


## Content

Title :	Operation Directions for Leasing of National Non-public Use Real Estate through Open Tender 
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Content :	<p>Article 1</p> <p>In order to facilitate the National Property Administration, Ministry of Finance (hereinafter referred to as “the Administration” ) to conduct the operational procedures for the lease by tender of national non-public use real estate in accordance with Article 42 and Article 43 of the National Property Act, Article 43-1 of the Enforcement Rules of the National Property Act, and the Regulations for Leasing of National Non-public Use Real Estate (hereinafter referred to as the “Leasing Regulations” ), in carrying out the operations for lease by tender of national non-public use real estate, these Directions are hereby established.</p> <p>National non-public use real estate designated or registered as cultural heritage under the Cultural Heritage Preservation Act shall be subject to lease by tender in accordance with the operating directions for lease by tender of national non-public use cultural heritage and shall not be subject to these provisions.</p> <p>Article 2</p> <p>The operational guidelines for the lease of national non-public use real estate by tender shall be implemented by each branch of the Administration (hereinafter referred to as the “lessor” ) or entrusted to other agencies in accordance with these provisions.</p> <p>If the lease by tender is entrusted to other agencies, the format of documents such as lease by tender announcements and the operational procedures shall be jointly formulated by the lessor and the entrusted agency. Such formulation shall not be subject to the restrictions outlined in Article 12, Paragraphs 1 to 3 and Paragraphs 5 to 8 of Article 14, and Article 40 of these provisions.</p> <p>第</p> <p>Article 3</p> <p>National non-public use real estate without a designated purpose may be subjected to lease by tender.</p> <p>National non-public use real estate that is occupied may be leased by tender directly according to its current state if none of the following conditions are present:</p>

1. After the lessor has excluded the occupation and reclaimed the real estate, the original occupant reoccupies it again.
2. The lessor is aware that the occupant is under suspicion of committing a crime related to the occupation, and the case is under investigation or pending trial by judicial authorities.
3. According to a finalized judgment or an execution with the same legal effect as a finalized judgment, the real estate should be returned, but the execution has not been completed yet.
4. Due to a violation of contractual terms, the previously existing legally binding contract for use has been terminated or rescinded by the lessor, but the real estate has not yet been vacated and returned.
5. The real estate, which was originally entrusted for operation in accordance with the regulations of the Ministry of Finance for a period of less than one year, has reached the end of the entrusted operation period but has not been vacated and reclaimed.
6. The occupation situation significantly affects national land security or public safety.
7. The situations stipulated in each clause of Article 25.

For national non-public use real estate that has been occupied on or after June 12, 2015 (inclusive) and does not fall under any of the circumstances in the preceding paragraph, if its original legally binding contract relationship still exists and has not been terminated, rescinded, or revoked by the lessor due to a violation of contractual terms, then a lease by tender may be conducted directly according to its current state.

The original legally binding contract relationship mentioned in the preceding paragraphs does not include the entrusted management or adoption contracts originally signed between the occupant and the lessor.

#### Article 4

Lease by tender of national non-public use real estate shall comply with the following conditions:

1. Agricultural land or pastoral land: It must comply with the agricultural land defined in Paragraphs 2 to 5, Article 2 of the Implementation Rules of the Agricultural Development Regulation, or be designated by law as areas or specific zones exclusively for agricultural or pastoral use, and it must not involve any circumstances specified in Paragraph 1, Article 18 of the Leasing Regulations.
2. Aquaculture land: It must comply with the agricultural land defined in Article 2 of the Implementation Rules of the Agricultural Development Regulation, or be designated by law as areas or specific zones exclusively for aquaculture use, and must not involve any circumstances specified in Paragraph 1, Article 20 of the Leasing Regulations. If it is located outside the aquaculture production area designated by the fisheries competent authority but within the groundwater control zone, the lessor should specify in the lease by tender announcement and lease contract that the lessee must obtain documents recognized by the competent authority within a certain period to prove that they can extract groundwater from outside the control zone for aquaculture purposes.
3. For building sites: Circumstances not specified in Paragraph 1, Article 21 of the Leasing Regulations.
4. For land and improved buildings leased by tender together: The land must not involve any circumstances specified in Paragraph 1, Article 21 of the Leasing Regulations.

National non-public use real estate will not be leased by tender for afforestation purposes, and afforestation land leases will not be established.

#### Article 5

The lease term for a lease by tender is as follows:

1. Improved buildings: Up to five years.

2. Building sites: Up to twenty years.
3. Other land: Six to ten years.

For lease terms exceeding ten years, as stated in Subparagraph 2 of the preceding paragraph, the lessor may handle them in accordance with the provisions of these Directions.

#### Article 6

For lease by tender of national non-public use land, a contract deposit and annual rent shall be collected. Bidding shall be based on the contract deposit, and the highest bidder among the valid bid submissions shall be the winning bidder. In the event of a tie with two or more highest bidders, the winning bidder shall be determined by drawing lots conducted by the presiding officer on the spot.

The minimum contract deposit for the lease by tender, as mentioned in the preceding clause, is calculated as follows:

1. For building sites (including land for public facilities): 5% of the total declared land value for the current period multiplied by the lease term in years.
2. For agricultural land, pastoral land, and aquaculture land: 0.25% of the total value calculated by converting the total harvest of the latest period of agricultural products announced by the local government multiplied by the lease term in years.

The contract deposit shall be calculated based on the winning bid amount, and the annual rent shall be calculated based on the annual rent agreed upon for direct leasing.

During the lease term, if there are changes in the rental rate or the declared land price, the annual rent shall be adjusted starting from the month of the change, and it shall be calculated and collected based on the revised annual rent. For agricultural land, pastoral land, and aquaculture land leased by tender, if there are changes in the annual total harvest of the main products or the unit price of the main products as announced, the annual rent shall be calculated and collected based on the adjusted fee basis after the change.

#### Article 7

When leasing national non-public use land and improved buildings together by tender, annual rent shall be collected. Bidding shall be based on the total annual rent of the land and the improved buildings. The highest bidder among the valid bids shall be awarded the lease. In case of a tie with two or more highest bidders, the winning bidder shall be determined by drawing lots conducted by the presiding officer on the spot.

The land and improved buildings referred to in the preceding paragraph may be leased together by tender for residential rental business (hereinafter referred to as "the rental business"), allowing subleasing and subletting for residential purposes by subtenants.

The minimum annual rent should be estimated based on market conditions but shall not be lower than the annual rent for direct leasing. However, when leasing by tender according to the aforementioned provision, the minimum bid shall be calculated based on the annual rent for direct leasing. If there are no bidders after two consecutive tender announcements, the lessor may, as needed, reduce the minimum bid within a range of ten percent of the previous bid, but only once.

The annual rent shall be collected based on the winning bid's annual rent. Except as provided in the second clause, if after winning the bid, there is a change in the rental rate, declared land price, or current value of the taxed building for direct leasing resulting in the direct leasing annual rent being higher than the winning bid's annual rent, for those who have not yet signed a lease agreement, the annual rent shall be adjusted to match the direct leasing annual rent, and a lease agreement shall be signed

accordingly. For those who have already signed a lease agreement, the annual rent shall be adjusted starting from the month of the change to match the direct leasing annual rent.

