

S. No. 2898
H. No. 10755

Republic of the Philippines
Congress of the Philippines
Metro Manila

Nineteenth Congress

Third Regular Session

Begun and held in Metro Manila, on Monday, the twenty-second day of July, two thousand twenty-four.

[REPUBLIC ACT NO. 12252]

AN ACT LIBERALIZING THE LEASE OF PRIVATE LANDS BY FOREIGN INVESTORS, ESTABLISHING THE STABILITY OF LONG-TERM LEASE CONTRACTS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7652, OTHERWISE KNOWN AS THE "INVESTORS' LEASE ACT"

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

SECTION 1. Section 2 of Republic Act No. 7652, otherwise known as the "Investors' Lease Act", is hereby amended to read as follows:

"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, agriculture, agro-forestry, ecological conservation and other similar priority productive endeavors.

It is the policy of the State to ensure the reliability of investors' lease contracts to provide a stable environment for foreign investments."

SEC. 2. Section 4 of Republic Act No. 7652 is hereby amended to read as follows:

"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) The aggregate period of the lease contract shall not exceed ninety-nine (99) years: *Provided*, That upon the recommendation of the Fiscal Incentives Review Board (FIRB) or other relevant government agencies, the President of the Philippines may impose a shorter lease period for investors engaged in vital services or industries considered as critical infrastructure, in the interest of national security or pursuant to government-identified priorities for national development;

(2) The leased area shall be used solely for the purpose of the approved and registered 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 approved and registered investment subject however to the Comprehensive Agrarian Reform Law and the Local Government Code; and

(4) The foreign investor must have an approved and registered investment under Republic Act No. 7042, otherwise known as the 'Foreign Investments Act of 1991', as amended; Republic Act No. 11534, otherwise

known as the 'Corporate Recovery and Tax Incentives for Enterprises Act' or 'CREATE', as amended by Republic Act No. 12066, otherwise known as the 'CREATE MORE' Act; or under other applicable laws, or has complied with the investment requirements prescribed by the appropriate Investment Promotion Agency (IPA) pursuant to existing laws;

(5) The lease contract shall be registered with the Registry of Deeds of the province or city where the leased area is located and annotated on the certificate of title covering the leased area; and

(6) The Register of Deeds shall register the lease contract if all of the following conditions exist:

(a) The investor presents proof of an approved and registered investment under subparagraph 4 hereof;

(b) The date of commencement and maximum duration of the lease are certain;

(c) The technical description of the property subject of the lease is clearly specified;

(d) The lessee has performed preparatory acts for the commencement of its investment project; and

(e) There is a provision in the lease contract providing for its termination in case of a change in the purpose or project for which the lease was intended, or in case of failure to commence the investment project within a reasonable period from the signing of the lease contract.

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

SEC. 3. A new Section 4-A is hereby inserted after Section 4 of Republic Act No. 7652, to read as follows:

"SEC. 4-A. *Operative Act of Registration.* - The registration of the long-term lease contract shall be the operative act that renders the lease binding against third persons. Registration shall be made in accordance with the provisions of Presidential Decree No. 1529, as amended.

A registered lease contract shall not be subject to collateral attack. It cannot be altered, modified, or cancelled, except in a direct proceeding in accordance with law."

SEC. 4. Section 5 of Republic Act No. 7652 is hereby amended to read as follows:

"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 on lease of lands to foreigners;

(2) Withdrawal of the approved and registered investment in the Philippines within the period of the lease contract 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 contract without prejudice to the right of the lessor to be compensated for the damages the lessor may have suffered thereby;

(3) Any lease contract 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 contract, the foreign lessee shall show that it has made social and economic contributions to the country; and

(5) In the case of tourism projects, lease of private lands by qualified foreign investors shall be limited to projects with an investment of not less than Five million US dollars (USD 5,000,000.00), seventy percent (70%) of which shall be infused in said project within three (3) years from the signing of the lease contract."

SEC. 5. A new Section 5-A is hereby inserted after Section 5 of Republic Act No. 7652, to read as follows:

"SEC. 5-A. *Sublease.* - Unless there is an express prohibition in the lease contract, the lessee may sublet the property with the consent of the lessor. The conditions under Sections 4 and 5 of this Act shall apply to the sublease contract."

SEC. 6. A new Section 5-B is hereby inserted after the new Section 5-A of Republic Act No. 7652, to read as follows:

"SEC. 5-B. *Registration of Sublease Contracts.* - Sublease contracts shall be registered with the Registry of Deeds and annotated on the Certificate of Title to the land."

SEC. 7. Section 6 of Republic Act No. 7652 is hereby amended to read as follows:

"SEC. 6. *Termination of Lease Contract.* - In case of failure to commence the investment project within three (3) years from the signing of the lease contract, the FIRB, Board of Investments (BOI), or the relevant IPA, as applicable, shall order the lessee to explain the delay and if merited, require such lessee to commence the project within a reasonable period. Failure to comply with the order and to initiate the project within the period provided may, after due notice and hearing, cause the revocation of all entitlements granted under this Act."

SEC. 8. Section 7 of Republic Act No. 7652 is hereby amended to read as follows:

"SEC. 7. *Penal Provision.* – Any contract 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 million pesos (P1,000,000.00) but not more than Ten million pesos (P10,000,000.00) or imprisonment of six (6) months to six (6) years, at the discretion of the court:

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

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

(3) Any agreement resulting in the lease of land in excess of the approved area: *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.

The penalties provided under this section shall likewise apply to all sublease contracts."

SEC. 9. *Implementing Rules and Regulations.* – Within ninety (90) days from the effectivity of this Act, the Department of Trade and Industry (DTI), through the BOI, and the Land Registration Authority (LRA), shall promulgate the necessary implementing rules and regulations for the effective implementation of this Act, in consultation with the FIRB and other concerned government agencies and stakeholders.

SEC. 10. *Separability Clause.* – If any part or provision of this Act is declared invalid or unconstitutional, the other parts or provisions hereof not otherwise affected shall remain valid and effective.

SEC. 11. *Repealing Clause.* – All laws, decrees, orders, issuances, rules, and regulations or parts thereof that are inconsistent with this Act are hereby repealed or modified accordingly.


SEC. 12. *Effectivity.* – This Act shall take effect after fifteen (15) days following its complete publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,


FERDINAND MARTIN G. ROMUALDEZ
*Speaker of the House
of Representatives*

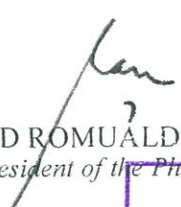

FRANCIS "CHIZ" G. ESCUDERO
President of the Senate

This Act, which is a consolidation of Senate Bill No. 2898 and House Bill No. 10755, was passed by the Senate of the Philippines and the House of Representatives on June 9, 2025.


REGINALD S. VELASCO
*Secretary General
House of Representatives*


RENATO N. BANTUG JR.
Secretary of the Senate

Approved: **SEP 03 2025**


FERDINAND ROMUALDEZ MARCOS JR.
President of the Philippines

