

COMPROMISE AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This Agreement is executed this _____ at _____ by and between:

LAND REGISTRATION AUTHORITY (LRA), a Philippine government agency, with principal office at the _____, and represented herein by its Administrator, _____

and

LAND REGISTRATION SYSTEMS, INC. (LARES), a corporation duly existing under the laws of the Philippines, with office address at the _____, and represented herein by its Chairman, _____, and President, _____, pursuant to Secretary's Certificate dated _____, hereto attached as Annex "A".

-- WITNESSETH THAT --

WHEREAS, the parties voluntarily entered into this compromise agreement with the end goal of completing the implementation of the Information Network and Database Infrastructure Project or LRA Land Titling Computerization Project (hereinafter referred to as the "Project") at the soonest possible time;

WHEREAS, _____, the LRA and LARES executed a Build-Own-Operate Agreement (hereinafter referred to as the "BOO Agreement") for the Project with LARES as project proponent;

WHEREAS, _____ LRA declared LARES in default and issued a termination notice of the BOO Agreement, effective _____;

WHEREAS, LARES disputed the default and subsequent termination notices of LRA invoking the existence of an event of Force Majeure as defined in the BOO Agreement;

WHEREAS, [REDACTED], and in order to resolve the aforesaid dispute between the parties, LARES resorted to arbitration proceedings in accordance with the provisions of the *BOO Agreement*;

WHEREAS [REDACTED] LARES received from LRA a Final Notice of Termination of the *BOO Agreement*, prompting LARES to file an Amended Statement of Claim [REDACTED];

WHEREAS, during the preparatory conference called by the Arbitral Tribunal, the parties jointly manifested their desire to explore the possibility of an amicable settlement;

WHEREAS, after a series of meetings and negotiations, the parties mutually concluded that it is to the best interest of the Government that LARES be allowed to continue the *Project* after compliance of additional requirements agreed upon by the parties as set forth in this Compromise Agreement;

NOW, THEREFORE, for and in consideration of the foregoing premises, the parties hereby agree and bind themselves as follows:

1. The *Project* shall resume upon receipt by LARES of the Notice to Resume (NTR), which LRA shall issue upon compliance with the following conditions:

- a) Pre-qualification and approval of new shareholders. LARES shall submit all documents and papers of its new stockholders, namely: [REDACTED]
[REDACTED] and other stockholders whose qualifications may be equal to or better than its existing stockholders.

LRA shall review and evaluate the above mentioned documents and papers submitted by LARES for purposes of determining whether or not the new stockholders are qualified to implement the *Project* in accordance with the pre-qualification requirement of the *Project*, including proof of adequate financial capability, pursuant to the Implementing Rules and

Regulations of the BOT Law, *provided* that in the event any of the present shareholders decide to withdraw/exit from the consortium by the reason of the entry of said new shareholders, the withdrawing/exiting shareholder(s) shall submit an undertaking holding the LRA free from any and all future suits arising from any and all causes of action under the BOO Agreement as well as this Compromise Agreement.

- b) Posting of securities. LARES shall post the necessary securities in accordance with Article 9 (Performance and Warranty Securities) of the BOO Agreement, subject to the acceptance of the LRA, irrespective of the accomplishments made.
- c) Submission to NEDA. Pursuant to the BOT Law, this Compromise Agreement shall be submitted to NEDA for its information, clearance on a no-objection basis or approval, as the case may be.
- d) RTC Confirmation of the Arbitral Award. Upon the rendition by the Arbitral Tribunal of the arbitral award, the Parties agree to submit the same with the Regional Trial Court of Quezon City for confirmation by filing with the court a corresponding Petition for Judicial Confirmation of Arbitral Award.

2. The Project shall be implemented in accordance with the [REDACTED]

3. Within thirty (30) business days from the signing of this Agreement, LARES shall submit the documents and papers pertaining to: (i) entry of new shareholders, and (ii) Security Bond provided for in paragraphs 1(a) and 1(b) of this Agreement; otherwise, LRA may consider the BOO Agreement terminated pursuant to the Termination Notice [REDACTED]. In the same manner, in case of failure of the new shareholders to pre-qualify, LRA may likewise consider the BOO Agreement terminated pursuant to the Termination Notice dated [REDACTED].

4. Immediately after the issuance of the NTR, LRA and LARES shall proceed to mobilize all project committees and resume the finalization of all design and

acceptance documents, guidelines and plans necessary for the implementation of the Project. Upon approval of these documents, guidelines and plans, LRA shall issue a Notice to Proceed (NTP), which shall mark the commencement of the project, as provided in Section 1.05 and Article 8 of the *BOO Agreement*.

5. After LRA has issued the NTR, the provisions of the *BOO Agreement*, not contrary to this Compromise Agreement remain valid, binding, and enforceable as between/against both parties.

