

JOINT VENTURE AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This Joint Venture Agreement (JVA) is entered into this 29th day of October 2018 at the Department of Environment and Natural Resources, Visayas Avenue, Diliman, Quezon City by and between:

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES, a government agency existing under the laws of the Republic of the Philippines with office address at Visayas Avenue, Diliman, Quezon City, herein represented by its Undersecretary for Field Operations, **ATTY. JUAN MIGUEL T. CUNA**, hereinafter referred to as the “**DENR**”;

- and -

LIONHEART FARMS (PHILIPPINES) CORPORATION, a corporation existing under the laws of the Republic of the Philippines with principal place of business at Barangay Punta Baja, Rizal, Palawan, herein represented by its President, **CARL CHRISTIAN MOELLER**, hereinafter referred to as “**LFPC**”.

WITNESSETH: THAT -

WHEREAS, the **DENR** is the government agency mandated to manage, conserve, develop and protect the natural resources, including the forestlands and forest resources of the country, within the context of sustainable forest management;

WHEREAS, the **DENR** has launched the Upland Agro-forestry Program (UAfP) pursuant to **DENR Administrative Order (DAO) No. 2005-25 Adopt-A-Mountain Program DENR Administrative Order No. 98-62** dated 17 November 2005,

WHEREAS, under the Program, collaborative efforts between the Government and the private sector are encouraged to reduce rural poverty by increasing productivity and employment in the uplands, enhance forest cover, ensure sufficient supply of agricultural and fruit tree crops, and improve the economic well-being of the upland communities through the development of upland agroforestry farms and plantations nationwide.

WHEREAS, in pursuance of the above-stated objectives of the Program, **LFPC** has formally submitted to the **DENR** its intention to venture into agroforestry farms, and tree plantation establishment for timber production and protection purposes, over areas covering 3,500 hectares of forestlands in Barangays Ransang, Candawaga and Culasian Municipality of Jose Rizal, Palawan, as shown in the Map hereto attached as **Annex “A”** which forms part of this JVA.

WHEREAS, as a manifestation of its *bona fide* intention to develop the area under the UAfP, **LFPC** has submitted an Indicative Agroforestry Development Plan (IADP) for the project, hereto attached as **Annex “B”** and made an integral part of this JVA;

WHEREAS, the **DENR**, finding that **LFPC** is a corporation duly organized and existing under the Philippine laws, capable of providing the necessary technology and financing for agroforestry development, and track record in said business activities, is willing to enter into collaborative undertaking with **LFPC**.

NOW, THEREFORE, for and in consideration of the foregoing premises, the Parties

SECTION 1. UNDERTAKINGS OF LFPC AND THE DENR

A. LFPC shall:

1. prepare and submit within six (6) months from the execution of this **JVA** a Comprehensive Agroforestry Development Plan (CADP) for approval of the Secretary or his authorized representative;
2. undertake delineation of the Project Area through an actual ground survey with the assistance of the **DENR** within one (1) year from the execution of this **JVA**;
3. implement the Project by managing, maintaining and protecting the whole 3,500 hectares in accordance with the approved CADP;
4. not cut trees regardless of species, and protect the natural and protection forests, if any, within and adjacent the Project Area;
5. not devote any portion of the area to other uses other than those provided in the approved Plan;
6. strictly comply with the terms and conditions of the Environmental Compliance Certificate (ECC) to be issued by the **DENR** for the implementation of the Project;
7. give priority employment to qualified and eligible residents in the locality where the Project Area is located, consistent with the provisions of law of general application relating to labor, health and safety;
8. respect the rights of existing tenure holders, if any; except if the latter executes a waiver to their rights supported by legal documents;
9. not sublease the Project Area or any portion thereof;
10. maintain detailed technical records and accounts of its operations;
11. submit to the **DENR** an Annual Accomplishment Report containing, among others, the physical development of the Project Area and financial reports;
12. allow officials of the **DENR** reasonable access to financial accounts, books and records relating to Project operations upon prior written notice and during reasonable office hours; and

