MEMORANDUM OF AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This Memorandum of Agreement (MOA) is entered into this 8th day of May 2009 at Taguig City, by and between:

PHILIPPINE ECONOMIC ZONE AUTHORITY,

a government corporation created and operating under Republic Act No. 7916, as amended, with office address at PEZA Building, Roxas Boulevard corner San Luis Street, Pasay City, represented herein by its Director General, LILIA B. DE LIMA, who is duly authorized, and is hereinafter referred to as the “PEZA”,

-AND-

CITY GOVERNMENT OF TAGUIG, a local government unit, with office address at Tuktukan, Taguig City Hall, represented herein by its Mayor, SIGFRIDO R. TINGA, who is duly authorized, and is hereinafter referred to as the “Taguig City Government”,

WITNESSETH:

WHEREAS, Section 23 of R.A. No. 7916 (The Special Economic Zone Act of 1995) as amended, provides that business establishments operating within the ECOZONES shall be entitled to the fiscal incentives as provided for under Presidential Decree 66, the law creating the Export Processing Zone Authority, or those provided under Book VI of Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987:

WHEREAS, Section 18 (f) of Presidential Decree 66 provides that a zone enterprise shall also enjoy the following incentive benefits: “(f) Exemption from Local Taxes and Licenses. – Notwithstanding the provisions of law to the contrary, any business enterprise engaged in the production, processing, packaging, or manipulation of export products shall, to the extent of their construction, operation or production inside the zone, be exempt from the payment of any and all local government imposts, fees, licenses or taxes, except real estate taxes imposed under Commonwealth Act Numbered Four Hundred Seventy and Republic Act Numbered Fifty-four Hundred Forty-seven: Provided, That said
business enterprise shall pay in the municipality where the zone is located.
real estate taxes on all its real properties located therein*

WHEREAS, Article 78 of Book VI of Executive Order No. 226 provides that a zone registered enterprise shall also enjoy all the incentive benefits provided in Article 39 hereof under the same terms and conditions stated therein. In addition zone registered enterprises shall also be entitled to the following:

"(a) Exemption from Local Taxes and Licenses. Notwithstanding the provisions of law to the contrary, zone registered enterprises shall, to the extent of their construction, operation or production inside the zone be exempt from the payment of any and all local government imposts, fees, licenses or taxes except real estate taxes which shall be collected by the Province/City/Municipality responsible for the collection thereof under the provisions of the Real Property Code: Provided, That machineries owned by zone registered enterprises which are actually installed and operated in the Zone for manufacturing, processing or for industrial purposes shall not be subject to the payment of real estate taxes for the first three (3) years of operation of such machineries; - X X X....

(b) Production equipment or machineries, not attached to real estate, used directly or indirectly, in the production, assembly or manufacture of the registered product of the zone registered enterprise shall be exempt from real property taxes.

WHEREAS after the lapse of the Income Tax Holiday (ITH) incentive enjoyed by PEZA registered companies under Article 39 of Book VI of Executive Order No. 226, Section 24 of RA 7916, as amended, provides that "except for real property taxes on land owned by developers, no taxes, local and national, shall be imposed on business establishments operating within the Ecozone. In lieu thereof, five percent (5%) of the gross income earned by all business enterprises within the Ecozone shall be paid and remitted as follows:

(a) Three percent (3%) to the National Government;

(b) Two percent (2%) which shall be directly remitted by the business establishments to the treasurer’s office of the municipality or city where the enterprise is located*;

WHEREAS, the National Building Code of the Philippines (NBCP) requires owners/operators of buildings, establishments and facilities as well as enterprises that occupy or use them, to secure Building and Occupancy Permits and other related Permits from the Building Officials of their Local Government*.

