



**SUBIC BAY
DEVELOPMENT
and
MANAGEMENT
CORPORATION, INC.**

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**STANDARD OPERATING PROCEDURE AND GUIDELINES FOR
ISSUANCE OF CONSENT TO SUBLEASE AND MONITORING OF
LOCATORS' SUB-LESSEES**

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8/19/13

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1. RATIONALE

- 1.1. The Industrial Lease Agreement/Lease Agreement (ILA/LA) requires that subleasing of the leased property or any portion thereof shall have the prior written approval of SBDMC and SBMA.
- 1.2. Failure to secure the consent of SBDMC constitutes an event of default under the ILA/LA.
- 1.3. SBDMC may issue consent notwithstanding any violation of the ILA/LA by the Locator if in SBDMC's discretion withholding of consent will affect the Locator's ability to comply with or cure such violation or unduly hamper sub-lessee's business activities deemed beneficial for SBGP.
- 1.4. SBDMC has no legal obligation to recognize sub-lessees of Locators who failed to secure the consent of SBDMC.


2. SCOPE

This procedure is applicable to SBGP Locators who have subleasing activities and their sub-lessees.

3. RESPONSIBILITIES

- 3.1. Investment Services Department (ISD) – primarily responsible for monitoring the Locators' subleases and implementing this SOP.
- 3.3. MIS/Security Department (MIS/Sec) - to assist ISD in the monitoring of sub-lessees through gate monitoring and processing of RFID applications
- 3.4. Engineering Department (ED) - to assist ISD in the monitoring of sub-lessees through site inspections and evaluating of construction plans.




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4. PROCEDURE

- 4.1. ISD shall process consents to sublease upon written request of the Locator.
- 4.2. If the requesting Locator has any violation of the ILA/LA such as but not limited to non-payment of arrears and non-compliance with the Construction and Operation Requirements (COR), SBDMC may issue the consent with conditions and subject to submission of an Undertaking that it will settle the arrears, comply with the COR or cure any other default within the period prescribed by SBDMC. Failure to comply with the undertaking shall result to automatic cancellation of the consent without need of further notice to the Locator concerned. SBDMC shall exercise the necessary remedies under the ILA/LA arising from such violation.
- 4.3. The Locator with arrears shall be required to issue post-dated checks (PDCs) to cover payment of the arrears based on terms approved by SBDMC.
- 4.4. ISD shall endeavor to process the issuance of the consent within five (5) days and upon payment of the applicable processing fee.
- 4.5. ISD shall maintain a list of subleases which have been consented to by SBDMC. The list shall be updated every time a Consent to Sublease is issued. ISD shall provide this listing and update to MIS/Sec and ED.
- 4.6. Sub-lessees not included in the listing of ISD are presumed to be without consent of SBDMC unless they can prove otherwise.
- 4.7. MIS/Security shall refer to the listing in their gate monitoring and when processing RFID applications. MIS/Sec shall deny RFID applications of sub-lessees without SBDMC's consent.
- 4.8. ED shall refer to the listing when inspecting construction activities inside SBGP and accepting submission of building plans. ED shall deny submission of plans by sub-lessees without consent.



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4.9. MIS/Sec and ED shall immediately report to ISD their findings on sub-lessees without consent.

4.10. Upon finding of sub-lessees without consent from MIS/Sec, ED or any other means, ISD shall inform the Locators concerned that they need to secure the consent of SBDMC for their subleases. SBDMC shall require the Locator to submit a written request for consent.

4.11. The notice shall also inform the Locators that SBDMC shall not recognize sub-lessees without the consent of SBDMC, hence, the following policy shall be strictly implemented:

- Containers/shipments of said sub-lessees shall be prohibited from entering into SBGP if not included in the listing provided by ISD. However, first time entry of containers/shipments of a Sub-lessee without consent to sublease can be coordinated to ISD for consideration subject to sub-lessor's written commitment to immediately request and secure consent to sublease from SBDMC.
- RFID stickers shall not be issued to the said unapproved sub-lessees.
- SBDMC shall request SBMA to revoke the sub-lessee's Certificate Registration/Tax Exemption and/or Business Permit to Operate issued without the consent of SBDMC.

