of an IP:

1. Legal

- a. The PLs must possess the legal personality and authority to reside and/or conduct business in the Philippines as certified by the appropriate government agencies and/or Local Government Units.
- b. A PL or its consortium/sub-contractor is ineligible if blacklisted by any government agency, GOCC, or bilateral/multilateral agency like the Asian Development Bank or the World Bank.
- c. PLs must submit a statement accepting the qualification criteria. Disqualified or losing PLs are not prevented from questioning their disqualification through appropriate administrative or judicial processes that don't involve injunctions or restraining orders.

2. Technical

For all lease projects with proposed development, PLs must have completed a similar project within a specified period and meet LBRDC's minimum requirements for years of experience as a real



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estate developer. The completed project should cost at least fifty percent (50%) of LBRDC's estimated cost for the proposed development.

3. Financial Capability

The PLs must have adequate capability to sustain the financing requirements for the lease with the development of LBRDC property/ies. This shall be measured in terms of:

- a. Good financial and credit standing. The PLs must have a cash balance or a credit line from a reputable commercial/universal local or international bank in the amount specified in the TOR.
- b. Timely and Complete Payment of Taxes. The PLs (and all members, if a PL is a JV or consortium) must be up to date in their payment of all applicable taxes and must be able to submit an updated tax clearance.

In all cases, the PLs must also meet the minimum financial requirements as may be specified in the TOR.

F. TERMS AND CONDITION

1. Rights and Obligations of Both Parties

The rights and obligations of both parties are indicated to preclude ambiguity and for fairness to both parties. Such rights and obligations shall include the following:

- a. Obligations of the Lessor
 - i. To undertake significant repairs, including damages due to fortuitous events during the effectivity of the lease, and to complete such repairs within a specified time frame.



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- ii. To provide and make available, whenever called for or as may be agreed upon in the contract, such facilities like air-conditioning units and telephone systems, and maintain these facilities in operating condition during the lease period.
 - iii. To maintain the premises of the building/space in good and tenable condition during the lease term.
- b. Obligations of the Lessee
- i. To pay promptly and regularly the rentals agreed upon in a manner specified in the contract.
 - ii. To pay the monthly billings for facilities like electricity, water, and telephone during the lease period.
 - iii. To surrender the building/space upon expiration of the lease contract and to shoulder damages which the LESSOR may suffer for his failure to surrender the same.
 - iv. To faithfully comply with the terms and conditions of the agreement.
- c. Rights of the Lessor
- i. In the event the building/space is deserted by the LESSEE before the expiration of the lease without justifiable cause, the LESSOR shall have the right to enter the relet the same and receive the rentals corresponding to the unexpired period of the lease.
 - ii. To terminate the lease contract and eject the LESSEE for failure or refusal of the latter to pay the rentals agreed upon during the period stipulated in the lease contract or for violation of contract conditions by the LESSEE.

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d. Rights of the Lessee

- i. To withhold payment of rentals in the event the LESSOR fails to make the necessary repairs of damaged facilities or damage to any portion of the building, which is its obligation to repair under the agreement within a reasonable time and to undertake such repairs applying the rentals due to cover the cost thereof.
- ii. To occupy and use exclusively the building/space leased to the exclusion of the owner or his relatives.
- iii. To introduce improvements in the building/space, subject to prior consent of the LESSOR under such terms and conditions as may be agreed upon.

2. Minimum Acceptable Rental Rate

The minimum monthly rental rate shall be the Minimum Bid Price (MBP) and shall be the highest among the following:

- a. The monthly lease rate per appraisal report for the current year. If there is one (1) external and one (1) internal appraisal report, the weighted average may be used by adding 2/3 of the valuation based on the external appraisal to the 1/3 of the valuation based on the internal appraisal;
- b. Highest lease offer received for the same IP within the past three (3) years, if any; or
- c. Prevailing lease rate based on actual lease or market research reports for comparable properties located within the same city or municipality where the IP is being offered for lease is located;

If the proposed development for the property has high revenue potential (i.e., malls, hotels, office, mixed-use), LBRDC shall be entitled to additional percentage income from the Gross Operating Revenue (GOR) of the lessee aside from the minimum lease bid amount which



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shall be provided in the terms and conditions to be adopted in the bidding proper of the properties for lease.

3. Lease Renewal

All current lease contracts shall be deemed terminated upon the expiration of the lease term. There shall be no automatic renewal of the lease.

4. Terms of Lease Contract

The lease contract terms shall be in accordance with the rules and requirements outlined in the Terms of Reference (TOR) for the lease of LBRDC REPs.


All Lease Contracts shall conform to the Commission on Audit Circular No. 88-282A requirements on "Uniform Standards/Guidelines to Determine the Reasonableness of the Terms and Rental Rates of Lease Contracts for Private or Government Building/Spaces."

5. Draft Pro Forma Lease Contracts

Draft pro forma lease contracts for all lease projects shall be drafted by the Legal Unit and submitted to the Office of the Government Corporate Counsel (OGCC) for review and approval before submission to the approving and signing authority.

6. Approval of Lease Contract

The LBRDC President and CEO shall approve Lease Contracts under the LBRDC Codified Approving and Signing Authority (CASA). In all instances, the lease contract shall be subject to prior review of the OGCC and shall be valid and enforceable only upon delivery of the contract by LBRDC to the Winning Lessee.

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7. Reportorial Requirements

All lease contracts shall be submitted to the Commission on Audit by COA Circular No. 2019-005.

8. Protest Mechanism on the Decision of the IP - BAC

The Decision of the IP - BAC may be appealed in writing to the PCEO, provided that the appellant has filed with the IP - BAC, within five (3) calendar days from receipt of the questioned IP - BAC decision, a motion for reconsideration.

The verified appeal must be filed with the Chairman of the IP - BAC within (5) calendar days from receipt of the resolution of the motion for reconsideration. Upon review of the appeal, the Chairman of the IP - BAC shall forward the same to the PCEO. The filing of the appeal shall be accompanied by the payment of a non-refundable fee, which amount shall be indicated in the TOR.

The PCEO shall resolve the appeal within thirty (20) calendar days. The decision of the PCEO or its authorized representative regarding the appeal shall be conclusive and immediately enforceable. It is deemed denied if the appeal remains unresolved during this stipulated duration.

IV. Effectivity

These Guidelines shall be effective upon approval of the Board of Directors.



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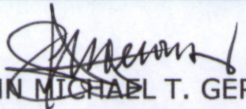
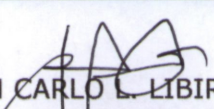
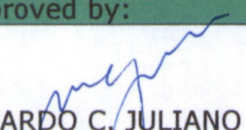
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