6. LRA and LARES shall strictly abide with the provisions of this Compromise Agreement and the *BOO Agreement*. In case of failure to comply with any provisions of this Compromise Agreement, or in the event of default, as defined in Article 16 of the *BOO Agreement*, the rights, obligations, and remedies of the parties shall be governed by Sections 17.02 and 17.03 of the *BOO Agreement*. For this purpose, the provisions of Section 17.01 and Article 19 (Disputes) of the *BOO Agreement* shall no longer apply.

7. As a form of "goodwill", LARES shall undertake additional services/scope of work that includes TD Mapping for RD Cebu City, manpower support for Data Conversion and accrued maintenance and utility expenses in accordance with the [REDACTED]

IN WITNESS WHEREOF, the parties hereto have signed these presents on the date and at the place first above-mentioned or written.

LAND REGISTRATION AUTHORITY LAND REGISTRATION SYSTEMS,
INC.

By: [REDACTED]

By: [REDACTED]

[REDACTED]

ASSISTED BY COUNSELS OF RECORD:

OFFICE OF THE SOLICITOR GENERAL

INTERNATIONAL LEGAL ADVOCATES

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

ACKNOWLEDGMENT

Republic of The Philippines)

[Redacted]) S. S.

BEFORE ME, this day personally appeared:

Name	CTC. No.	Date/Place of Issue
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[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]

known to me and to me known to be the same persons who executed the foregoing Compromise Agreement and acknowledged to me that the same is their free and voluntary act and deed and that of the entities which they represent for the uses and purposes therein set forth.

I further certify that this Compromise Agreement consists of [Redacted] pages including this one and signed by the above named parties and their witnesses.

IN WITNESS WHEREOF, I have hereunto affixed my signature and notarial seal in [Redacted] this [Redacted].

JOC NO.
PAGE NO.
BOOK NO.
SERIES OF

[Redacted]

[Redacted]

SECRETARY'S CERTIFICATE

REPUBLIC OF THE PHILIPPINES)
NATIONAL CAPITAL JUDICIAL REGION) s. s.
_____)

KNOW ALL MEN BY THESE PRESENTS:

I, _____, Filipino, of legal age, and with office address at the _____, after having been sworn in accordance with law, hereby depose and state that:

1. I am the incumbent Corporate Secretary of the LAND REGISTRATION SYSTEMS, INC. (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at the _____.
2. During the Special Annual Stockholders' meeting of the Corporation held on _____, wherein a quorum was present and acted throughout, the following resolution was duly approved:

"RESOLVE FURTHERMORE, AS IT IS HEREBY FURTHERMORE RESOLVED, that the Corporation, through the Chairman of the Board and the President, be authorized to do any or all of the following:

1. Appear and represent the Company at any and all proceedings, including the pre-trial or preliminary conference and trial hearings, of the arbitration proceedings to be commenced with LRA pursuant to the LRA LTCP BOO Agreement, with full power and authority to do and execute any act or deed which the Company could lawfully do in connection with the said case, including the power to consider, negotiate, or agree on any or all of the following:
 - a. A compromise agreement or an amicable settlement under such terms and conditions as the Company's said attorney(s)-in-fact may deem proper or beneficial;
 - b. The submission of the case to alternative modes of dispute resolution;
 - c. Simplification of the issues;
 - d. The necessity or desirability of amendments to the pleadings;
 - e. Stipulations or admission of facts and of documents to avoid unnecessary proof;
 - f. Limitation of the number of witnesses;

- g. Preliminary reference of issues to a commissioner;
 - h. The propriety of rendering judgment on the pleadings, or summary judgment, or of dismissing the action should a valid ground therefore be found to exist;
 - i. The advisability or necessity of suspending the proceedings;
- 2. Engage the services of law firm(s) to also appear and represent the Company at any and all proceedings, including trial hearings, of the above-mentioned arbitration proceedings; and,
 - 3. Consider, negotiate, or agree on such other matters as may aid in the prompt disposition of the action.”
3. Additionally, during the Regular Meeting of the Board of Directors of the Corporation held [REDACTED], wherein a quorum was present and acted throughout, the following resolution was likewise duly approved:

“WHEREAS, in a Formal Notice of Termination dated [REDACTED], the Land Registration Authority (the “LRA”), seeks to terminate the LRA Land Titling Computerization Project Build-Own-Operate Agreement (the “BOO Agreement”), executed and entered into with the Company;

WHEREAS, the Company had already timely invoked *force majeure* as against the LRA, notwithstanding which the Company is now constrained to initiate or commence arbitration proceedings as provided in Article 19 of the BOO Agreement;

WHEREFORE, RESOLVE, AS IT IS HEREBY RESOLVED, that the Company, through its Chairman of the Board, [REDACTED] and/or its President, [REDACTED] be authorized and empowered to do any or all of the following:

