

1 SEC. 3. *Definition of Terms.* -- For the purposes of this Act, the term.

2 (a) "Adviser" means a lawyer, accountant, auditor, financial or
3 business consultant, and such other persons rendering professional advisory
4 services to the real estate investment trust.

5 (b) "Affiliate" means a corporation that directly or indirectly, through
6 one or more intermediaries, is controlled by, or is under the common control of
7 another corporation, which thereby becomes its parent corporation.

8 (c) Associate of a person includes:

9 (1) Any member of the director's immediate family (i.e., spouse, child,
10 stepchild, brother, sister or parent); or

11 (2) Any company in which he/she and his/her immediate family
12 together, directly or indirectly, have an interest of thirty percent (30%) or
13 more.

14 (d) "Cash equivalent items" means instruments or investments that are
15 highly liquid and marketable and are considered good as cash as determined in
16 accordance with the rules and regulations prescribed by the Commission.

17 (e) "Commission or SEC" refers to the Securities and Exchange
18 Commission of the Philippines.

19 (f) "Control" exists in favor of a parent corporation when it has the
20 power to direct or govern the financial and operating policies of an enterprise
21 so as to obtain benefits from its activities. Control is presumed to exist when
22 the parent owns, directly or indirectly, through subsidiaries, more than one half
23 (1/2) of the voting power of an enterprise, unless in exceptional circumstances,
24 it can clearly be demonstrated that such ownership does not constitute control.
25 Control also exists even when the parent owns one half (1/2) or less of the
26 voting power of an enterprise when there is power:

1 (1) Over more than one half (1/2) of the voting rights by virtue of an
2 agreement with investors;

3 (2) To direct or govern the financial and operating policies of the
4 enterprise under a statute or an agreement;

5 (3) To appoint or remove the majority of the members of the board of
6 directors or equivalent governing body; or

7 (4) To cast the majority votes at meetings of the board of directors of
8 equivalent governing body.

9 (g) "Deposited property" means the total value of the REIT's assets
10 based on the latest valuation determined in accordance with the rules and
11 regulations promulgated by the Commission.

12 (h) "Distributable income" means net income as adjusted for unrealized
13 gains and losses/expenses and impairment losses as prescribed by the
14 Commission.

15 (i) "Exchange" means the Philippine Stock Exchange, Inc. or any
16 entity registered as a stock exchange with the Commission pursuant to the
17 Securities Regulation Code (SRC).

18 (j) "Fund manager" refers to the person responsible for the allocation
19 of the deposited property to the allowable investment outlets and selection of
20 income-generating real estate. It shall execute investment strategies for the
21 REIT and oversee and coordinate all of the following activities: property
22 acquisition; property management; leasing; operational and financial reporting
23 (including operating budgets); appraisals; audits; market review; accounting
24 and reporting procedures, as well as refinancing and asset disposition plans.

25 (k) "Income-generating real estate" means real property which is held
26 for the purpose of generating a regular stream of income such as rentals, toll
27 fees, user's fees and the like, as may be further defined and identified by the
28 Commission. The Commission may promulgate rules to include real rights

1 over real property and securities, the underlying asset of which is real property,
2 provided they generate interest or other regular payments to the REIT.

3 (l) "Independent director" means a director who has the qualifications
4 and none of the disqualifications of an independent director specified in the
5 SRC and its implementing rules and regulations.

6 (m) "Investible funds" refers to funds of the REIT that can be placed
7 in investment vehicles other than income-generating real estate such as real
8 estate-related assets, managed funds, government securities, and cash and cash
9 equivalents.

10 (n) "Investor" means the owner of investor securities or investor shares.

11 (o) "Investor securities or investor shares" means the shares of stock
12 issued by a REIT or derivatives thereof.

13 (p) "Managed funds" means any arrangement whereby funds are
14 solicited from the investing public and pooled for the purpose of investing in
15 securities duly registered with and/or approved by the appropriate regulatory
16 agency of the government for investment by the REIT.