WHEREAS, under Republic Act (RA) No. 7916, as amended, and Executive Order (EO) No. 282 dated 30 October 1995 in relation to Presidential Decree (PD) 1786 dated 15 January 1981, the responsibility of administering and enforcing the National Building Code (Presidential
Decree No. 1096) in all PEZA-owned/administered economic zones is vested in the PEZA;

WHEREAS, the imposition of Mayor's permits and other regulatory fees and charges proceeds from the power of Local Governments to regulate any business, activity or undertaking conducted or to be conducted within their territorial jurisdiction. Such power to regulate emanates from police power which is expressly provided under Section 16 (General Welfare Clause) of the Local Government Code which states that "Every local government unit shall exercise the powers expressly granted, those necessarily implied therefrom, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare. xxx". Business establishments are therefore, subject to these regulatory fees unless expressly declared by law to be exempt therefrom.

WHEREAS, unlike the PEZA zones in CALABARZON and other similar areas, e-Square IT Park is not enclosed, thus requiring the local government to service, protect and take care of the area;

WHEREAS, the Taguig City Government promulgated Ordinance No. 24, Series of 1993 known as the TAGUIG REVENUE CODE which shall govern the levy, assessment and collection of all city taxes, fees, charges and other impositions imposed within the territorial jurisdiction of the City of Taguig;

WHEREAS, the PEZA, under Resolution No. 99-357 dated 29 December 1999 of its Board of Directors, approved the application of Fort Bonifacio Development Corporation as Developer/Operator of e-Square Information Technology Park with entitlement to the special 5% tax on gross income incentive, in lieu of all national and local taxes, except real property tax on land owned by it. Consequently, all IT Facilities Enterprises registered with PEZA constructing IT Centers inside the IT Park were also granted the same incentive pursuant to RA 7916;

WHEREAS, on 17 January 2000, the then Sangguniang Bayan of Taguig issued Resolution No. 17, S. 2000 approving the proposed IT Zone (now known as e-Square Information Technology Park) to be developed within Fort Bonifacio Global City and within the then Municipality of Taguig and its establishment as a PEZA Special Economic Zone;

WHEREAS, on 04 May 2000, the President of the Philippines issued Proclamation No. 303 designating e-Square Information Technology Park as a PEZA Special Economic Zone;

WHEREAS, the Sangguniang Panlungsod of Taguig City, promulgated City Ordinance No. 9, Series of 2007 "An Ordinance Creating The Unified Identification System For The City Of Taguig" to bring down the costs of urban in-migration, promote job creation and improve the efficiency of delivery of government services;
WHEREAS, there is need for PEZA and Taguig City Government to work together to enhance the unhampered operation of PEZA registered enterprises in Taguig City;

WHEREAS, PEZA and Taguig City Government both recognize the indispensable role of the local government in attaining a competitive and business-friendly Philippines for foreign investments;

WHEREAS, PEZA and the Taguig City Government are both willing to coordinate and cooperate to promote the Country as a strategic location for foreign investors particularly in Information Technology.

NOW THEREFORE, for and in consideration of the foregoing premises, the parties to this MOA have agreed to the following:

1.0 Roles and responsibilities of PEZA:

1.1 To provide Taguig City Government not later than thirty (30) days from signing of this MOA, a certified list of all PEZA-registered enterprises entitled to PEZA incentives located within e-Square IT Park, as of date, and henceforth to provide the Taguig City Government with said list on an annual basis which shall include information on each of the PEZA-registered enterprises as follows: date of PEZA registration, registered activities, address, date of start of commercial operations, period covered by the income tax holiday incentive and date of start of the 5% tax on gross income in lieu of national and local taxes, total floor area of operations, number of employees (broken down into managerial/supervisory and technical/administrative staff);

1.2 To administer and implement the National Building Code of the Philippines (NBCP) only to PEZA-registered enterprises entitled to PEZA incentives as authorized under R.A. 7916 and its implementing rules and regulations, and shall remain fully responsible and accountable for the issuances of permits only on the spaces occupied by PEZA companies and/or Building Permits where applicable.