B. The DENR shall:

1. grant **LFPC** the exclusive right to use and develop the Project Area, including utilization of planted trees, (its fruits and by-products) and other agro-forestry crops, pursuant to the CADP, subject to existing ENR rules and regulations;
2. provide technical advice and assistance to **LFPC** to ensure adherence to the provisions of this **JVA** and applicable ENR laws, rules and regulations concerned; and
3. conduct periodic monitoring and annual assessment of the activities undertaken by **LFPC** to ensure compliance with the approved CADP, ECC and other

SECTION 2. GOVERNMENT SHARE (GS) AND OTHER APPLICABLE TAXES

LFPC shall annually pay to the DENR a government share (GS) which shall be equivalent to 5% from annual crops, 4% from biennial crops and 3% from perennial crops based on gross revenues and other benefits derived from the agroforestry undertaking as per approved CADP, which shall be remitted to the nearest DENR Office within the first month of the succeeding year. Failure to pay the GS on time shall mean a penalty of 8% per month of the computed GS, and failure to pay for two (2) consecutive years shall be a ground for the automatic cancellation of this Agreement.

In addition, any applicable taxes on developments introduced in the area imposed by the local government units in accordance with the Local Government Code shall be paid by LFPC.

SECTION 3. ARBITRATION

In the event of any dispute between the DENR and the LFPC that cannot be settled by mutual accord, the dispute may be submitted to arbitration in accordance with the rules provided in Republic Act No. 9285, otherwise known as the "Alternative Dispute Resolution Law," and the decision made in such arbitration proceedings shall be final and binding on both the DENR and LFPC.

SECTION 4. TRANSFERS

With prior authorization of the DENR Secretary or his authorized representative, any of the rights or interests of LFPC under this JVA, or any of its assets used in connection therewith may be assigned, transferred or conveyed by LFPC to other parties or entities, subject to the following conditions:

- 4.1 The JVA has been in existence for at least three (3) years
- 4.2 LFPC has been faithfully complying with the terms and conditions of this JVA and has not violated any ENR laws, rules and regulations;
- 4.3 The transferee has all the qualifications and none of the disqualification to be party to this JVA;
- 4.4 The transfer or conveyance is not being made for purposes of speculation;
- 4.5 The transferee shall assume all the obligations of LFPC specified in the JVA, CADP, ECC and Certification Precondition (CP) from the NCIP;
- 4.6 For areas in which development is being financed by loan funds, the consent of involved financing institutions has been obtained; and
- 4.7 Consultation has been held and agreement has been reached with all certified Ancestral Domain or Ancestral Land Claimants.

SECTION 5. AMENDMENTS

Any provision of this Agreement may be modified, altered, or supplemented subject to the mutual agreement in writing of both Parties.

SECTION 6. PENALTIES AND TERMINATION PROVISIONS

- 6.1 This Agreement may be suspended and a fine in an amount equivalent to one percent (1%) of the total government share shall be imposed upon LFPC for failure to commence the development of the Project Area within a period of six (6) months from the issuance of the ECC; and/or failure to submit the Agroforestry Development Plan within six (6) months from the execution of this JVA. The suspension shall be deemed automatically lifted upon payment of the fine and the commencement of the development of the Project Area.

- 6.2 This **Agreement** may be terminated or cancelled on the following grounds:
- 6.2.1 Abandonment of the Project Area based on the performance evaluation/assessment conducted by the DENR;
 - 6.2.2 Violation of the terms and conditions and/or stipulations of this **JVA**, approved CADP, ECC, CP and relevant laws, rules and regulations;
 - 6.2.3 Non-payment of the government share including surcharges, if any, for two consecutive years;
 - 6.2.4 False statement or omission of material facts by **LFPC** in reports required under this **JVA**;
 - 6.2.5 Dissolution of the Corporation, whether voluntary or involuntary; and
 - 6.2.6 Any other cause or ground expressly provided under the Revised Forestry Code of the Philippines and other relevant environment and natural resources laws, rules and regulations;
- 6.3 Upon expiration of this **JVA**, all permanent improvements in the project area shall revert to and become the property of the government. However, **LFPC** may remove any temporary or semi-permanent structures without materially defacing the area, within 90 days upon expiration, otherwise the same shall be forfeited in favor of the Government;
- 6.4 Upon its cancellation on any of the grounds mentioned above, all existing improvements in the project area, whether temporary or permanent, shall be forfeited in favor of the Government without any obligation on the part of the DENR to indemnify **LFPC**.