17 (q) "Material contract" refers to an agreement or arrangement where
18 the amount involved is at least five percent (5%) of the deposited property of
19 the REIT or which is not entered into in the ordinary course of business of the
20 REIT: *Provided, however,* That the following shall be deemed a material
21 contract regardless of the amount:

22 (1) Related party transactions under Section 11 hereof;

23 (2) Contract between the REIT and fund manager;

24 (3) Agreement between the REIT and property manager;

25 (4) Agreements between and among shareholders such as voting trust
26 agreements, pooling agreements, joint venture agreements or other shareholder
27 agreements as may be determined by the Commission;

28 (5) Any acquisition or disposition of real estate by the REIT;

1 (6) Contracts relating to investments of the REIT under Section 9
2 hereof;

3 (7) Any contract creating mortgages, encumbrances, liens or rights on
4 the real estate of the REIT;

5 (8) Contract of any nature that limits the declaration or distribution of
6 dividends by the REIT;

7 (9) Any contract relating to joint venture, spin off, consolidation or
8 merger involving the REIT; and

9 (10) Any contract that may be expected to materially affect the market
10 activity and/or the price of the investor securities issued by the REIT as may be
11 determined by the Commission.

12 (r) "Parent" means a corporation which has control over another
13 corporation, directly or indirectly, through one or more intermediaries.

14 (s) "Principal officer" means the chairman of the board of directors,
15 president, chief executive officer, chief operating officer, treasurer, chief
16 financial officer, corporate secretary, vice president, their equivalent positions,
17 or such other officers occupying position of significant influence in the REIT
18 as may be determined by the Commission.

19 (t) "Principal stockholder" means a stockholder who is directly or
20 indirectly the beneficial owner of more than ten percent (10%) of any class of
21 security of the REIT.

22 (u) "Property manager" refers to a person who provides day-to-day
23 management of the operations of the income-generating real estate including
24 rent collection, tenant services, care of the physical plant, security
25 and adherence to regulatory requirements of the REIT. Some property
26 management arrangements also include lease renewal negotiations and even
27 the leasing and marketing of the property to outside prospects.

1 (v) Related party includes:

2 (1) The sponsor/promoter of the REIT;

3 (2) The fund manager of the REIT;

4 (3) The adviser of the REIT;

5 (4) The property manager of the REIT;

6 (5) A director, principal shareholder or principal officer of the
7 sponsor/promoter of the REIT, REIT's fund manager or property manager, or
8 associate of any such persons; and

9 (6) Related corporation as defined herein.

10 (w) "Real estate" means "immovable property" under Article 415 of
11 the Civil Code. Real property, when used in this Act, shall have the same
12 meaning as real estate.

13 (x) "Real estate investment trust or REIT" is a stock corporation
14 established in accordance with the Corporation Code of the Philippines and the
15 rules and regulations promulgated by the Commission or a stock corporation
16 organized under the laws of a foreign country principally for the purpose of
17 owning income-generating real estate assets and real estate securities. For
18 purposes of clarity, a REIT, although designated as a "trust", does not have the
19 same technical meaning as "trust" under existing laws and regulations but is
20 used herein for the sole purpose of adopting the internationally accepted
21 description of the company in accordance with global best practices.

22 (y) "REIT plan" refers to the plan, including its amendments, of the
23 REIT registered with the Commission.

24 (z) "Real estate-related assets" mean:

25 (1) Debt securities and listed shares issued by property companies; or

26 (2) Other funds and assets, including personal property, incidental to
27 the ownership of real estate.

1 (aa) "Related corporation" means the parent, subsidiary or affiliate of
2 the REIT.

3 (bb) "Securities Regulation Code or SRC" refers to the Securities
4 Regulation Code of 2000 and its implementing rules and regulations.

5 (cc) "Sponsor/promoter" means any person who, acting alone or in
6 conjunction with one or more other persons, directly or indirectly, contributes
7 cash or property in incorporating a REIT.

8 (dd) "Subsidiary" means a corporation more than fifty percent (50%) of
9 the voting stock of which is owned or controlled, directly or indirectly, through
10 one or more intermediaries, by another corporation, which thereby becomes its
11 parent corporation.

