NINETEENTH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

HOUSE OF REPRESENTATIVES
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HOUSE OF REPRESENTATIVES

Introduced by Representative Rufus B. Rodriguez

House Bill No. 6500

EXPLANATORY NOTE

Under Republic Act 9856, or "The Real Estate Investment Trust (REIT) Act of 2009", it was declared as a policy of the State, “promote the development of the capital market, democratize wealth by broadening the participation of Filipinos in the ownership of real estate in the Philippines, use the capital market as an instrument to help finance and develop infrastructure projects, and protect the investing public by providing an enabling regulatory framework and environment under which real estate investment trusts, through certain incentives granted herein, may assist in achieving the objectives of this policy”

There is therefore a need to ensure that the funds invested in these companies are reinvested in the Philippines to secure full domestic participation in the real estate industry.

In view of the foregoing, the approval of this bill is earnestly requested.

RUFSU B. RODRIGUEZ

NINETEENTH CONGRESS)
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House Bill No. 6500

AN ACT
AMENDING SECTIONS 3, 8, AND 9 OF REPUBLIC ACT NO. 9856, OTHERWISE KNOWN AS "THE REAL ESTATE INVESTMENT TRUST (REIT) ACT OF 2009"

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

SEC. 1. Section 3 of Republic Act No. 9856 is hereby amended to read as follows:

"Section 3. Definition of Terms. - For the purposes of this Act, the term:

xxx

(GG) "REINVESTMENT PLAN" REFERS TO A SWORN STATEMENT, DULY RECEIVED BY THE EXCHANGE AND THE COMMISSION, SIGNED BY THE SPONSOR/PROMOTER AND THE PRINCIPAL SHAREHOLDER OF THE REIT FIRMLY UNDERTAKING, AT THE MINIMUM, TO REINVEST (I) ANY PROCEEDS REALIZED BY THE SPONSOR/PROMOTER FROM THE SALE OF REIT SHARES OR OTHER SECURITIES ISSUED IN EXCHANGE FOR INCOME-GENERATING REAL ESTATE TRANSFERRED TO THE REIT AND (II) ANY MONEY RAISED BY THE SPONSOR/PROMOTER FROM THE SALE OF ANY OF ITS INCOME-GENERATING REAL ESTATE TO THE REIT, IN ANY REAL ESTATE, INCLUDING ANY REDEVELOPMENT THEREOF, AND/OR INFRASTRUCTURE PROJECTS IN THE PHILIPPINES, WITHIN ONE (1) YEAR FROM THE DATE OF RECEIPT OF PROCEEDS OR MONEY BY THE SPONSOR/PROMOTER."

(hh) "Related Corporation" xxx
(ii) "Relate Part" xxx
(jj) "Securities Regulation Code" xxx
(kk) "Sponsor/Promoter" xxx
(ll) "Subsidiary" xxx
(mm) "Synthetic Investment Products" xxx
(nn) "Taxable Net Income" xxx

xxx

SEC. 2. Section 8 of Republic Act No. 9856 is hereby amended to read as follows:

"Section 8. Requirements. - Unless the Commission provides otherwise and after public hearing, taking into account public interest, the need to protect investors and develop the country's real estate investment industry to make it globally competitive, the following requirements shall apply:

xxx

8.19 REINVESTMENT IN THE PHILIPPINES – ANY PROCEEDS REALIZED BY THE SPONSOR/PROMOTER FROM THE SALE OF REIT SHARES OR OTHER SECURITIES ISSUED IN EXCHANGE FOR INCOME-GENERATING REAL ESTATE TRANSFERRED TO REIT AND ANY MONEY RAISED BY THE SPONSOR/PROMOTER FROM THE SALE OF ANY OF ITS INCOME-GENERATING REAL ESTATE TO THE REIT, IN ANY REAL ESTATE, INCLUDING ANY REDEVELOPMENT THEREOF, AND/OR INFRASTRUCTURE PROJECTS IN THE PHILIPPINES, MUST BE

REINVESTED IN THE PHILIPPINES WITHIN ONE (1) YEAR FROM THE DATE OF RECEIPT OF PROCEEDS OR MONEY BY THE SPONSOR/PROMOTER.

SEC. 3. Section 9 of Republic Act No. 9856 is hereby amended to read as follows:

"Section 9. Reportorial and Disclosure Requirements. –

xxx

9.4 REINVESTMENT PLAN – THE REIT SHALL SUBMIT A REINVESTMENT PLAN TO THE EXCHANGE AND THE COMMISSION UPON REGISTRATION. FURTHER, THE REIT MUST ANNUALLY SECURE A CERTIFICATION FROM THE COMMISSION THAT IT IS COMPLIANT WITH ITS REINVESTMENT PLAN.

9.5 Failure of Compliance - xxx

SEC. 5. Separability Clause. – If any provision of this Act shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

SEC. 6. Repealing Clause. – All laws, decrees, executive orders, rules and regulations or parts thereof which are contrary to or inconsistent with this Act are hereby repealed, amended or modified accordingly.

SEC. 7. Effectivity. – This Act shall take effect fifteen (15) days after its complete publication either in the Official Gazette or in a newspaper of general circulation.

Approved,