#### Article 8

Once the contract deposit and annual rent for leasing national non-public use real estate by tender (hereinafter referred to as “the leased real estate”) are collected, they will not be refunded, except as provided for in these Directions. In the event that the income from the leased real estate decreases or becomes unusable due to force majeure such as natural disasters, the standards and implementation methods for rent reduction established by the Ministry of Finance for directly leasing national non-public use real estate shall apply.

#### Article 9

The lessor shall complete the following tasks prior to leasing by tendering the leased real estate:

1. Selecting the subject: Screening the real estate eligible for leasing by tendering. If the land is designated for public facilities or has been planned for specific purposes according to the Urban Planning Act or the Regulations for Non-Urban Land Use Control, the lessor shall consult the competent authority to confirm that there is no need for development, allocation, or use within the lease term.
2. Verify information: Verify real estate ownership, registration transcript, cadastral map, and land use zoning certificate of urban planning, etc.
3. Survey: Conduct surveys according to the relevant provisions of the operational procedures for national non-public use real estate.
4. Calculate and estimate the bidding reserve price.
5. Announcement: The announcement shall be published for three (3) days in the local newspapers with nationwide circulation, fourteen to sixteen days before the opening of bids. Additionally, it shall be posted on the website of the lessor. However, for lease by tender conducted according to Paragraph 2, Article 7, or for the purpose of prior advertisement dissemination, the announcement may be published one to two months before the opening of bids.
6. Site marking: Place signage at appropriate locations on-site or regularly dispatch personnel to guide visits.

Prior to conducting cadastral division, portions of national non-public use real estate, either a parcel of land or an improved building, may be leased by tender based on the estimated area.

#### Article 10

The announcement for a lease by tender shall be considered an invitation to tender. However, for the bidder with the highest bid amount, unless otherwise specified, it shall be considered an offer. The content of the announcement shall be based on the actual posting on the bulletin board of the lessor, and shall include the following items:

1. Legal basis.
2. Date and location of bid opening.
3. Qualifications for bidding and bidding methods.
4. Time and place for obtaining bidding instructions, bid forms, and special bid envelopes.
5. Description of the real estate, including area, urban planning land use zoning (or non-urban land use zoning and land use categories), and current declared land price (or current house tax assessed value, current total annual harvest quantity of main products, and unit price of main products).
6. Bidding reserve price and bid security deposit.
7. Criteria for collecting performance bonds.
8. Usage restrictions.
9. Lease term.
10. Lease agreement.
11. Other matters to be announced.

#### Article 11

All domestic and foreign public or private legal entities, as well as capable citizens of the Republic of China or foreign nationals, temples subject to the Act Governing the Supervision of a Temple, and other entities eligible as legal subjects (hereafter referred to as "other legal entities") within the territory of the Republic of China, are eligible to participate in the bidding. However, for national non-public use lands leased by tender for agricultural, livestock, or aquaculture purposes, bidders must be citizens of the Republic of China or foreign nationals who have reached the age of sixteen. For lease by tender conducted according to Paragraph 2, Article 7, bidders must comply with the regulations of the Rental Housing Market Development and Regulation Act (hereafter referred to as the "Rental Housing Act" ) regarding the rental business.

The foreign nationals participating in bidding referred to in the preceding paragraph shall be subject to the restrictions of Articles 17 and 20 of the Land Act; individuals, legal entities from Mainland China, or companies investing in the third area from Mainland China participating in bidding shall be subject to the restrictions of Article 69 of the Act Governing Relations between the People of the Taiwan Area and the Mainland Area. Additionally, prior to the opening of the real estate industry in the "Measures Governing Investment Permit to the People of Mainland Area," Mainland investment in the development or operation of residential properties and buildings is prohibited.

#### Article 12

Bidders participating in the bidding process shall fill out the bidding form and submit the bid security deposit in accordance with the following regulations:

1. The bidding form shall include the following items:

(1) Identification number and qualification of the bidder (For natural persons: name, date of birth, national identification number, alien resident certificate or foreign passport number, domestic contact phone number, and address. For legal entities or other eligible entities: name, address, phone number, company registration number, or permit document number issued by the competent authority along with the name of the legal representative), subject matter, bid amount, commitments, attachments, and official seal.

(2) The bid amount should be written in Chinese characters, followed by the unit "元" (yuan), calculated to the nearest integer, and must not be lower than the bidding floor price.

(3) If the bidder has a representative, the representative's information should be provided. For foreign legal entities, the information of their domestic representative should also be provided, including their name, date of birth, national ID number, contact phone number, and address.

(4) When two or more individuals jointly bid, each person's portion should be specified. If not specified, it will be assumed to be equal, and one person should be designated as the representative. If not designated, the first person listed on the bid form will be considered the representative.

(5) In the case of leasing national non-public use land by tender for agricultural, livestock, or aquaculture use specified in Paragraph 1 of the preceding Article, if the bidder is a minor, the legal guardian should sign and stamp the bid form. (Both parents should be listed as legal guardians for the minor. However, if there is an agreement or a court ruling determining the exercise of rights and obligations regarding the minor child or if household registration has been completed, only one guardian needs to be listed, and household registration documents should be provided.)

## 2. Payment of bid security:

(1) The bid security shall be calculated at ten percent of the bidding reserve price (rounded to the nearest thousand New Taiwan Dollars). If the amount is less than ten thousand New Taiwan Dollars, it shall be calculated as ten thousand New Taiwan Dollars.

(2) Only banks, trust investment companies, credit unions, post offices, farmers' associations, or fishermen's associations that have been approved by the government to engage in financial business in the country in accordance with the law are the drawers and payees, and the payee field should indicate the lessor or be left blank on a crossed check or a guaranteed check, or postal money order for payment.

(3) If the payee field on the instrument mentioned in the preceding item is not the lessor, it must be endorsed by the designated payee, and there shall be no notation on the instrument prohibiting endorsement transfer.

3. Bidding method: The bid form, along with the bid bond instrument and required documents as specified in the bidding instructions, shall be sealed in accordance with the specified method and sent by registered mail to the postal mailbox designated by the lessor. If it arrives after the deadline, the bidder shall directly contact the post office to return the original documents.

4. Site visit and bid opening: Bidders are allowed to visit the site and attend the bid opening in person at the time of the bid opening.

For lease by tender conducted according to Paragraph 2, Article 7, bidders are required to attach qualification certification documents according to the bidding instructions, and the provisions regarding joint bidding specified in Item 4, Subparagraph 1 of the preceding paragraph do not apply.

## Article 13

If the lessor discovers any errors or omissions in the announcement (including bidding instructions and attachments) before the bid opening, they shall handle it in the following manner:

1. Suspension of bidding: The bidding process shall be halted if there are errors or omissions in the legal basis of the announcement, the specifications of the real estate subject matter (including real estate label, area, urban planning zoning, or non-urban land usage zoning, land usage category, current usage status, etc.), bidding minimum price, bid deposit, criteria for collecting the performance bond, usage restrictions, lease period, or any other details that could affect the rights and obligations of the bidders.

(2) Amendment of announcement: In cases not falling under the suspension of bidding as mentioned in the preceding subparagraph, corrections shall be made to rectify any errors or omissions found in the announcement.

The lessor may suspend the bidding if it deems it necessary based on other regulations or specific case circumstances before the bidding opening.