12 (ee) "Taxable net income" means the pertinent items of gross income
13 specified in Section 32, less all allowable deductions enumerated in Section
14 34, of the National Internal Revenue Code of 1997, as amended, less the
15 dividends distributed by a REIT out of its distributable income as of the end of
16 the taxable year as: (1) dividends to owners of the common shares; and (2)
17 dividends to owners of the preferred shares pursuant to their rights and
18 limitations specified in the articles of incorporation of the REIT.

19 ARTICLE II

20 REAL ESTATE INVESTMENT TRUST

21 SEC. 4. *Listing.* – A REIT must be listed in accordance with the rules
22 and regulations of an Exchange and must be regulated as a public company.
23 To qualify as a public company under this Act, the REIT must, upon and after
24 listing, comply with the following requirements: (a) it must have at least one
25 thousand (1,000) shareholders each owning at least one hundred (100) shares
26 of a class of shares, who in the aggregate, own at least thirty percent (30%) of
27 the outstanding capital stock of the REIT; (b) not more than fifty percent
28 (50%) in value of its outstanding capital stock or more than fifty percent (50%)

1 of all classes of stock entitled to vote is owned, directly or indirectly, by five
2 (5) persons or less; and (c) no person may beneficially own or control, directly
3 or indirectly, more than thirty percent (30%) of the outstanding capital stock of
4 the REIT.

5 For purposes of this section, the following rules shall be applied:

6 (a) Stock not owned by individuals. Stock owned directly or indirectly
7 by or for a corporation, partnership, estate or trust shall be considered as being
8 owned proportionately by its shareholders, partners or beneficiaries.

9 (b) Family and partnership ownerships. An individual shall be
10 considered as owning the stock owned, directly or indirectly, by or for his
11 family, or by or for his partner. For purposes of this paragraph, the “family of
12 an individual” includes only his brothers and sisters (whether by whole or half-
13 blood), spouse, ancestors and lineal descendants.

14 (c) Option. If any person has an option to acquire stock, such stock
15 shall be considered as owned by such person. For purposes of this paragraph,
16 an option to acquire such an option and each one of a series of options shall be
17 considered as an option to acquire such stock.

18 (d) Constructive ownership as actual ownership. Stock constructively
19 owned by reason of the application of paragraph (a) or (c) hereof shall, for
20 purposes of applying paragraph (a) or (b), be treated as actually owned by such
21 person; but stock constructively owned by the individual by reason of the
22 application of paragraph (b) hereof shall not be treated as owned by him for
23 purposes of again applying such paragraph in order to make another the
24 constructive owner of such stock.

25 SEC. 5. *Investment in the REIT.* – The investor securities of a REIT
26 must be registered with the Commission and listed in accordance with the rules
27 of an Exchange. No investor securities of a REIT shall be offered for
28 subscription or sale to the public except in accordance with a REIT plan,

1 applicable provisions of the SRC and other requirements and restrictions as
2 may be prescribed by the Commission.

3 SEC. 6. *Capitalization.* – A REIT must have a minimum paid-up
4 capital of One billion pesos (Php1,000,000,000.00).

5 SEC. 7. *Nationality Requirement.* – A REIT that owns land located in
6 the Philippines must comply with foreign ownership limitations imposed under
7 Philippine law.

8 SEC. 8. *Dividend Distribution.* – A REIT must distribute annually at
9 least ninety percent (90%) of its distributable income as dividends to its
10 shareholders not later than the fifteenth (15th) day of the fourth (4th) month
11 following the close of the fiscal year of the REIT. However, this excludes
12 income on the sale of the REIT's assets that are reinvested in the REIT within
13 one (1) year from the date of the sale.

14 SEC. 9. *Allowable Investments.* – In order to protect investors and
15 develop the country's REIT industry to make it globally competitive:

16 (a) A REIT may only invest in:

17 (1) Real estate, whether freehold or leasehold, in or outside of the
18 Philippines: *Provided, however,* That at least sixty percent (60%) of its
19 deposited property must be invested in income-generating real estate located in
20 the Philippines. An investment in real estate may be by way of direct
21 ownership or a shareholding in an unlisted special purpose vehicle constituted
22 to hold/own real estate;

23 (2) Real estate-related assets, wherever the issuers/assets/securities are
24 incorporated/located/issued/traded;

25 (3) Managed funds, debt securities and listed shares issued by local or
26 foreign nonproperty corporations;

27 (4) Government securities issued on behalf of the Philippine
28 government or governments of other countries; and

1 (5) Cash and cash equivalent items.

