Addendum No.01 - Invitation for Proposals

Ministry of Finance, Planning and Economic Development

Call for Proposals for the Productive Economic Utilization of State- Owned Bungalows from the Interested Investors

Reference: Invitation for Proposals published on **03 August 2026**

01. Invitation

The Steering Committee, on behalf of the Secretary, Ministry of Finance, Planning and Economic Development, hereby issues this Addendum No. 01 to the Invitation for Proposals published on 03 August 2026 for the Productive Economic Utilization of State-Owned Bungalows.

This Addendum shall form an integral part of the original Invitation for Proposals and shall be read in conjunction with the Proposal Documents.

02. Revised Dates

Accordingly, the following dates and times specified in the original Invitation for Proposals shall be hereby revised as follows:

Table: 1

Description	**Existing Date and Time**	**Revised Date and Time**
Requests for Clarifications	14 August 2026 at 1.00 p.m.	24 August 2026 at 1.00 p.m.
Submission Deadline	25 August 2026 at 2.00 p.m.	04 September 2026 at 2.00 p.m.
Second Viewing	18 August 2026 from 9.00 a.m. to 3.00 p.m.	

03. List of State-Owned Bungalows

Table: 2

<table>
<tr><th>No.</th><th>Bungalow Name</th><th>Address</th><th>Proposed Economic Activities</th></tr>
<tr><td>01</td><td>B 13</td><td rowspan="3">Colombo 05, Stanmore Cresent</td><td rowspan="6">Retail*, Boutique Suites, Cafés & Restaurants.</td></tr>
<tr><td>02</td><td>B 14</td></tr>
<tr><td>03</td><td>B 20</td></tr>
<tr><td>04</td><td>C61 and C62</td><td>Colombo 05, Pajet Road</td></tr>
<tr><td>05</td><td>E 01</td><td rowspan="2">Colombo 05, Skelton road</td></tr>
<tr><td>06</td><td>E 02</td></tr>
</table>

**** Retail businesses shall be directly related to the tourism industry*.**

04. Second Viewing
Interested investors who wish to participate in the Second Viewing are invited to visit the respective premises at the addresses specified in the relevant Proposal Documents during the above-mentioned period.

05. Availability of Proposal Documents

The complete set of Investment Proposal Documents may be downloaded from the following official websites:

a) **https://www.treasury.gov.lk/news#latest**
b) **https://www.thimbirigasyaya.ds.gov.lk/index.php/en/news-n-events.html**

06. Requests for Clarifications

Interested investors who require further clarification regarding the proposal process, conditions, requirements, or any other matter relating to the above initiative are invited to submit their clarifications in writing to the following address:

Chairman
Steering Committee
Proposals for the Economically Productive Utilization of State-Owned Bungalows
Room No. 217, 2nd Floor
Ministry of Finance, Planning and Economic Development
The Secretariat
Colombo 01
Sri Lanka

Email: corporateaffairs@mo.treasury.gov.lk
Telephone: +94 11 248 4600 – (Ext: 1581 / 1563)

Interested investors are requested to submit their clarifications by email, clearly indicating the subject as: "Clarifications – Economically Productive Utilization of State-Owned Bungalows"

07. Other Terms and Conditions

All other terms, conditions, requirements, and provisions contained in the Invitation for Proposals published on 03 August 2026 shall remain unchanged and continue to be applicable.

Interested investors are advised to regularly check the above official websites for updates.

Chairman
Steering Committee
Ministry of Finance, Planning and Economic Development
The Secretariat, Colombo 01, Sri Lanka
Date: 15 August 2026

Call for Proposals for the Productive Economic Utilization of State -Owned Bungalows

Ministry of Finance, Planning and Economic Development

August 2026

Chairman,
Steering Committee
Ministry of Finance, Planning and Economic Development
The Secretariat, Colombo 01, Sri Lanka.
Date: 03.08.2026

Invitation for Proposals

Ministry of Finance, Planning and Economic Development

Call for Proposals for the Productive Economic Utilization of State- Owned Bungalows from the Interested Investors

1. Invitation

The Steering Committee, on behalf of the Secretary, Ministry of Finance, Planning and Economic Development, The Secretariat, Lotus Road, Colombo 01, invites sealed proposals from eligible investors for the adaptive reuse, refurbishment, *development operation, and maintenance of selected State-owned bungalows on a 30-year lease basis.

*** Developments means temporary structure minor repairs with the prior approval of relevant authority/s**

2. Proposal Calling Method

Proposals shall be invited through a National Competitive Selection Process in accordance with the provisions of the STATE LANDS ORDINANCE, NO. 8 OF 1947, and its subsequent amendments, for the lease of State land for commercial purposes.