When suspending bidding for some or all of the real estate, the lessor may announce the suspension before the bidding opening or the presiding officer may announce it on the spot during the bidding. Bidders may not object, and they should retrieve their bid envelopes according to the instructions provided.

## Article 14

When the lessor conducts the bid opening, it should adhere to the following regulations:

1. Dispatch personnel, together with the monitoring personnel (appointed by

the lessor's chief accountant or designated by its head), to retrieve the bid envelopes from the post office one hour before the bid opening time and make a record of it. The envelopes should be publicly opened at the bid opening, and the highest bid amount and the second-highest bid amount for each lot should be reviewed. If any bids are found to be invalid upon review, they should be filled by reviewing the bids in sequence based on the bid amounts, and all bidders and their bid amounts should be announced for each lot.

2. During the review, attention should be paid to the following:

- (1) Whether the bid forms and bid deposit receipts are complete.
- (2) Whether the bid forms and bid deposit receipts comply with the regulations.

3. Invalid bids shall be those falling under the following circumstances:

- (1) Failure to submit a bid form or bid deposit receipt.
- (2) Insufficient bid deposit amount or non-compliance with the provisions of Subparagraph 2, Paragraph 1, Article 12.
- (3) The bid amount filled in the bid form is altered without acknowledgment, or if it is indiscernible even with acknowledgment, or if it is lower than the bidding base price, or not written in Chinese characters in full.
- (4) The bidder is a minor and did not bid in accordance with the provisions of Subparagraph 5, Paragraph 1, Article 12.
- (5) The subject matter and name filled in the bid form are deemed indiscernible by the presiding officer and the monitoring officer.
- (6) The format of the bid form does not comply with the format prescribed by the lessor.
- (7) Additional conditions or deadlines attached within the bid form.
- (8) The bidder's qualifications do not comply with the regulations.

4. Awarding: The highest bidder among the valid bid forms shall be awarded the lease. The second-highest bidder shall be the alternate winner. If there are multiple highest bidders, the presiding officer shall conduct a draw to determine the winner and alternate winner. The same procedure applies if there are multiple second-highest bidders. In cases where there are two or more bidders, if the winning bidder loses eligibility for any reason, the lessor shall notify the alternate winner to acquire the winning rights according to the highest bid amount.

5. If the winning bidder relinquishes their bid, the bid deposit they submitted shall be forfeited.

6. Following the bidding, apart from the winning bidder, bid deposit documents shall be returned to non-winning bidders according to the bidding instructions.

7. Matters concerning the collection and refund of bid deposits shall be handled by designated treasury personnel.

8. Completion of the bidding record and the lease by tender situation report.

#### Article 14-1

The winning bidder shall, at their own expense, submit a soil pollution inspection report (hereinafter referred to as the "soil inspection report") conducted by a testing institution registered with the government within three (3) months from the day following the decision date. The values of the tests shall not exceed the regulatory standards specified in the Soil Pollution Control Standards. However, this requirement does not apply if any of the following conditions are met:

1. An affidavit to take responsibility for remediation and bear all liability for damages if soil contamination is discovered after the real estate is leased by tender.
2. The real estate leased by tender belongs to a divided ownership building.
3. The leased real estate is under special circumstances, making it difficult to conduct soil pollution testing. Upon agreement from the lessor

and with the consent of the winning bidder, it is agreed that if there are no longer any special circumstances hindering the testing at the expiration or termination of the lease, the bidder is willing to bear the cost of soil testing and undertake the responsibility for remediation, addressing soil pollution, and any related compensation liabilities.

During the aforementioned three-month period, the lessor may, based on the size of the leased real estate and the specific circumstances of the case, agree to an extension requested by the winning bidder, limited to one time.

After the winning bidder submits the required documents according to the preceding two provisions, the lessor shall notify them of approval for inspection (hereinafter referred to as "approval for inspection" ) or allow them to make corrections within the original deadline.

The winning bidder, who is required to conduct soil pollution testing according to regulations, shall be granted access by the lessor, as well as the testing institution registered with the government, to carry out relevant operations on the leased real estate.

#### Article 15

The winning bidder of the leased real estate shall submit a performance bond, calculated according to the following criteria:

For lease by tender land: It shall be calculated as ten percent (rounded down to the nearest integer) of the highest bid contract right fee. If the amount does not reach two hundred thousand New Taiwan Dollars, it shall be calculated as two hundred thousand New Taiwan Dollars.

For lease by tender of both land and building improvements: It shall be twice the monthly rental amount calculated from the highest annual rental bid (calculated by dividing the highest annual rental bid by twelve, rounded down to the nearest integer).

The performance bond referred to in the preceding paragraph may be paid in cash, bank-issued promissory notes or checks, cashier's checks, postal money orders, bearer government bonds, financial institution fixed deposit certificates with established pledges, irrevocable letters of credit confirmed or endorsed by banks, or provided in the form of written joint guarantees from banks or joint guarantee insurance policies from insurance companies.

The notice of pledge accompanying the fixed deposit certificate from financial institutions should include a statement indicating that "The financial institution accepting the deposit agrees to waive any right of set-off against the pledgor within the scope of the creditor's rights pledged as collateral."

#### Article 16

The winning bidder shall settle the contract deposit and the full performance guarantee deposit within thirty (30) days from the date of bidding or the next day after the lessor agrees to accept the submission for inspection. The bid guarantee deposit paid at the time of bidding may be used to offset the performance bond, contract deposit, or annual rent. However, for lease by tender land leases exceeding four years, the winning bidder may apply for installment payment of the contract deposit.

The winning bidder shall apply to the lessor for installment payment of the contract deposit within ten (10) days from the date of receipt of the notice of acceptance for inspection. Within the specified period, the bidder shall pay at least forty percent of the contract deposit. The remaining balance, plus five percent, shall be divided into six equal installments, payable every six months from the month of lease commencement, before the end of each sixth month, to the lessor.

In cases where the winning bidder has already been utilizing the real estate prior to winning the bid, compensation for such use shall be



retroactively collected from the lease agreement's start date, with a maximum duration of five years. Any previously paid compensation for use within this period shall be deducted, and the option for installment payments may be granted.

The compensation for prior usage shall be calculated based on the rental standard for the period of actual use. However, if the compensation basis is determined by a court ruling, it shall be calculated according to the criteria established in the court ruling.

#### Article 17

The winning bidder shall sign the lease agreement with the lessor within twenty (20) days from the date of payment of the full amount or forty percent (inclusive) or more of the reservation fee and the full performance bond as stipulated in Paragraphs 1 and 2 of the preceding Article. The commencement date of the lease shall be the first day of the following month after the lease agreement is signed, and shall be clearly stated in the lease agreement.

If the winning bidder uses a financial institution's fixed-term deposit certificate with a pledged security interest as the performance bond, the date on which the completed deposit certificate is delivered to the bidding-leasing agency shall be deemed to be the date of payment for the performance bond.

The lease agreement should be notarized, and it should explicitly state that if the lessee fails to fulfill the following obligations, it shall be subject to compulsory enforcement:

1. According to the agreement, the lessee shall pay the installment of the contract right fee, annual rent, penalty for breach of contract, compensation for use, and other payable fees as specified.
2. For those who lease both land and buildings through lease by tender, upon the expiration of the lease term, unless it is re-leased through tender in accordance with Article 36-1 and the tenant successfully bids or has the right of first refusal, or unless the tenant renews the lease in accordance with Article 36-2, the tenant shall vacate and return the property.