2 (b) Income-generating real estate. – At least seventy-five percent (75%)
3 of the deposited property of the REIT must be invested in, or consist of,
4 income-generating real estate.

5 (c) A REIT must not undertake property development activities
6 whether on its own, in a joint venture with others, or by investing in unlisted
7 property development companies, unless it intends to hold the developed
8 property upon completion. The total contract value of property development
9 activities undertaken and investments in uncompleted property developments
10 should not exceed ten percent (10%) of the deposited property of the REIT.

11 (d) Not more than fifteen percent (15%) of investible funds of the
12 REIT may be invested in any one issuer's securities or any one managed fund,
13 except with respect to government securities where the limit is twenty-five
14 percent (25%).

15 (e) A REIT may invest not more than five percent (5%) of its investible
16 funds in synthetic investment products such as, but not limited to, credit default
17 swaps, credit-linked notes, collateralized debt obligations, total return swaps,
18 credit spread options, and credit default options, and only upon special
19 authority from the Commission.

20 (f) A REIT may invest in local or foreign assets, subject to the terms of
21 its articles of incorporation. Where an investment in a foreign real estate asset
22 is made, the REIT should ensure that the investment complies with all the
23 applicable laws and requirements in that foreign country such as, but not
24 limited to, foreign ownership restrictions, if any, and requisites of having good
25 and valid title to that real estate.

26 (g) When investing in real estate as a joint owner, the REIT should
27 make such investment by acquiring shares or interests in an unlisted special
28 purpose vehicle constituted to hold/own the real estate and the REIT should

1 have freedom to dispose of such investment. The joint venture agreement,
2 memorandum and articles of association or other constitutive document of the
3 special purpose vehicle should provide for a minimum percentage of
4 distributable profits of the special purpose vehicle that will be distributed and
5 grant the REIT veto rights over key operational issues of the special purpose
6 vehicle.

7 SEC. 10. *Aggregate Leverage Limit.* – The total borrowings and
8 deferred payments of a REIT should not exceed forty-five percent (45%) of its
9 deposited property.

10 SEC. 11. *Related Party Transactions.* – Any contract or amendment
11 thereto, between the REIT and related parties, including contracts involving
12 the acquisition or lease of assets and contracts for services, must comply with
13 the following minimum requirements:

14 (a) Full, fair, timely and accurate disclosures on the identity of the
15 parties, their relationship with the REIT, and other important details of the
16 transaction have been made to the Exchange and the Commission;

17 (b) Be on fair and reasonable terms, including the contract price;

18 (c) Approved by at least a majority of the entire membership of the
19 board of directors including the unanimous vote of all independent directors of
20 the REIT;

21 (d) Accompanied by a fairness opinion by an independent appraiser
22 done in accordance with the valuation methodology prescribed by the
23 Commission, in the case of an acquisition or disposition of real estate assets
24 and property or share swaps or similar transactions; and

25 (e) Any other matter that may be relevant to a prospective investor in
26 deciding whether or not to invest in the REIT.

27 SEC. 12. *Reportorial and Disclosure Requirements.* – The REIT shall
28 comply with the reportorial and disclosure requirements prescribed by the

1 Corporation Code, the SRC and the Exchange. At the minimum, the REIT
2 shall disclose the following information:

3 (a) Material contract as defined under Section 3 of this Act;

4 (b) Allowable investments of the REIT under Section 9 hereof;

5 (c) Related party transactions under Section 11 hereof;

6 (d) Contracts between the REIT and the fund manager or the property
7 manager, including the identity of the parties, contract price, fees and the other
8 basic terms of the contract;

9 (e) Valuation of the real estate properties of the REIT, including the
10 valuation methodology used therefore;

11 (f) Material changes in the income stream of the REIT;

