

REPUBLIC ACT NO. 7652

Investors' Lease Act

Republic of the Philippines
Congress of the Philippines
Metro Manila

First Regular Session

Begun and held in Metro Manila, on Monday, the twenty-seventh
day of July, nineteen hundred and ninety-two

[REPUBLIC ACT NO. -7652-]

AN ACT ALLOWING THE LONG-TERM LEASE OF
PRIVATE LANDS BY FOREIGN INVESTORS

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. *Title.* – This Act shall be known as the “Investors’ Lease Act.”

SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to encourage foreign investments consistent with the constitutional mandate to conserve and develop our own patrimony. Towards this end, the State hereby adopts a flexible and dynamic policy on the granting of long-term lease on private lands to foreign investors for the establishment of industrial estates, factories, assembly or processing plants, agro-industrial enterprises, land development for industrial, or commercial use, tourism, and other similar priority productive endeavors.

SEC. 3. *Definitions.* – For purposes of this Act, unless the context indicates otherwise, the term:

(1) “Investing in the Philippines” shall mean making an equity investment in the Philippines through actual remittance of foreign exchange or transfer of assets, whether in the form of capital goods, patents, formulae, or other technological rights or processes, upon registration with the Securities and Exchange Commission; and

(2) “Withdrawal of approved investment” shall mean either; (a) the failure to operate the investment project for any three (3) consecutive years; or (b) outright abandonment of the investment project at any time during the approved lease period: *Provided*, That failure to pay lease rental for three (3) consecutive months coupled with the failure to operate the investment project for the same period shall be deemed an outright abandonment of the project.

SEC. 4. Coverage. – Any foreign investor investing in the Philippines shall be allowed to lease private lands in accordance with the laws of the Republic of the Philippines subject to the following conditions:

- (1) No lease contract shall be for a period exceeding fifty (50) years, renewable once for a period of not more than twenty- five (25) years;
- (2) The leased area shall be used solely for the purpose of the investment upon the mutual agreement of the parties;
- (3) The leased premises shall comprise such area as may reasonably be required for the purpose of the investment subject however to the Comprehensive Agrarian Reform Law and the Local Government Code.

The leasehold right acquired under long-term lease contracts entered into pursuant to this Act may be sold, transferred, or assigned: *Provided*, That when the buyer, transferee, or assignee is a foreigner or a foreign-owned enterprise, the conditions and limitations in respect to the use of the leased property as provided for under this Act shall continue to apply.

SEC. 5. Limitations. – (1) Foreign individuals, corporations, associations, or partnerships not otherwise investing in the Philippines as defined herein shall continue to be covered by Presidential Decree No. 471 and other existing laws in lease of lands to foreigners.

(2) Withdrawal of the approved investment in the Philippines within the period of the lease agreement entered into under this Act, or use of the leased area for the purpose other than that authorized, shall warrant the *ipso facto* termination of the lease agreement without prejudice to the right of the lessor to be compensated for the damages he may have suffered thereby.

(3) Any lease agreement under this Act which is renewable at the option of the lessee subject to the same terms and conditions of the original contract shall be interpreted to mean as renewable upon the mutual agreement of the parties.

(4) In addition to the conditions for the renewal of a lease agreement after the period of fifty (50) years as provided herein, the foreign lease shall show that it has made social and economic contributions to the country.

(5) In the case of tourism projects, lease of private lands by foreign investors qualified herein shall be limited to projects with an investment of not less than five million (5M) US dollars, seventy percent (70%) of which shall be infused in said project within three years from the signing of the lease contract.

SEC. 6. Termination of Lease Contract. – The Secretary of Trade and Industry shall terminate any lease contract entered into under the provisions of this Act, if the investment project is not initiated within three (3) years from the signing of the lease contract.

SEC. 7. Penal Provision. – Any contract or agreement made or executed in violation of any of the following prohibited acts shall be null and void *ab initio* and both contracting parties shall be punished by a fine of not less than One Hundred thousand pesos (P100,000) nor

more than One million pesos (P1,000,000), or imprisonment of six (6) months to (6) years, or both, at the discretion of the court:

(1) Any provision in the lease agreement stipulating a lease period in excess of that provided in paragraph (1) of Section 4;

(2) Use of the leased premises for the purpose contrary to existing laws of the land, public order, public policy, morals, or good customs;

(3) Any agreement or agreements resulting is the lease of land in excess of the area approved by the DTI: *Provided*, That, where the excess of the totality of the area leased is due to the acts of the lessee, the lessee shall be held solely liable therefor: *Provided, further*, That, in the case of corporations, associations, or partnerships, the president, manager, director, trustee, or officers responsible for the violation hereof shall bear the criminal liability.

SEC. 8. *Separability Clause.* – In case any provision of this Act or the application of such provision is deemed unconstitutional, the remaining provisions of this Act or the application of such provisions shall not be affected thereby.

SEC. 9. *Repealing Clause.* – All acts, rules and regulations contrary to or inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 10. *Effectivity Clause.* – this Act shall take effect immediately upon its approval.