After notarization, if there are any matters that need to be changed, the lessor should record the changes in the "Amendment Note" and then contact the notary for supplementary or corrective notarization.

The notarization fees for the preceding two items shall be shared equally between the lessor and the lessee, unless otherwise specified in these directions.

#### Article 17-1

For lease by tender conducted according to Paragraph 2, Article 7, the lessor should provide the lessee with a consent letter for subleasing the entire leased property upon signing the lease agreement. This letter should specify the scope of the leased property, the lease period, and the reasons for terminating the lease.

#### Article 18

The lessor will not conduct site inspections unless otherwise specified in these Directions. For lease by tender of real estate based on estimated area, the lessor should, before signing the lease agreement, jointly confirm the scope of the leased property with the winning bidder and create an inspection record. However, if the leased real estate is currently under the custody of the original management agency, the lessor will conduct the inspection jointly with the original management agency.

For lease by tender conducted according to Paragraph 2, Article 7, the lessor shall conduct a joint inspection with the lessee within ten (10)

days from the date of signing the lease agreement and create an inspection record, following the rules below:

If the property is currently under the custody of the original management agency, a joint inspection involving all three parties shall be conducted.

For properties leased based on estimated area, the inspection shall confirm the scope of the leased property and include it in the record.

The matters regarding clearance, relocation compensation, and other related issues of the leased real estate improvements shall be handled independently by the winning bidder, who shall also bear the associated costs.

For properties leased by tender, where both land and building improvements are included, the winning bidder is responsible for expenses related to the reconnection of utilities like water, electricity, and gas. Furthermore, they must shoulder the management fees for the leased real estate (inclusive of public utility charges) from the lease commencement date. In cases where the lessor or the original management agency has already covered some of these costs, the lessor should notify the winning bidder to settle the outstanding amount when submitting the performance bond.

#### Article 19

If the winning bidder passes away, loses legal capacity, or has their legal capacity restricted within the deadline for submitting the deposit and performance bond, the lessor may refund the bidding deposit to all inheritors (or their designated representative), guardians, or legal representatives. The next-highest bidder shall be notified to acquire the winning rights based on the highest bid's contract deposit or annual rent.

The next-highest bidder who wishes to acquire the winning rights shall, within the day following the receipt of the notification, proceed according to the following rules:

1. For leased real estate that are divided co-owned buildings, the entire performance bond that must be paid shall be settled within thirty (30) days. For other lease by tender real estate properties, within three months, they should, at their own expense, submit a soil contamination report. Within thirty (30) days from the receipt of the approval from the lessor for submission, the entire contract deposit and full performance bond must be paid in a lump sum, and the provisions from Article 14-1 to Article 16, Article 17, and Article 18 shall apply.

2. Within six (6) months, the applicant may independently bear the cost of applying for re-surveying or actual measurement. Applications submitted after this period will not be accepted, and the provisions of Article 21 shall apply.

#### Article 20

If the successful bidder renounces the bid before signing the lease agreement after the bid is awarded, or if they meet any of the following conditions, it shall be considered as renouncing the bid, and the bid security deposited shall be forfeited. The lessor shall notify the second-highest bidder to acquire the bid right at the highest bid price or annual rent:

1. If the notice sent to the address provided by the bidder or their agent (or legal representative) on the bidding form cannot be delivered or is refused.

2. Failure to submit the required documents as stipulated in Article 14-1, and submission for review with the consent of the leasing agency.

3. Failure to pay or fully pay the contractual deposit and full performance bond within the time limit stipulated in Paragraphs 1 and 2, Article 16.

4. Failure to sign the lease agreement within the time limit prescribed in Paragraph 1, Article 17.

The subsequent winning bidder who wishes to obtain the winning bid rights shall proceed in accordance with the provisions of the preceding paragraph.

After signing the lease agreement, if the lessor discovers that the lessee is not qualified to bid, the lease agreement shall be revoked or terminated. The lessee shall not be refunded the notary fees, water, electricity, gas, building management fees, and other expenses already incurred. Regarding the submitted contract rights fee, annual rent, and performance bond, unless the lessee knowingly provided incorrect information during bidding or due to gross negligence, in which case they shall be confiscated in full, the provisions of Articles 37 and 38 shall apply.

The lessor shall confiscate the amount of the bid security deposit, contract rights fee, annual rent, or performance bond in accordance with the provisions of Paragraph 1 and the preceding paragraph. The excess amount beyond what the winning bidder or lessee should have paid according to these Directions shall be refunded.

#### Article 21

The area of the leased real estate shall be based on the land or building registration extracts from the land administration authority. For building improvements leased according to agreed-upon areas or those not yet registered for the first time, the measurement conducted by the lessor shall prevail. The winning bidder may, at their own expense, coordinate with the lessor to apply for re-measurement or on-site survey from the land administration authority or entities compliant with the regulations of the Land Surveying Act within six (6) months after winning the bid. If the re-measured or on-site surveyed area differs from the advertised lease by tender area, the following procedures shall apply, with late applications not being accepted.

##### 1. For lease by tender land:

- (1) If the lease agreement has not been signed, the contract right fee and performance bond shall be calculated based on the ratio of the corrected area to the advertised lease by tender area, and the annual rent shall be calculated and the lease agreement shall be signed based on the corrected area.
- (2) If the lease agreement has been signed, the annual rent shall be recalculated based on the corrected area, and the corrected area, contract right fee, performance guarantee deposit, and annual rent shall be recorded in the lease agreement.
- (3) The difference between the already collected annual rent, contract right fee, and performance guarantee deposit and the corrected area to the advertised lease by tender area ratio shall be calculated, and any excess shall be refunded or any shortfall shall be supplemented without interest.

##### 2. For the lease by tender of land and buildings together:

- (1) If the lease agreement has not been signed, the performance bond and annual rent shall be recalculated based on the ratio of the corrected area of the building improvements to the advertised lease by tender area of the building improvements, and the lease agreement shall be signed.
- (2) If the lease agreement has been signed, the annual rent shall be recalculated based on the ratio of the corrected area of the building improvements to the advertised lease by tender area of the building improvements, and the corrected area, annual rent, and performance guarantee deposit shall be recorded in the lease agreement.
- (3) The difference between the already collected annual rent and performance guarantee deposit and the corrected area of the building improvements to the advertised lease by tender area ratio shall be calculated, and any excess shall be refunded or any shortfall shall be supplemented without interest.

#### Article 22

The lease agreement shall include the following:

1. The parties involved.
2. The leased property.
3. The lease term.
4. The amount and method of payment for the contract fee, annual rent, performance bond.
5. Usage restrictions.
6. The allocation of relevant taxes, notarization fees, building management fees, and other expenses.
7. The procedure for handling changes in the leased property's area.
8. Procedures in case of breach of contract.
9. Conditions for terminating the lease.
10. Handling of the leased property upon termination or expiration of the lease.

Other matters related to the lease may be agreed upon by the lessor in the lease agreement mentioned in the preceding paragraph.