12 (g) Any fee received by any party relating to the acquisition or
13 disposition of the real estate of the REIT;

14 (h) Merger, consolidation, joint venture, takeover or spin-off involving
15 the REIT;

16 (i) Any modification of the rights of the holders of any class of
17 securities issued by the REIT and the corresponding effect of such
18 modification upon the rights of the holders;

19 (j) Any declaration of cash dividend, stock dividend, property dividend
20 and pre-emptive rights by the REIT;

21 (k) Appointment of a receiver or liquidator for the REIT;

22 (l) Change in control of the REIT;

23 (m) Losses or potential losses which amount to at least five percent
24 (5%) of the deposited property of the REIT;

25 (n) Occurrence of any event of dissolution with details in respect
26 thereto;

27 (o) Acts or facts that might seriously impair the business activities of
28 the REIT;

1 (p) Creation of mortgages, pledges or liens on the properties of the
2 REIT;

3 (q) Any development activity undertaken by the REIT, including the
4 essential details thereof;

5 (r) Direct and indirect ownership of directors and principal officers in
6 the securities of the REITs;

7 (s) Any amendment to the articles of incorporation and bylaws of the
8 REIT; and

9 (t) Any planned acquisition of outstanding shares or disposition of
10 treasury shares.

11 In addition to the quarterly and annual reportorial and disclosure
12 requirements prescribed for listed companies, the REIT shall make a report on
13 and disclose the following to the Commission and the Exchange:

14 (1) Summary of all real estate transactions entered into during the
15 period, including the identity of the parties, the contract price, and their
16 valuations, including the methods used to value the assets;

17 (2) Summary of all the REIT's real estate assets, including the location
18 of such assets, their purchase prices and the latest valuations, rentals received
19 and occupancy rates, and/or the remaining terms of the REIT's leasehold
20 properties;

21 (3) Comparative summary of the financial performance of the REIT
22 covering various time periods (e.g. quarterly, one (1)-year, three (3)-year,
23 five (5)-year or (10)-year).

24 The REIT plan or prospectus shall comply with the requirements of the
25 SRC and disclose the risks specific to investing in REITs.

26 Failure to comply with reportorial and disclosure requirements shall
27 subject the REIT to the applicable penalties under the SRC and the rules of the

1 Exchange, without prejudice to the filing of the appropriate administrative,
2 civil or criminal action under this Act or existing law.

3 SEC. 13. *Valuation.* – A full valuation of a REIT’s assets must be
4 conducted by an independent appraisal company, duly accredited by the
5 Commission, at least once a year in accordance with the applicable rules of
6 asset valuation and valuation methodology as prescribed by the Commission.

7 SEC. 14. *Fund Manager.* – A REIT must appoint an independent fund
8 manager who shall be subject to the following minimum requirements:

9 (a) It must be a corporation duly organized under the laws of the
10 Republic of the Philippines;

11 (b) It must have a minimum paid-up capital stock of Ten million pesos
12 (Php10,000,000.00), unless the Commission provides otherwise;

13 (c) Its office in the Philippines must have a meaningful role in its
14 business activities and must perform accounting, compliance and investor
15 relations services in the Philippines;

16 (d) A majority of the members of its board must be independent
17 directors: *Provided, however,* That if the fund manager is a financial institution
18 with a trust license, a majority of the members of the trust committee must
19 possess all the qualifications and none of the disqualifications of an
20 independent director; and

21 (e) It must employ a resident chief executive officer and at least two (2)
22 full-time professional employees who have a track record and experience in
23 *financial management as well as experience in the real estate industry.*

24 SEC. 15. *Property Manager.* – The REIT must appoint an independent
25 property manager who shall possess the qualifications and be subject to such
26 restrictions and other requirements prescribed by the Commission. The
27 contract between the REIT and the property manager must comply with the
28 disclosure and other requirements prescribed in Section 12 of this Act.

1 (c) Failure to distribute at least ninety percent (90%) of its distributable
2 income required under Section 8 of this Act.

3 SEC. 18. *Minimum Corporate Income Tax.* – A REIT shall not be
4 subject to the minimum corporate income tax under Title II of the National
5 Internal Revenue Code of 1997, as amended.