1.3 To require all PEZA-registered enterprises entitled to PEZA incentives located within the territorial jurisdiction of Taguig City, whether or not they are duly accredited by the Taguig City Government to
pay and remit directly to the Taguig City Treasurer the following fees:

a. Waste Management Fee

<table>
<thead>
<tr>
<th>Aggregate Area</th>
<th>Fee Per Quarter</th>
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<tbody>
<tr>
<td>1,000 sq.m. or above</td>
<td>P1,000.00</td>
</tr>
<tr>
<td>500 or more but less than 1,000 sqm</td>
<td>800.00</td>
</tr>
<tr>
<td>200 or more but less than 500 sqm</td>
<td>500.00</td>
</tr>
<tr>
<td>100 or more but less than 200 sqm</td>
<td>300.00</td>
</tr>
<tr>
<td>50 or more but less than 100 sqm</td>
<td>200.00</td>
</tr>
<tr>
<td>25 or more but less than 50 sqm</td>
<td>100.00</td>
</tr>
<tr>
<td>Less than 25 sqm</td>
<td>50.00</td>
</tr>
</tbody>
</table>

Payment of the Waste Management Fee (WMF) in accordance with the schedule provided above is subject to the condition that each PEZA-registered I.T. enterprise shall submit proof that it has an existing contract with a garbage hauler duly-accredited by the Taguig City Government. In case of failure by the concerned I.T. enterprise to comply with said condition, the WMF rates provided in Taguig City Ordinance No. 111, Series of 2007 shall apply.

b. Mayor’s Permit .................. P 6,000.00

c. Permit Fee on Exercise of Profession, Occupation or Calling ..................
P 300.00 per person/year as specified by the Taguig City Revenue Code

d. Health Certificate Fees
   Managerial/Supervisory Personnel....... P 100.00 per person/year
   Office Personnel and Staff .......... P 50.00 per person/year

c. Sanitary Inspection Fee

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<thead>
<tr>
<th>Aggregate Area</th>
<th>Fee Per Annum</th>
</tr>
</thead>
</table>

[Signature]
1,000 sq.m or above P1, 100.00
500 or more but less than 1,000 sqm 800.00
200 or more but less than 500 sqm
500.00
100 or more but less than 200 sqm
300.00
50 or more but less than 100 sqm
200.00
25 or more but less than 50 sqm
100.00
Less than 25 sqm 50.00

g. City Card
   non-Taguig resident........... P750.00

PEZA registered enterprises located within e-Square Information Technology Park shall pay said fees to the City of Taguig on top of the 2% share in the 5% tax on gross income even after the expiration of their ITH.

1.3.1 For IT enterprises/companies existing or operating at the time of effectivity of this MOA, payment shall be made within thirty (30) days from date of signing of this MOA without penalties and interests; for succeeding years, however, payment shall be made on or before January 20 of each year to avoid penalties. For new PEZA registered enterprises, payment shall be made within thirty (30) days from date of start of their commercial operations.

1.3.2 The initial remittance by the aforementioned IT enterprises/companies to the Taguig City Government of the above-stated fees shall cover fees for 2009 without penalties, excluding, however, those enterprises which have paid said fees to the Taguig City Government prior to the effectivity of this MOA. For every succeeding year, however, the remittance of the said fees shall be made on or before January 20 of each year to avoid penalties.
1.3.3 For newly registered PEZA enterprises, they shall remit to theTaguig City Government the above listed fees not later than thirty (30) days from the start of their commercial operations. For succeeding years, remittance of fees shall be the same as provided under par. 1.3.1 above. PEZA shall provide the Taguig City Government all the information as stated in Section 1.1. of this Agreement.

1.4 To inform PEZA-registered enterprises entitled to PEZA incentives and are already availing of the 5% tax on gross income incentives in lieu of national and local taxes, to file a copy of their Income Tax Returns with and pay directly to the City Treasurer of Taguig City, the amount representing 2% of the 5% tax on their gross income in accordance with BIR’s Revenue Regulations No. 1-2000 dated 12 November 1999.

1.5 PEZA may register business enterprises existing prior to the enactment of the PEZA law and such business enterprises previously registered with the BOI provided that the said business enterprises shall be required to comply with Section 1.3 of this MOA which refers to the Mayor’s permit fee and other regulatory charges.