#### Article 23

The rent of leased real estates shall be collected in the following manner, and shall be clearly specified in the lease agreement:

For land and buildings, and sites: Rent shall be collected monthly or at intervals of several months and shall be paid by the lessee directly to the lessor.

For agricultural, livestock, and aquaculture land: After the local government announces the current year's official commodity prices, the lessor shall calculate the rent based on the standard of discounted prices and notify the lessee to pay the entire year's rent within one month.

#### Article 24

If the lessee fails to pay the installment of the contract rights fee when due, despite being reminded by the lessor, the agency shall set a deadline for the lessee to pay the outstanding installment in advance.

If the lessee is genuinely unable to pay the outstanding annual rent referred to in the preceding paragraph in one lump sum, the lessor may allow installment payments after adding the late payment fine. The number of installments shall be determined at the discretion of the lessor. However, the deadline for the final installment payment shall not exceed the expiration date of the lease term.

#### Article 25

The leased real estate shall not be used for the following purposes:

1. As a business announced by the central competent authority under Paragraph 1, Article 8 and Paragraph 1, Article 9 of the Soil and Groundwater Pollution Remediation Act.
2. As legally designated vacant land, building access roads, or combined with public or private land for building use. However, this restriction does not apply to leases by tender conducted based on the existing status.
3. Facilities related to funeral services. However, if the land is zoned for funeral parlors or designated as burial land, and is currently used for funeral parlors, chapels, and mortuaries, it is not subject to this restriction.
4. Facilities related to the production, packaging, and storage of dangerous materials such as fireworks and gas.
5. Quarrying of earth and stones, or as sites for earth and stone resource storage, processing, storage, crushing, and washing facilities.

#### Article 26

During the lease period of the leased real estate, if the lessor reclaims a portion of the leased property, the lessee returns a portion of the leased property, or if there are changes in the markings, number, or area of the leased property due to subdivision, merger, re-surveying, redrawing, correction, or other reasons, the lessor shall notify the lessee and record the changes (registration) in the lease contract. If the area increases or

decreases, the annual rent will be calculated in the following manner starting from the month following the change (registration); the contract premium and performance bond shall be calculated and collected according to the original lease agreement and shall not be refunded. However, if there are other provisions for refund in these Directions, this shall not apply:

1. For lease by tender of land, the rent shall be calculated based on the revised area.
2. For a lease by tender of land and buildings together, the rent shall be recalculated based on the proportion of the revised area of the buildings to the area of the buildings stated in the lease.

For the annual rent mentioned above, the lessor shall notify the lessee to pay the increased amount for the current period within one month or refund the excess amount without interest.

#### Article 27

During the term of the lease, if any of the following circumstances occur, the lessor may reclaim part of the leased real estate, notify the lessee to vacate and return the property, and amend the lease agreement:

1. Public or utility needs arise, or there is a legal requirement for a change in use.
2. The government implements national policies or urban planning necessitating reclamation.
3. The lessor deems it necessary to reclaim the property due to development or disposal plans.
4. Due to the transformation of land readjustment or urban renewal rights, if the original purpose of the lease cannot be achieved, land remains undistributed or is not allocated according to the original location.

The timing for the lessor to change the lease contract in accordance with Subparagraph 4 of the preceding Article regarding urban renewal is as follows:

For those who did not participate in the rights distribution, the month of receiving the cash compensation before the renewal.

For those who participated in the rights distribution, if the demolition of the above-ground structure occurs first, it is the month of demolition; if the receipt of compensation occurs first, it is the month of receiving or depositing the compensation.

In the event of partial recovery of leased real estate under lease by tender as referred to in Paragraph 1, the lessor shall proportionally refund the contract deposit, annual rent, and performance bond received, calculated as follows:

Refund amount of the contract deposit for land leased by tender =  
(Recovered land area / Original leased land area) × Contract deposit amount × (Remaining lease days / Lease term days)

Refund amount of the annual rent for land leased by tender = (Recovered land area / Original leased land area) × Annual rent already paid for the period × (Remaining lease days for the period / Total days for the period)

Refund amount of the annual rent for land and building improvements leased by tender together = (Recovered building improvement area / Original building improvement area) × Annual rent already paid for the period × (Remaining lease days for the period / Total days for the period)

Refund amount of the performance bond = (Recovered land or building improvement area / Original leased land or building improvement area) × Performance bond amount

For the refund of the performance bond in the preceding paragraph, if the leased land is leased by tender, the remaining performance bond amount shall not be less than two hundred thousand New Taiwan Dollars.

#### Article 28

The lessee who intends to construct, expand, renovate, or build building improvements, miscellaneous works, or other facilities on the lease by tender site shall first apply to the lessor for the issuance of a consent letter for the land use right. With this letter, they may then apply for a construction permit or miscellaneous permit before proceeding with construction or installation.

The lessee who intends to construct, expand, renovate, or build relevant

agricultural, livestock, or aquaculture facilities on the lease by tender agricultural land, livestock land, or aquaculture land shall first apply to the lessor for the issuance of a consent letter for the land use right. With this letter, they may then apply to the agricultural authority for permission to use and proceed in accordance with relevant regulations regarding building management and soil and water conservation.

The lessee shall proactively notify the lessor upon completion of the construction of building improvements, miscellaneous works, or other facilities. If the lessee is eligible to handle the first registration of ownership of the building, they shall proceed with the first registration of ownership and shall, together with the lessor, apply to the registration authority for preliminary registration.

If the lessee fails to comply with the provisions of the preceding paragraph and applies for preliminary registration together with the lessor, the lessor shall notify the lessee to pay double the amount of the monthly rent due within one month (calculated by dividing the lessee's annual rent by twelve, with any decimals rounded down, and the same applies hereafter), and shall assist in completing the preliminary registration. If the lessee fails to cooperate by the deadline, the lessor shall terminate the lease.

#### Article 28-1

In accordance with the provisions of Paragraphs 3 and 4 of the preceding Article for handling preliminary registration of buildings on the land, the lessor may agree to the lessee's transfer or establishment of mortgage rights under any of the following circumstances:

1. When the lessee transfers the lease rights of the rented land in accordance with Article 31, the lessor may agree to the transfer of the buildings on the land as well.
2. The lessor may agree to the establishment of mortgage rights on the buildings on the land if they meet the following criteria:
  - (1) The mortgagee is limited to banks, credit cooperatives, or insurance companies approved by the government to operate financial business domestically.
  - (2) The agreed-upon deadline for determining the secured debt and the date for debt repayment in the mortgage contract shall not extend beyond the end of the lease term.

#### Article 29

The lessor shall issue the consent letter for the land use right after the lessee has cleared any outstanding installments of the contract deposit, annual rent, and penalty fees. This issuance shall be in accordance with the following provisions:

1. For the site:
  - (1) For lease terms of ten years or more, the lessee may apply for a construction permit or miscellaneous permit.
  - (2) For land designated for public facilities or lease terms less than ten years, only a miscellaneous permit may be applied for by the lessee, along with temporary buildings recognized by the local government.
  - (3) The lessor shall not issue permits if the lessee intends to construct building improvements or facilities falling under any of the circumstances specified in Article 25.
2. Agricultural land, livestock land, and aquaculture land: Only under the designated purpose of the lease agreement and in accordance with the regulations for agricultural facility use, partial land use for agricultural facilities may be approved. The review process shall be determined by the Administration.