3. Project Overview

The Government of Sri Lanka has identified a portfolio of strategically located State-owned bungalow properties in Colombo with the objective of unlocking their economic potential through productive private-sector investment.

This Call for Proposals invites eligible investors to undertake the adaptive reuse, refurbishment, development, operation, and maintenance of these bungalow assets for economic activities such as retail, boutique suites, cafés, and restaurants.

The Project will be implemented on a 30-year lease basis. Under this arrangement, the selected investors shall undertake the adaptive reuse, refurbishment, development, operation, and maintenance of the allocated bungalow(s), while ownership of the land and buildings shall remain vested in the Government of Sri Lanka.

The selected investors shall be solely responsible for obtaining all statutory approvals, permits, licences, and other legal clearances required for the implementation and operation of the proposed investment. The Ministry of Finance, Planning and Economic Development and any other Government institution shall not be responsible for obtaining such approvals or for any legal obligations of the Investor(s).

Table 1: List of State-Owned Bungalows

<table>
<tr><th>No.</th><th>Bungalow Name</th><th>Address</th><th>Proposed Economic Activities</th></tr>
<tr><td>01</td><td>B 13</td><td rowspan="3">Colombo 05, Stanmore Cresent</td><td rowspan="6">Retail**, Boutique Suites, Cafés & Restaurants.</td></tr>
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</table>

***** Retail businesses shall be directly related to the tourism industry*.**

A complete set of Proposal Documents, in English, may be downloaded from the official website of the Ministry of Finance, Planning and Economic Development at **https://www.treasury.gov.lk/news#latest**.

4. Submission of Proposals

An investor may submit proposals for one or more bungalow(s). Each bungalow shall be evaluated independently and awarded separately. A separate proposal shall be submitted for each bungalow.

5. Submission Deadline

Sealed proposals shall be delivered to the address below or by depositing them in the Tender Box located at the same address. Investors must be marked as an "Economic Utilization of Government Owned Bungalows" in left hand corner in the envelope of the seal Proposals will be opened soon after closing in the presence of the Investor/(s) representative who chooses to attend for proposal opening. before **2.00 p.m. on 25 August 2026**.

Chairman
Steering Committee
Room No. 217(Corporate Affairs Division),
2nd Floor, Old Building
Ministry of Finance, Planning and Economic Development
The Secretariat, Colombo 01, Sri Lanka

6. Further Information
Interested eligible investors may obtain further information from the Ministry of Finance, Planning and Economic Development. **Telephone:** +94 11 2484600 (Extensions: 1581 / 1563)

7. Physical Viewing

A viewing and clarification Meeting shall be held on **12 August 2026 at 10:00 hours** (Sri Lanka Standard Time) at the Auditorium of the Ministry of Finance, Planning and Economic Development, The Secretariat, Colombo 01, Sri Lanka. Prospective investors may attend at their own cost.

8. Requests for Clarifications

Requests for clarifications shall be submitted on or before **1.00 p.m. on 14 August 2026**. Requests received after this deadline shall not be considered.

9. Reservation of Rights

The Steering Committee reserves the right to accept or reject any proposal, in whole or in part, without assigning any reason and shall not be bound to select the highest or any proposal.

Application No.:
(Office use only)

Application for Submission of Investment Proposal for the Productive Economic Utilization of State-Owned Bungalows

Leasing of State-Owned Bungalows for Commercial Development and Operation

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10. Project Objectives:

- To optimize the use of State -Owned bungalow assets through sustainable and commercially viable development.
- To promote tourism, hospitality and compatible economic activities in designated zones.
- To ensure preservation and adaptive reuse of existing structures where applicable.
- To enhance urban value creation and local economic development.
- To generate sustainable revenue to the Government through lease rentals.
- To encourage private sector investment and efficient asset management

11. Scope of the works:

The Project involves the development, refurbishment, adaptive reuse, operation, and maintenance of selected Government-owned bungalow properties on a long-term 30 years lease basis. The selected Investor/(s) shall be responsible for undertaking all activities necessary to transform the allocated bungalow(s) into economically viable and functional assets in accordance with the designated zoning and permitted uses, including securing financing, carrying out design and construction or refurbishment works, obtaining all required approvals, and managing operations and maintenance throughout the concession period. The investors shall ensure full compliance with applicable laws and regulations, maintain the assets in good condition, and hand over the bungalow(s) to the Government at the end of the lease period in accordance with the agreed handback requirements.