2.0 Roles of the Taguig City Government:

2.1. To be responsible for the issuance of all Taguig City Permits and Permits under the National Building Code (NBCP) and shall remain fully responsible and accountable for the issuances of Building Permits, Sanitary/Plumbing (to cover sanitary/plumbing fixtures and installations within the premises of PEZA-registered I.T. enterprises in accordance with the NBCP, Electrical/Electronic Permit, Mechanical Permits, Occupancy Permits, Permit to Operate and Fire Safety Inspection Certificate and the annual renewal of such permits, including but not limited to the collection of prescribed fees relative thereto for:

a. PEZA-registered enterprises not entitled to PEZA incentives, e.g. Developers/Operators of Information Technology (I.T.) Buildings proclaimed by the President of the Philippines by virtue of R.A. No.7916 as amended;
b. Non PEZA-registered enterprises in the PEZA-registered I.T. Parks and Buildings.

2.2. Real property taxes to be paid by PEZA-registered facilities providers within e-Square Information Technology Park shall be limited to the areas occupied by non-PEZA-registered enterprises.

2.3. To immediately issue Official Receipt for fees remitted to the Taguig City Government pursuant to Section 1.3 of this MOA, and to issue the permits or certificates to the PEZA-registered I.T. enterprises within 30 working days corresponding to the fees remitted to Taguig City and on the basis of supporting documents submitted by PEZA as provided in item 1.1 of this MOA, except the Sanitary Inspection Certificate which shall be part of the permits to be issued by PEZA under Section 1.2 of this MOA.

2.4. To recognize the validity of the PEZA Registration of PEZA-registered enterprises entitled to incentives, as evidenced by the list PEZA-registered enterprises to be submitted by PEZA to the Taguig City Government under Section 1.1 of this MOA, in lieu of the Barangay clearance/Zoning clearance required by the Taguig City Government.

2.5. To recognize the validity of all permits issued by PEZA in accordance with the National Building Code of the Philippines, as provided in Section 1.2 of this MOA, including the Sanitary Inspection Fees under the Taguig Revenue Code remitted by the registered enterprise directly to Taguig City in accordance with Section 1.3 of this MOA.

2.6. To arrange for the Bureau of Fire Protection to issue the corresponding Fire Safety Inspection Certificate to the Developers/Operators of PEZA-registered I.T. Buildings and annual renewal thereof, as well as permits/clearances required under the Fire Code of the Philippines (FCP), except areas occupied by PEZA-registered I.T. enterprises.

3. Amendments. This MOA may be amended or revoked upon mutual agreement of both parties, provided that all amendments shall be covered by Supplemental Provisions signed by both Parties which shall be incorporated as integral parts of this MOA.
4. Effectivity. This MOA shall take effect immediately.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands on the date and at the place first above written.

PHILIPPINE ECONOMIC ZONE AUTHORITY

By:

LILIA B. DE LIMA
Director General

TAGUIG CITY GOVERNMENT

By:

SIGFRIDO R. TINGA
City Mayor

Signed in the Presence of:

ACKNOWLEDGMENT

Republic of the Philippines )
City of Taguig ) S.S.

BEFORE ME, this MAY 12, 2009, personally appeared the following:

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<thead>
<tr>
<th>NAME</th>
<th>Passport/CTC No.</th>
<th>Date/Place of Issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIGFRIDO R. TINGA</td>
<td>13851770</td>
<td>01-06-09 / Taguig</td>
</tr>
<tr>
<td>LILIA B. DE LIMA</td>
<td>ZZ133340</td>
<td>5-10-05 / Manila</td>
</tr>
</tbody>
</table>

both known to me and to me known to be the same persons who executed the foregoing instrument and acknowledged to me that the same is their free and voluntary act and deed as well as the entities represented.
Said instrument refers to a Memorandum of Agreement consisting of ten (10) pages including this page, signed by the parties and their witnesses on each and every page thereof and sealed with my notarial seal.

[Signature]

Notary Public
Until December 31, 2010
PTR No. 0624-305-C / D / 06-30 / 77-37-3
IDB No. 968912 / 01-03-13 / MELL
Roll No. 48340

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