The issuance of the consent letter for the land use right shall be in duplicate, with one copy provided to the lessee and the other kept on file with the lessor. Its validity period shall not exceed one year and shall not extend beyond the expiration date of the lease term.

If the lessee has already been using the lease by tender site at the time of the lease by tender, and if there is a need to apply for the issuance of the consent letter for the land use right to retroactively obtain a construction permit for existing building improvements at the time of the public announcement of the lease by tender, the lessor may proceed in accordance with the preceding two provisions. The building improvements may undergo the first registration of ownership of the building, and the process shall be carried out in accordance with the provisions of Paragraphs 3 and 4 of Article 28.

#### Article 30

If the lessee of the lease by tender site builds, expands, renovates, or constructs building improvements or miscellaneous structures or facilities on the lease by tender site without the consent of the lessor, the lessor shall notify the lessee to pay double the amount of the monthly rent as a penalty fee within one month. However, in cases that meet the criteria outlined in Paragraph 1 of the preceding Article, if the lessor issues a retroactive consent letter for land use rights, the lessee shall be notified to remove the unauthorized construction within one month and restore the original agreed-upon usage. If the lessee fails to comply, the lessor shall terminate the lease.

If the lessee of the lease by tender agricultural land, livestock land, or aquaculture land constructs, expands, renovates, builds, or installs related agricultural facilities on the lease by tender land without the consent of the lessor, the lessor shall notify the lessee to pay double the amount of the monthly rent as a penalty fee within one month. However, in cases that meet the criteria outlined in Paragraph 1 of the preceding Article, if the lessor issues a retroactive consent letter for land use rights, the lessee shall be notified to restore the original agreed-upon usage within one month. If the lessee fails to comply, the lessor shall terminate the lease.

Lease by tender applicants are required to lease both land and improvements together. The lessee shall not erect, alter, or demolish any new structures. For the construction, addition, repair, or alteration of facilities, equipment, or interior decorations within the leased premises, the lessee must obtain prior consent from the lessor and comply with relevant regulations under the Building Act. Violation of these terms shall result in termination of the lease agreement by the lessor.

#### Article 31

During the term of the lease, if the lessee intends to transfer the lease rights of the leased land, except for lease by tender situations addressed in Article 3 and Subparagraph 3, Paragraph 1, Article 4, they must apply for the transfer on a current status lease by tender basis. The successful bidder is not allowed to transfer the lease rights within two (2) years from the commencement date of the lease agreement, unless approved otherwise. In case of transfer, the lessee must provide the name of the transferee and submit documentary evidence of the transferee's qualification in accordance with clause eleven. Approval from the lessor is mandatory before proceeding with the transfer. Failure to comply will result in the lessor notifying the lessee to pay double the monthly rent as a penalty within one month. Additionally, the lessee must cooperate with the transferee in applying for a new lease agreement. Failure to comply will result in the termination of the lease agreement.

When the lessee transfers the lease rights, the transferee is obligated to fulfill the terms of the original lease agreement. Within one month from the transfer date (defined as the contract signing date), both the lessee and the transferee must apply together to the lessor for a lease renewal. Failure to do so will result in the lessor notifying the lessee to pay a penalty for overdue breach within one month. Additionally, the agency will assist the transferee in applying for a lease renewal. Failure to cooperate will result in the termination of the lease agreement.

The required documents and procedure for applying for a lease renewal as per the two preceding paragraphs are as follows:

1. Applicants must provide a copy of the original lease agreement, proof of identity for the original lessee, and a copy of the lease transfer contract or affidavit. The lease transfer contract or affidavit must bear the seal of the original lessee, be consistent with the seal on the original lease agreement, be notarized or certified by a public notary, or be processed through other means demonstrating the genuine intent of the lease transfer.
2. The lease term for the lease renewal following the transfer of lease rights shall commence on the date of application for transfer and expire on the original lease agreement's expiration date, unless otherwise specified. The lease agreement must be notarized, and the notary fees shall be borne by the transferee.
3. The basis for calculating the penalty specified in the preceding paragraph shall be as follows: for each month of delay, an additional amount equal to one month's rent of the transferred month shall be charged, up to a maximum limit of five months' rent.
4. During the term of the lease, if the lessee transfers the lease rights in accordance with the regulations and terms of the lease agreement, the performance bond already paid by the lessee shall be returned without interest upon the transferee providing an equivalent performance bond.

If the lessee obtains approval from the lessor pursuant to Article 28-1 to establish a mortgage on the above-ground building, and if the building is auctioned and acquired by a third party, the winning bidder is allowed to unilaterally apply to the lessor for a lease renewal according to the terms of the lease agreement, without being subject to the restrictions mentioned in the preceding three clauses.

Lessees renting land and improved buildings are prohibited from transferring lease rights. Violation of this provision shall result in the lessor terminating the lease agreement.

#### Article 32

During the term of the lease, if the lessee passes away, the successor(s) must apply for a lease transfer within six (6) months from the commencement of the succession. However, if the delay is not attributable to the successor(s) or is approved by the relevant regulatory authorities, an extension may be requested.

If all the heirs are unable to jointly apply for the lease transfer, except where otherwise provided by law, partial heirs may apply on behalf of all the heirs and undertake to assume joint and several liability for the obligations stipulated in the lease agreement for the other heirs.

If the heirs fail to apply for a lease transfer as required in Paragraph 1, for each month of delay thereafter, a penalty equal to one month's rent for the month when the succession occurred shall be added. The maximum penalty shall not exceed five months' rent. If the heirs refuse to pay the penalty or fail to do so within the specified period, the lessor shall terminate the lease agreement.

#### Article 33

Lessees are required to exercise reasonable care and use and maintain the leased property in accordance with the terms of the lease, to prevent soil and groundwater pollution, and to handle the following matters:

1. If the land remains idle within three months after the signing of the lease agreement, the lessee shall, in accordance with Paragraph 1, Article 4 of the Criteria for Determining the Duty of a Person with Good Management Obligations Related to Contaminated Land, take management measures, record



them properly, and handle them in accordance with the terms of the lease agreement.

2. The lessee shall bear the obligation to restore the original condition if any of the following usage situations occur:

- (1) Accumulation of miscellaneous items.
- (2) Burial of waste.
- (3) Destruction of soil and water conservation.
- (4) Causing soil and groundwater pollution.
- (5) Engaged in activities announced by the central competent authority under Paragraph 1, Article 8 and Paragraph 1, Article 9 of the Soil and Groundwater Pollution Remediation Act.
- (6) Use as legally required open space for private land buildings, construction pathways, or in combination with public or private land buildings. However, for leases by tender conducted based on the current status, this restriction does not apply.
- (7) Facilities related to funerals. However, for lease by tender where the land use is designated for funeral parlors or designated for burial and the current situation is already used for funeral parlors, memorial halls, and chapels, this restriction does not apply.
- (8) Production, packaging, and storage facilities for dangerous items such as fireworks and gas.
- (9) Excavation of soil and rocks, or sites for the storage, handling, and processing of soil and rocks, including storage yards and crushing and washing facilities for soil and rocks.
- (10) Any other actions that decrease the value or performance of the leased property.