SECTION 7. MISCELLANEOUS PROVISIONS

- 7.1 This **JVA** shall be governed by the provisions of DAO No. 2005-25 except Section 17 on Presidential Warranty.
- 7.2 The herein terms and conditions and/or stipulations shall be subjected to future changes/modifications if and when new/amendment of policies, rules and regulations that affect this **AGREEMENT** are promulgated by the DENR.

SECTION 8. EFFECTIVITY

This **JVA** shall be effective upon approval and signing by both parties and shall remain in force and effect for a period of twenty – five (25) years, unless otherwise sooner terminated by mutual agreement of both parties

The Agreement may be renewed for another twenty-five (25) years upon the filing of an application for renewal at least six (6) months prior to its expiration, subject to satisfactory compliance by the **LFPC** with the terms and conditions thereof which shall be determined through a comprehensive performance evaluation to be conducted by the **DENR**; *provided*; that if no renewal application is filed upon the expiration of this **AGREEMENT**, the area covered shall be considered vacant and its disposition shall be governed by the regulations current at the time.

SECTION 9. SEPARABILITY.

If any provision contained herein is invalid, illegal or unenforceable in any respect under any applicable law or decisions, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired in any way.

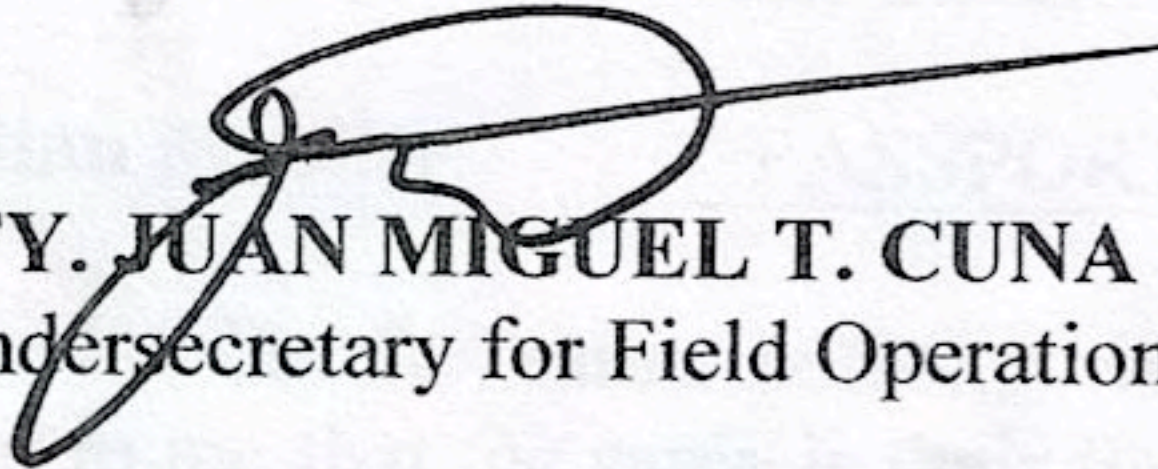
IN WITNESS WHEREOF, the parties herein have hereto affixed their signatures on the date and place written above.


For the
**DEPARTMENT OF ENVIRONMENT
AND NATURAL RESOURCES**

For the
**LIONHEART FARMS
(PHILIPPINES) CORPORATION.**

By:

By:


ATTY. JUAN MIGUEL T. CUNA
The Undersecretary for Field Operations


CARL CHRISTIAN MOELLER
President

WITNESSES