6 SEC. 19. *Creditable Withholding Tax.* – Income payments of a REIT
7 shall not be subject to creditable withholding tax.

8 SEC. 20. *Transfer of Real Property.* – Any existing law to the contrary
9 notwithstanding, the sale or transfer of real property to REITs, which includes
10 the sale or transfer of any and all security interest thereto, shall be exempt
11 from:

12 (a) Documentary stamp tax (DST) imposed under Title VII of the
13 National Internal Revenue Code of 1997, as amended, for a period of five (5)
14 years from the effectivity of this Act; and

15 (b) Creditable withholding tax on the transfer of ordinary assets,
16 imposed under Title II of the National Internal Revenue Code of 1997, as
17 amended. The exemption from creditable withholding tax does not exempt the
18 seller or transferor from the income tax due on the transaction.

19 All applicable registration and annotation fees to be paid, related or
20 incidental to the transfer of assets or the security interest thereto, shall be fifty
21 percent (50%) of the applicable registration and annotation fees.

22 The incentives granted under this section can be availed of by an
23 unlisted REIT on the basis of a certificate of eligibility issued by the
24 Commission, provided it is listed with an Exchange within one (1) year from
25 the date of the availment of the incentives.

26 The DST and fifty percent (50%) of the applicable registration and
27 annotation fees shall nevertheless become due and demandable, together with
28 the applicable surcharge, penalties and interest thereon reckoned from the date

1 such taxes and fees should have been paid if the transfer was not made
2 pursuant to the provisions of this Act, upon the occurrence of any of the
3 following events subject to such curing period as may be prescribed by the
4 implementing rules and regulations of this Act:

5 (1) Failure to list with an Exchange within the period prescribed in this
6 section;

7 (2) Failure to maintain its status as a public company as defined in
8 Section 4 of this Act;

9 (3) Failure to maintain the listed status of the investor securities on the
10 Exchange and the registration of the investor securities by the Commission;
11 and/or

12 (4) Failure to distribute at least ninety percent (90%) of its distributable
13 income required under Section 8.

14 SEC. 21. *Issuance and Transfer of Investor Securities.* – The following
15 rules shall apply:

16 (a) The original issuance of investor securities shall be subject to DST
17 under Title VII of the National Internal Revenue Code of 1997, as amended;

18 (b) Any sale, barter, exchange or other disposition of listed investor
19 securities through the Exchange, including block sales or cross sales with prior
20 approval from the Exchange, shall be subject to the stock transaction tax
21 imposed under Section 127(a) of the National Internal Revenue Code of 1997,
22 as amended;

23 (c) Any sale, barter or exchange or other disposition of listed investor
24 securities through the Exchange, including block sales or cross sales with prior
25 approval from the Exchange, shall be exempt from the DST prescribed under
26 Title VIII of the National Internal Revenue Code of 1997, as amended; and

1 (d) Any initial public offering and secondary offering of investor
2 securities shall be exempt from the tax imposed under Section 127(b) of the
3 National Internal Revenue Code of 1997, as amended.

4 SEC. 22. *Dividends Paid by REITS.* – Cash or property dividends paid
5 by a REIT shall be subject to a final tax of ten percent (10%), unless: (a) the
6 dividends are received by a domestic corporation or a resident foreign
7 corporation, in which case, they are exempt from income tax or any
8 withholding tax; or (b) the dividends are received by a nonresident alien
9 individual or nonresident foreign corporation which is not engaged in trade or
10 business in the Philippines and which is entitled to claim a preferential
11 withholding tax rate of less than ten percent (10%) pursuant to any applicable
12 tax treaty.

13 SEC. 23. *VAT on Gross Sales or Gross Receipts of REITS.* – A REIT
14 shall be subject to VAT imposed under Title IV of the National Internal
15 Revenue Code of 1997, as amended, on its gross sales from any disposal of
16 real property, and on its gross receipts from the rental of such real property.
17 A REIT shall not be considered as a dealer in securities and shall not be
18 subject to VAT on its sale, exchange or transfer of securities forming part of its
19 real estate-related assets.

