

LETTER OF INSTRUCTIONS NO. 276, May 09, 1975

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TO :

The Chairman and Members
National Development Company

Gentlemen:

In order to facilitate the disposition of private lands owned by Caltex (Philippines) Inc. and affected by the termination of the Laurel-Langley Agreement, you are hereby directed to undertake the following measures:

- Immediately execute the appropriate deed of donation between Caltex (Philippines) Inc. and NDC, whereby the former donates to the latter its private lands. Properties shall be donated at fair market value as evidenced by the amount established in 1974 as a basis for real estate tax payment.
- Execute with Caltex the simultaneous exchange of private landholdings for shares of stock such that both shall acquire control over the Batangas Land Company (BLC), a realty corporation organized by employees of Caltex.

The simultaneous exchange shall be made strictly conforming to the following guidelines:

- The authorized capital stock of BLC must first be increased to P35 million more or less;
- NDC shall acquire at least 60 percent of the authorized capital stock and convey in payment therefor its landholdings acquired under PD No. 680 and lands acquired from Caltex donation.
- Caltex shall acquire the remaining portion of the authorized capital stock and convey, in payment therefor, parcels of land in equal value to the total shares of stock bought, provided that such parcels of land be likewise appraised at their fair market value as evidenced by the amount established in 1974 as a basis for real estate tax payment.
- BLC shall then be a corporation 60% owned and controlled by NDC and shall have at least three members of its Board of Directors elected from among the Board of Directors of NDC.
- Arrange and finalize the execution of the lease contract between BLC and Caltex for the latter's lease of all its former private lands transferred to NDC by donation and under PD No. 680.

The lease contract shall strictly conform to the following guidelines:

- Lease period shall be for 25 years renewable for another 25 years.
- Rent shall not be less than 1½ per cent of the donated value during the first 25-year period. Annual rental for the total fifty year period shall not be less than 2-1/2 per cent of the donated value.

In addition, the rent shall include the amount representing the real estate taxes due from BLC on lands leased to Caltex, who shall then continue to bear the real estate tax liability.

- A revaluation of the lands shall be made prior to the renewal date of the first 25-year period and annual rentals then shall be paid against any resultant higher revaluation of the land.

Revaluation shall not exceed 25% above the original valuation.

Ownership of all improvements on the lands remains with Caltex Philippines even after fifty year-lease period provided ownership does not conflict with existing pertinent law.

For immediate compliance.

SOURCE: CD ASIA

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