- 1. Appear and represent the Company at any and all proceedings, including the pre-trial or preliminary conference and trial hearings, of the above-mentioned dispute with LRA, with full power and authority to do and execute any act or deed which the Company could lawfully do in connection with the said proceedings or case, including the power to consider, negotiate, or agree on any or all of the following:
 - a. A compromise agreement or an amicable settlement under such terms and conditions as the Company’s said attorney(s)-in-fact may deem proper or beneficial;
 - b. The submission of the case to alternative modes of dispute resolution;
 - c. Simplification of the issues;
 - d. The necessity or desirability of amendments to the pleadings;

- e. Stipulations or admission of facts and of documents to avoid unnecessary proof;
 - f. Limitation of the number of witnesses;
 - g. Preliminary reference of issues to a commissioner;
 - h. The propriety of rendering judgment on the pleadings, or summary judgment, or of dismissing the action should a valid ground therefore be found to exist;
 - i. The advisability or necessity of suspending the proceedings;
2. The appointment of the Company's arbitrator(s) in the arbitration tribunal;
 3. Engage the services of law firm(s) to also appear and represent the Company at any and all proceedings, including trial hearings, of the above-mentioned dispute; and,
 4. Consider, negotiate, or agree on such other matters as may aid in the prompt disposition of the action."
4. The incumbent Chairman of the Board and President of the Company and their corresponding specimen signatures are as follows:

Name

Specimen Signature

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

5. The foregoing resolutions are in full force and effect and have not been amended, revised, repealed or revoked as of the date hereof.

IN WITNESS WHEREOF, I have hereunto affixed my signature this [REDACTED], at [REDACTED], Metro Manila, Philippines.

[REDACTED]

SUBSCRIBED AND SWORN to before me a NOTARY PUBLIC for and in _____, Philippines, this _____, by the following:

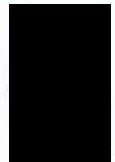
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Issued on _____
Issued at _____

