

## **Republic Act No. 12252 and its 99-Year Lease Term for Foreign Investors**

September 2025

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### **I. Overview**

The Philippines has taken a significant step in cementing its position as an important investment hub in Southeast Asia. With the recent passage of Republic Act No. 12252, which amends Republic Act No. 7652 or the "Investors' Lease Act", the Philippines has considerably liberalized its framework for long-term land leases by foreign investors. This legislation is more than an amendment; it is a powerful signal to the global market that the Philippines is open for business, offering stability, security, and long-term potential for foreign capital.



For any foreign business considering expansion into Southeast Asia, this new law addresses one of the most critical factors in any major investment decision: long-term control and security over the private land where your business will operate.

### **II. The Change: A 99-Year Lease Term**

The cornerstone of Republic Act No. 12252 is the extension of the maximum allowable lease period for private lands from the previous 50-year term (renewable for 25 years) to a single, uninterrupted 99-year term.

This longer period is a game-changer. A 99-year maximum lease provides a generational timeframe for investors, which allows for the following:

1. **Long-Term Strategic Planning:** Businesses can now develop and execute long-term plans without the uncertainty of a mid-term renewal negotiation.
2. **Potential Full Return on Investment:** Capital-intensive projects in sectors where full foreign equity or ownership is allowed can be planned with the confidence that the full lifecycle of the investment will be realized.
3. **Simplified Legal Structure:** A single, 99-year term eliminates the complex legal and administrative processes associated with lease renewals, reducing long-term costs and uncertainty.

Please note, however, that upon the recommendation of the Fiscal Incentives Review Board (FIRB) or other relevant government agencies, the President of the Philippines may impose a shorter lease period for investors engaged in vital services or industries considered as critical infrastructure, in the interest of national security or pursuant to government-identified priorities for national development.

### **III. Enhanced Security and Bankability: Your Investment is Protected**

Beyond the extended term, the new law introduces powerful legal mechanisms designed to protect your investment and enhance its financial viability.

#### **A. Security Through Registration**

A new provision, Section 4-A, establishes the "Operative Act of Registration." Once your long-term lease contract is registered with the provincial or city Registry of Deeds in accordance with the provisions of Presidential Decree No. 1259, as amended, it becomes legally binding against all third parties.

Once registered, the lease contract cannot be subject to a "collateral attack." This means its validity cannot be challenged indirectly in a separate legal proceeding. Any challenge must be made through a direct and formal legal process.

#### **B. A Liquid and Financeable Asset**

The amended law explicitly affirms that the leasehold right acquired under a long-term lease can be sold, transferred, assigned, or serve as security for a loan. When the buyer, transferee, assignee, or creditor is a foreigner or foreign-owned enterprise, the conditions and limitations in respect to the use of the leased property as provided under this law shall continue to apply.

This is a pivotal feature for investors. It transforms your leasehold from a mere operational right into a tangible asset.

### **IV. A Clear and Streamlined Framework for Investment**

Republic Act No. 12252 does not just grant privileges; it establishes a clear, predictable, and fair process for obtaining them. To qualify for the 99-year lease, a foreign investor must meet specific conditions, ensuring that the framework benefits genuine and productive businesses.

The key requirements include the following:

1. **Registered Investment:** The investor must have an approved investment under related Philippine laws like the Foreign Investments Act (Republic Act No. 7042) or the CREATE and CREATE MORE Acts (Republic Act Nos. 11534 and 12066, respectively), or has complied with the investment requirements prescribed by an appropriate Investment Promotion Agency (IPA).
2. **Purpose-Driven Lease:** The leased area must be used solely for the purpose of the registered investment project, ensuring alignment with national development goals.
3. **Formal Registration:** The lease contract must be formally registered, with clear terms on duration, a technical description of the property, and provisions for termination if the project does not commence.

These conditions provide a transparent roadmap for investors, removing ambiguity and streamlining the entry process.

### **V. Your Invitation to invest in the Philippines.**

Republic Act No. 12252 is a strategic move by the Philippine government to create one of the more attractive and secure legal frameworks for foreign investors in the Southeast Asian region. By offering a maximum 99-year lease term, providing robust legal protections, and ensuring the bankability of leasehold rights, the Philippines is rolling out the red carpet for global capital.

This legislation provides the long-term stability and security that are imperative for making significant, multi-decade investments.

For any business looking to establish a major presence in Southeast Asia, the Philippines has now made a clearer and more compelling value proposition.

*Disclaimer: This article is for informational purposes only and does not constitute legal advice. If you require legal assistance, please reach out to Atty. Michael Marlowe Uy at [mguy@skylaw.com.ph](mailto:mguy@skylaw.com.ph).*

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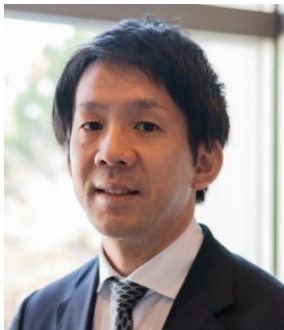
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Mr. Uy is a partner at SKY Law with a specialization in civil and criminal litigation, commercial and construction arbitration, and commercial law. He leverages his expertise to consistently deliver top-tier legal counsel and advocacy for a diverse clientele, both domestic and international. He has secured favorable outcomes in cases involving commercial disputes, contract disputes, construction disputes, employment disputes, intellectual property disputes, asset recovery, and white-collar crime. He has also provided comprehensive legal advice and guidance to clients on M&A and other commercial matters, construction, and intellectual property.

He is empaneled as an arbitrator in several arbitral institutions, including the Philippine International Center for Conflict Resolution (PICCR), Philippine Dispute Resolution Center (PDRC), and the Chinese Arbitration Association, Taipei. He is ranked as a Next Generation Partner (2024 and 2025) and cited as a Recommended Lawyer (2023, 2024, and 2025) in Dispute Resolution by The Legal 500.



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He handles all aspects of corporate legal affairs, including personnel and labor matters, dispute resolution, intellectual property, and insolvency cases for a wide range of companies in Japan, from small and medium-sized enterprises to publicly listed companies. For individual clients, he handles a wide range of general civil cases, including labor disputes, traffic accidents, divorces, and inheritances related cases, as well as criminal cases, including disclosure of sender's information posted on the Internet and jury trials. In addition, he handles construction disputes such as construction defects and claims for additional contractor fees, as well as consultation and dispute cases from boards of directors and condominium unit owners concerning condominium management. In administrative matters, he has served as an advisor to the City of Osaka on debt management and collection, and has provided individual consultation and training on debt management and collection from local governments. He has also served as an assistant to a comprehensive external auditor for several years and has received an award for his utilization.

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