20 SEC. 24. *Delisting of REITS.* – In the event the REIT is delisted from
21 the Exchange, whether voluntarily or involuntarily, for gross or willful failure
22 to comply with the provisions of this Act or rules of the Exchange, the tax
23 incentives granted under this Act shall be *ipso facto* revoked and withdrawn as
24 of the date of delisting and any tax incentives that may have been availed of by
25 the REIT thereafter shall immediately be refunded to the government and the
26 surcharge and penalty prescribed by Section 25 hereof shall apply. The returns
27 filed by the REIT prior to the delisting shall be deemed false or fraudulent and
28 the tax may be assessed, or a proceeding in court for the collection of the tax

1 may be filed without assessment, at any time within ten (10) years after
2 delisting.

3 If the delisting is for causes highly prejudicial to the interest of the
4 investing public such as gross or willful violation of the disclosure and related
5 party provisions of this Act or insolvency of the REIT due to mismanagement
6 or misappropriation, conversion, wastage or dissipation of its corporate assets,
7 the REIT and/or responsible persons shall refund to its investors at the time of
8 delisting the value of their shares.

9 ARTICLE IV

10 PENAL PROVISIONS

11 SEC. 25. *Penalties.* – A fine of not less than Fifty thousand pesos
12 (Php50,000.00) nor more than Five million pesos (P5,000,000.00) or
13 imprisonment of not less than six (6) years and one (1) day nor more than
14 twenty-one (21) years, or both, in the discretion of the court, shall be imposed
15 upon any person, association, partnership or corporation; its officer, employee
16 or agent, who, acting alone or in connivance with others shall:

17 (a) Fail to comply with the listing requirements under Section 4 after
18 availing of the tax incentives under Section 20 hereof;

19 (b) Make any untrue statement of a material fact or omits to state any
20 material fact required to be stated in a REIT plan, registration statement,
21 notice, report, or any submission filed under this Act and the SRC or their
22 implementing rules and regulations;

23 (c) Understate or overstate the financial statements of the REIT;

24 (d) By gross negligence, cause any loss, conversion, misappropriation
25 of the assets, securities or income of the REIT;

26 (e) Fail to comply with the disclosure or other reportorial requirements
27 under this Act; and

1 (f) Violate any of the provisions of this Act, or the rules and
2 regulations promulgated under authority hereof.

3 If the offender is a corporation, partnership or association or other
4 juridical entity, the penalty may, in the discretion of the court, be imposed
5 upon such juridical entity upon the officer or officers of the corporation,
6 partnership, association or entity responsible for the violation, and if such
7 officer is an alien, he shall in addition to the penalties prescribed, be deported
8 without further proceedings after service of sentence.

9 The above penalties shall be without prejudice to applicable
10 administrative, civil and criminal liability provided for under the SRC or
11 applicable laws.

12 ARTICLE V

13 MISCELLANEOUS PROVISIONS

14 SEC. 26. *Use of Registration Fees.* – To carry out the purposes of this
15 Act, the Commission shall retain and use fifty percent (50%) of all fees paid to
16 it relative to the establishment of REITs and the registration of their securities
17 in addition to its annual budget.

18 SEC. 27. *Implementing Rules and Regulations.* – The Commission, in
19 coordination with the Department of Finance, and in consultation with other
20 stakeholders such as the Philippine Stock Exchange and the real estate
21 industry, shall promulgate rules and regulations implementing the provisions of
22 this Act.

23 SEC. 28. *Separability Clause.* – If, for any reason, any article or
24 provision of this Act or any portion thereof or application of such article,
25 provision or portion thereof to any person, group or circumstance is declared
26 invalid or unconstitutional, the remainder of this Act shall not be affected by
27 such decision.

1 SEC. 29. *Repealing Clause.* – All laws, executive orders, rules and
2 regulations and parts thereof which are inconsistent with this Act are hereby
3 repealed or amended accordingly.

4 SEC. 30. *Effectivity Clause.* – This Act shall take effect fifteen (15)
5 days after its complete publication in the *Official Gazette* or in at least two (2)
6 newspapers of general circulation in the Philippines.

Approved,

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