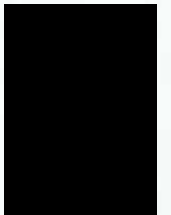
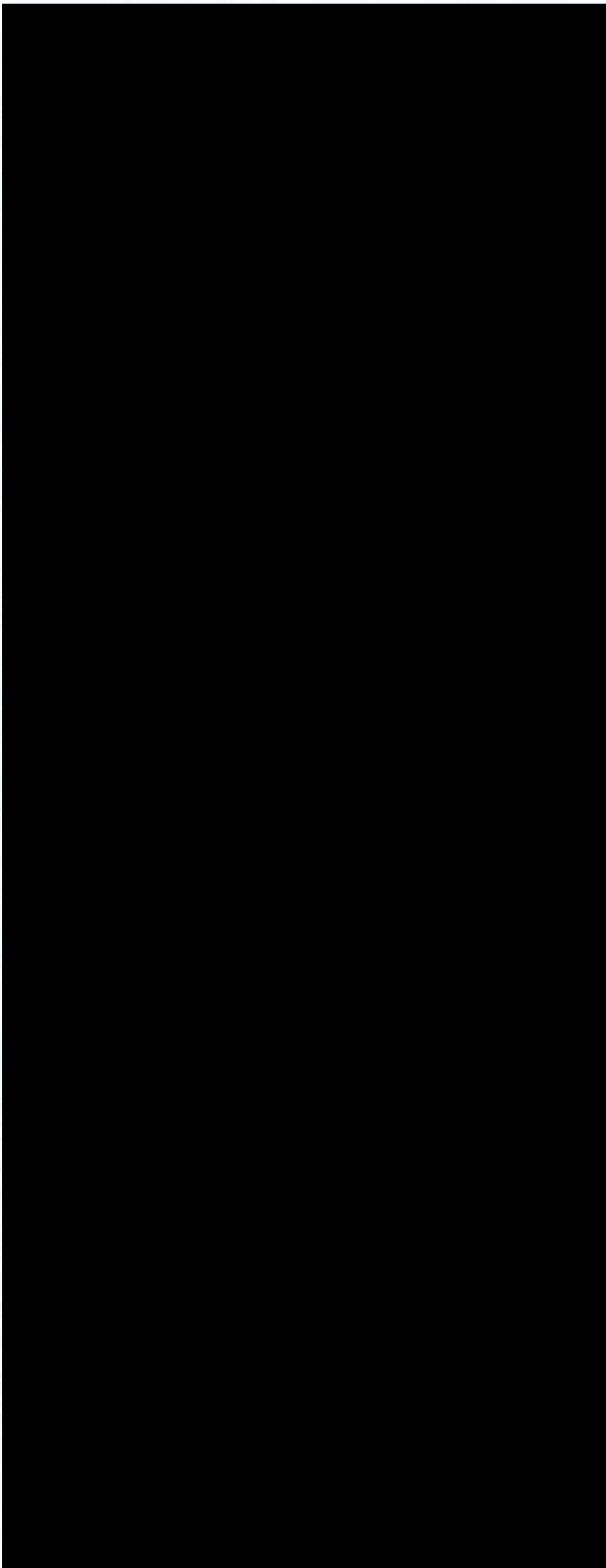
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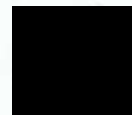
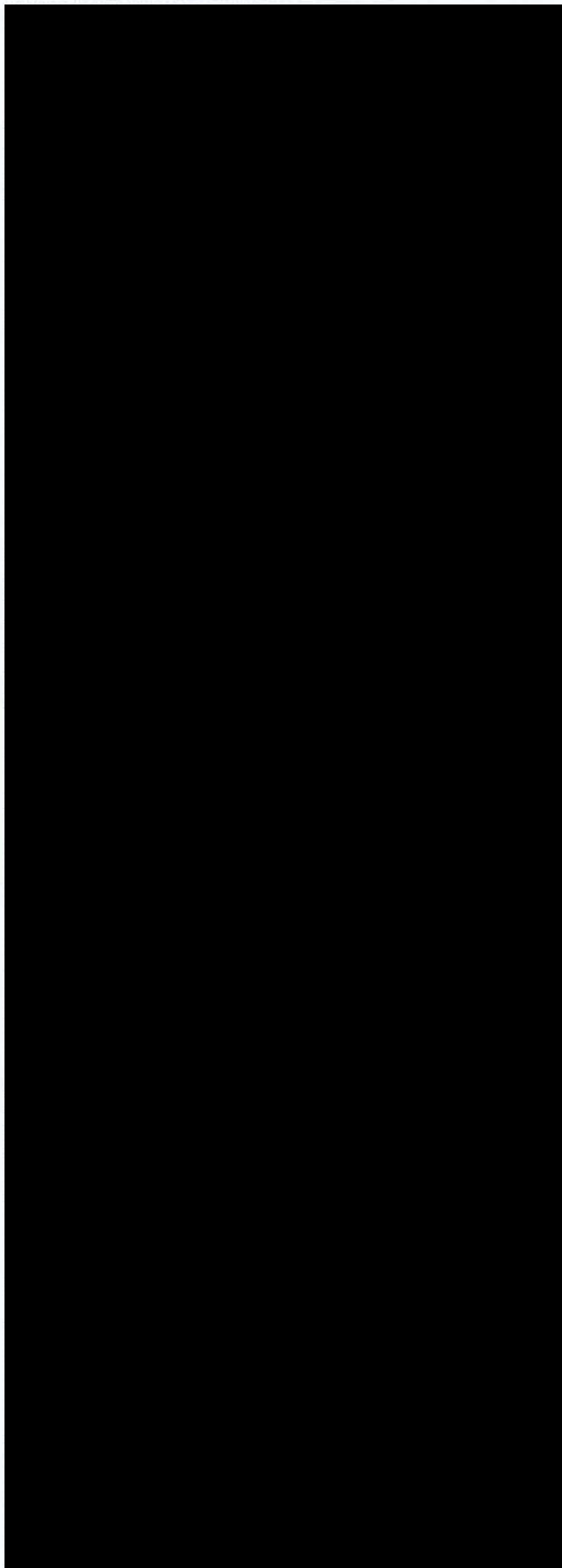
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Doc. No. _____
Page No. _____
Book No. _____
Series of _____

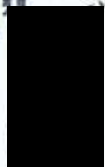
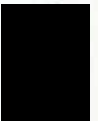
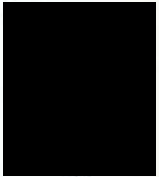
Land Tilling Computerization Project







**Breakdown of Additional
Services/Work for
"Goodwill"**



The additional services/work that shall constitute "goodwill", as provided in the Compromise Agreement between LRA and LARES are:

a. TD Mapping for Cebu City

The maps/land parcels for the Registry of Deeds of Cebu City shall be generated using the technical description of titles.

LARES initially estimates the cost to be around [REDACTED]

b. Manpower Support for Data Conversion

LARES shall hire at their expense additional personnel from an independent manpower company who shall be under the direct supervision of LRA. These personnel shall assist in the inventory and grooming of documents.

LARES initially estimates the cost to be around [REDACTED].

c. Operational and Maintenance Expenses

Upon resumption of the project, LARES shall pay all operational and maintenance costs of the project (including but not limited to the following: water, electricity, utilities, telephone and gasoline, etc.); provided that these expenses are related to the development and implementation of the Project which are in LARES' scope of works.