If it is discovered during the term of the lease that the soil or groundwater of the leased property is contaminated, the lessee shall be responsible for remediation and shall bear all liability for damages. If necessary, the lessor may terminate the lease agreement.

During the term of the lease, the lessor may send representatives to inspect the use of the leased property on-site. If the lessee fails to cooperate with the lessor's written notice without valid reasons, the agency shall notify the lessee to pay a penalty equivalent to double the monthly rent within one month and to cooperate with the inspection within a specified period. If the lessee fails to comply by the deadline, the agency may terminate the lease agreement.

#### Article 33-1

For lease by tender conducted according to Paragraph 2, Article 7, lease by tender lessees are required to ensure that the leased property is suitable for residential use before subletting.

When the lessee signs a sublease agreement with the sub-lessee, they should provide the sub-lessee with documents such as the sublease consent form, as stipulated in Article 17-1 of the Rental Housing Act. Additionally, the sublease agreement should clearly specify the scope of the leased property, the lease period, and the reasons for potential termination of the lease.

The lessee shall, in accordance with the provisions of the Rental Housing Act, notify the lessor in writing within thirty (30) days from the day following the signing of the sublease agreement, regarding the scope of the subleased property, the lease period, and the information of the sublessee.

After subletting the leased property for residential use to the sub-lessee, the lessee shall carry out rental housing management services (hereinafter referred to as "management services"), maintain records properly, and provide them for inspection or review by the lessor.

If the lessor discovers that the lessee has not complied with the regulations, it shall handle the matter as follows:

1. If the lessee fails to comply with the provisions of Paragraph 1 or Paragraph 4: The lessor shall notify the lessee to make improvements within

a specified period. If the lessee fails to make the necessary improvements by the deadline, the lessor may terminate the lease agreement.

2. If the lessee fails to comply with the provisions of the second or third clause: The lessor shall notify the competent authority of the municipality or county (city) to handle the matter in accordance with the relevant provisions of the Rental Housing Act.

#### Article 34

During the term of the lease, if the leased property is designated by the competent authority as within the scope of soil and groundwater pollution control, the lessee shall, at their own expense, annually conduct soil and groundwater pollution testing on the leased property from the date it falls under regulation. They shall prepare two sets of testing data in accordance with the items specified in the regulations of the Soil and Groundwater Pollution Remediation Act Enforcement Rules. One set shall be submitted to the lessor for inclusion in the lease file, and the other set shall be submitted to the competent authority of the municipality or county (city) for review. The lessee shall also improve the pollution situation within the period specified by the lessor to have the regulatory status lifted by the competent authority.

If pollution control measures under relevant environmental protection regulations related to the leased property result in damage to the lessor, the lessee should compensate the lessor for all damages incurred.

#### Article 35

During the term of the lease, the lessor may terminate the lease agreement if any of the following circumstances occur:

1. To meet the needs of public utilities, or to change the use in accordance with the law.
2. It is necessary to recover the land when the government implements national policies, urban plans or rezoning the land.
3. The lessor needs to take back the property due to development, utilization, or other disposal plans.
4. The lessee fails to pay the installment payments of the contractual deposit, liquidated damages, or accumulated rent reaching the total legal period within the stipulated timeframe, or fails to pay the building management fee on time, despite the lessor's deadline for payment reminder.
5. The lessee is dissolved or dies without a legal heir.
6. The lessee used the leased property in violation of the lease agreement and was notified by the lessor to make improvements within a time limit, but no improvements were made within the expiration date.
7. The lessee applies to terminate the lease if he/she does not continue to use or vacate the land.
8. Due to the lessor taking back part of the leased real estate or reasons that cannot be attributed to the lessee, the leased real estate cannot achieve the original purpose of use, and the lease is terminated upon the lessee's application.
9. Due to land rezoning or urban renewal rights changes, the purpose of the original lease cannot be achieved, the land has not been allocated, or the land has not been allocated according to the original location.
10. The property is prohibited from farming, animal husbandry, breeding, construction of buildings, installation of miscellaneous works, or other facilities in accordance with laws and regulations as determined by the industry competent authority, or may not be rented out.
11. Notification from the industry competent authority indicating the need for retrieval.
12. There are matters that need to be changed in the lease, but the lessee does not cooperate with the notarization process.
13. The lease may be terminated based on other provisions specified in these Directions.
14. The lease may be terminated in accordance with other laws and regulations.

The lessor shall terminate the lease in accordance with the provisions of Subparagraph 9 of the preceding paragraph on urban renewal at the following

points in time:

For those who do not participate in the rights distribution, termination shall occur in the month when the cash compensation is received before the renewal.

For those who participate in the rights distribution, if the demolition of the above-ground structures occurs first, termination shall be in the month when the demolition occurs. If the receipt of compensation occurs first, termination shall be in the month when the compensation is received or deposited.

#### Article 36

Six months before the expiration or termination of the lease term for the lease by tender land, the lessor shall, based on the condition of the above-ground structures, notify the lessee to proceed in the following manner:

If the above-ground structures still have utility value, their ownership shall be transferred to the state without compensation.

If the above-ground structures have no utility value, the lessee shall be responsible for demolishing them themselves.

In accordance with the provisions of Subparagraph 1 of the preceding paragraph, if the lessee chooses to proceed as stipulated in the first clause, they shall, three months before the expiration of the lease term or three months before the termination of the lease agreement, complete the transfer of ownership of the above-ground structures to the state in coordination with the lessor. The transfer of ownership of the above-ground structures to the state will allow the lessee to continue using and maintaining them until the lease term expires or the lease agreement is terminated. During this period, the lessor will not charge additional annual rent for the above-ground structures.

#### Article 36-1

After December 27, 2013 (inclusive), in the event that the lessor conducts a consolidated tender for non-public use land and improved buildings and the agency has no other disposal or utilization plans, prior to the expiration of the lease term, if the agency decides to conduct a new round of tenders and completes the bidding process, the lessee has the right to prioritize leasing based on the annual rent determined by the bidding process and to sign a new lease agreement with the lessor.

In the re-lease by tender process referred to in the preceding paragraph, if the tenant successfully bids or has the right of first refusal, the new lease's start date is the day after the original lease term expires. At the original lease term's expiration, there is no restriction regarding the return of the leased property and cessation of use, and there is no need to provide the documents specified in Article 14-1.

The tenant intending to exercise the right of first refusal should apply to the lessor for a re-lease by tender at least six months before the lease term expires. The application deadline is specified by the lessor within the lease agreement.

The lessor, in accordance with the provisions of Paragraph 1, shall re-conduct the lease by tender. The tenant may have the priority to lease at the determined annual rental price, subject to the provisions of Article 42.

#### Article 36-2

For lease by tender conducted according to Paragraph 2, Article 7, the provisions of the preceding Article do not apply. When the lessee intends to renew the lease, they should submit a written application for renewal at least six months before the lease expires and provide relevant documents as stipulated in the lease agreement. Upon verification by the lessor that there are no other disposal or utilization plans and that the lessee has no outstanding rental payments or related fees, and if there are no significant breaches of contract, the lessee may renew the lease according to the terms of the original lease, subject to the execution of management services. This renewal is limited to one time only.

The lessor may request relevant information from the competent authority of the municipality or county (city) before agreeing to the lessee's request for lease renewal, for review and reference.

Regarding the renewal referred to in Paragraph 1, the commencement date of the lease shall be the day following the expiration of the original lease term. At the expiration of the original lease term, there is no restriction regarding the return of the leased property and cessation of its use, as stipulated in Articles 37 and 39.

The annual rent for the renewal shall be calculated based on the rent stipulated in the original lease agreement.

#### Article 37

When the leased real estate reaches the end of its lease term or the lease agreement is terminated, the lessor should vacate and reclaim all the leased real estate. The performance bond submitted by the lessee shall be used to offset any outstanding contractual installment payments, annual rent, liquidated damages, building management fees, compensation for use during the period of delayed return of leased property, costs for demolition of structures or vacating the premises, soil pollution testing fees, damages, and any other applicable expenses. Any surplus from the performance bond shall be refunded without interest, and any shortfall shall be paid separately by the lessee.

Unless otherwise specified by law, the annual rent shall be collected until the termination date or the expiration date of the lease term.

#### Article 38

The lessor should refund the overpaid portion of the contractual deposit and annual rent without interest in proportion to the time remaining until the end of the lease term, starting from the date of vacating the leased property. The calculation method is as follows:

Refund amount of contract rights = Amount of contract rights for lease by tender land  $\times$  (number of remaining lease days  $\div$  number of lease days)

Annual rent refund amount = annual rent paid for lease by tender real estate in the current period  $\times$  (number of remaining rental days in the current period  $\div$  total number of days in the current period)

#### Article 39

Upon the expiration of the lease term or termination of the lease contract for lease by tender real estate, unless it is re-leased through tender as stipulated in Article 36-1 and the lessee has the option to bid or has priority leasing rights, or in accordance with Article 36-2, the lessee continues the lease, the lessee must return the leased property and cease its use, without any priority leasing or renewal rights, and is not entitled to any compensation from the lessor.

For lessees of lease by tender land, besides meeting the conditions outlined in Subparagraph 1, Paragraph 1, Article 36, they must, within one (1) month from the day following the expiration or termination of the lease, dismantle and vacate non-governmental structures and buried waste, while providing a soil testing report. In the case of lease by tender real estate, encompassing both land and improvements, unless the lease by tender is conducted according to Paragraph 2, Article 7 or otherwise specified in the Rental Housing Act and lease agreements, lessees are required to vacate and clear buried waste within seven days from the day following the lease's expiration or termination, submitting a soil testing report. However, for lease by tender real estate comprising individually owned buildings or in unique circumstances where soil contamination testing is impractical and approved by the lessor, this obligation is waived.

If the lessee fails to comply with the aforementioned provisions, the lessor may, according to the terms of the lease agreement, dismantle the

structures on the land and carry out soil contamination testing on behalf of the lessee. The expenses incurred for these actions shall be borne by the lessee.

If the lessee returns the leased property within the time limit specified in Paragraph 2, no compensation for use shall be charged. However, if the lessee fails to do so within the specified period, from the date of lease termination until the completion of the property disposal, the lease by tender land shall charge compensation for use at an annual interest rate of ten percent of the reported land value for that period. For lease by tender real estate, which includes both land and improvements, the compensation for use shall be calculated at twice the daily rent amount converted from the annual rent.

#### Article 40

The contents and formats of the announcement, bidding instructions, bid form, specialized bid envelope, lease agreement, bidding record, lease by tender situation report, declaration of willingness to undertake soil pollution improvement and treatment responsibilities, sublease consent form, consent letter for land use rights, lease by tender real estate inspection record, mailbox opening record, handover record, management services record, as well as the method of expressing the true intent of lease transfer, and the testing items of the soil pollution inspection report of these Directions shall be determined by the Administration.

#### Article 41

The provisions applicable at the time of the bidding announcement shall apply to cases that were announced for bidding and tendered before the issuance of these Directions.

In cases of the aforementioned successful bidding, when the lessor reinitiates the lease by tender process as per the terms outlined in the lease agreement, the original lessee retains the right to prioritize leasing at the same rental rate determined during the bidding. Before the lease term expires, when the lessor reinitiates the lease by tender process, the original lessee may opt for priority leasing based on the contractual deposit or annual rental determined during the bidding, and sign a new lease. At the end or termination of the new lease term, unless specified otherwise in Article 36-1 and unless leased or prioritized by the lessee, the lessee must return the leased property and cease usage.

The aforementioned re-leasing through lease by tender shall complete the bidding before the expiration of the original lease term. The original lessee, if successful in bidding or having priority for leasing, shall commence the lease on the day following the expiration of the original lease term, and the lessor is exempt from reclaiming the original lease by tender real estate.

For land subject to re-leasing through lease by tender as per the preceding two paragraphs, if the surface property still holds value, its ownership should be transferred to public ownership free of charge at least three months before the expiration of the lease term before re-initiating the lease by tender process.

#### Article 42

The lessor, according to Paragraphs 2 to 4 of the preceding Article, shall notify the original lessee the day after the notice is delivered to handle the following provisions:

1. Within ten days of receiving written notice, the original lessee shall inform the lessor in writing whether they wish to prioritize leasing based on the contract down payment or annual rent determined by the bid. Those willing to prioritize leasing shall simultaneously submit an amount equivalent to the bid deposit.
2. For lease by tender real estate consisting of individually owned buildings, the lessee shall settle the performance bond within thirty (30) days in one lump sum. For other leases by tender real estate, the lessee

shall, within three (3) months, submit the documents specified in Paragraph 1, Article 14-1, and settle the contract down payment and performance bond in one lump sum within thirty (30) days from the date of delivery for inspection upon approval by the lessor.

3. Within twenty days from the date of settlement as stipulated in the preceding subparagraph, the lessee shall sign the new lease contract.

If the original lessee fails to indicate their priority to lease, fails to pay the amount equivalent to the bid security deposit, fails to submit the documents specified in Article 14-1 for inspection with the consent of the lessor, fails to pay the required contract rights deposit or performance bond, or fails to sign the new lease contract within the specified period, it shall be deemed as waiving the priority to lease. The amount equivalent to the bid security deposit already paid shall be confiscated, and the remaining amount shall be refunded to the original lessee without interest.

If the lease term of the lease by tender land in the first paragraph exceeds four years, the original lessee may, within ten (10) days from the date of receipt of approval for inspection from the lessor, apply to the lessor for installment payment of the contract deposit in accordance with the provisions of Paragraphs 1 and 2 of Article 16.

When the original lessee relinquishes their right to preferential lease, the lessor shall, after reclaiming the leased property upon the expiration of the original lease term, notify the winning bidder to proceed in accordance with the provisions stipulated in Subparagraphs 2 and 3 of Paragraph 1 from the day following the date of notification delivery.

If the original lessee exercises their preferential right to lease according to Paragraph 1 and completes the signing of a new lease agreement, or if the original lessee relinquishes their preferential right to lease and the lessor fails to reclaim the leased property within thirty (30) days from the day following the expiration of the original lease term, the lessor shall notify the winning bidder to withdraw the bid security without interest.

Except where otherwise specified in the preceding Article or this Article, the original lessee exercising the preferential right to lease under Paragraph 1 and the winning bidder under Paragraph 4 shall, from the date of notification delivered by the lessor, comply with the provisions applicable to winning bidders as set forth in Articles 14-1 to 21 from the date of their successful bid.