12. Key Features of the Project

- Concession Period: 30 years
- Investor Structure: Investors may apply for one or more bungalow(s)
- Evaluation Basis: Highest lease rental among eligible Investors

13. Evaluation and Awarding

Each bungalow shall be evaluated independently in accordance with the provisions of the STATE LANDS ORDINANCE, NO. 8 OF 1947, and its subsequent amendments, for the lease of State land for economic utilization. The proposal offering the highest lease rental amount, while complying with all applicable requirements of the State Land Ordinance, shall be selected.

14. Qualification Requirements for Interested Investors

- The Investor/(s) shall be a local legally registered entity (company, Individual Businesses, consortium, or joint venture) incorporated under the Sri Lankan laws.
- In the case of a consortium or joint venture, the Investor/(s) shall submit a legally binding Joint Venture Agreement or duly executed Letter of Intent clearly identifying the Lead Partner, defining the roles and responsibilities of each Partners, and confirming that all members shall be jointly and severally liable for the execution and performance of the Project.
- The Investor/(s), and in the case of a consortium or joint venture, each partner thereof, shall demonstrate financial capacity to undertake the Project by submitting audited financial statements for the financial years for the last 03 years including the statement of financial position, statement of profit or loss, and statement of cash flows.

15. The investor shall bear all costs associated with the preparation and submission of its proposals and the Employer will not be responsible or liable for those costs, regardless of the conduct or outcome of the process.

16. Proposals shall be valid up to **25th December, 2026**.

17. The selected investor(s) shall enter into the required contractual agreement process through the Divisional Secretary, Thimbirigasyaya, and the Commissioner General of the Land Commissioner General's Department to fulfill all contractual obligations in teams STATE LANDS ORDINANCE, NO. 8 OF 1947, and its subsequent amendments.

18. The Terms and Conditions of the lease, together with all other relevant documents relating to the contract agreement, are attached hereto and shall form an integral part of the agreement.

19. The lease agreement may be terminated by the Government in accordance with the terms and conditions set out in the contract agreement.

1. APPLICANT INFORMATION (Authorized Representative of Entity)

1. Full Name:……………………………………………………………………………………….
2. Designation: ……………………………………………………………………………..
3. Permanent Address:…………………………………………………………………...
4. National Identity Card / Passport No.:…………………………………………………...
5. Telephone:……………………………………………………………………………….
6. Mobile:………………………………………………………………………………..
7. Email:………………………………………………………………………………….
8. Fax (if any):……………………………………………………………………………
9. Taxpayer Identification Number:………………………………………………………

(Certified copies of NIC/Passport, and TIN certificate should be attached.)

Business Information

1. Business Name:………………………………………………………………….....
2. Registered Address:…………………………………………………………………..
3. Business Registration Number:………………………………………………………
4. VAT Number :……………………………………………………………………..
5. Telephone/Fax:……………………………………………………………………
6. Email:……………………………………………………………………………….

(Attach: Certificate of Incorporation, Board Resolution/Letter of Authorization, Certified List of Directors of the Company/Institution (Form 20 issued by the Registrar of Companies) and certified copies of Business Registration and VAT certificate)

Joint Venture

Name	Address	NIC/Passport No.	Telephone

2. BUSINESS INFORMATION

2.1 Existing Hospitality (Hotel, restaurant, Cafés, Boutique Suites, Tourism, or Guest-Service Industry)

Business Name	Address	Registration No.	Nature of Business

(Additional sheets may be attached.)

2.2 Other Businesses (If any)

Business Name	Address	Registration No.	Nature of Business

3. FINANCIAL INFORMATION

Provide the financial performance for the last 03 years.

Year	Annual Turnover	Net Profit

(Attach: Audited Financial Statements and Auditor's Reports)

4. TAX INFORMATION

Income Tax File Number:………………………………………………………………..

Year Registered:…………………………………………………………………………

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5. PROPOSED INVESTMENT

Total Proposed Investment (LKR):………………………………………………………………..

To be attached the Development Proposal as **Annex 1**.

Development Activity	Estimated Investment (LKR) Million
Renovation	
Interior Improvements	
Tourism Facilities	
Landscaping	
Other(specify)	

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6. SOURCE OF FINANCE

State the proposed funding sources.

- ☐ Own Funds
- ☐ Bank Loan
- ☐ Foreign Investment
- ☐ Joint Venture
- ☐ Other(specify)

(Provide documentary evidence.)

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7. EXPERIENCE

Provide details of experience in:

Sector	No of years of Experience
Hotel Management	
Tourism	
Hospitality	
Property Development	
Commercial Operations	
Other (specify)	

(Supporting documents may be attached.)

8. COMMERCIAL PROPOSAL

The applicant shall submit:

- Proposed Annual Lease Rental
- Business Plan
- Investment Schedule
- Marketing Plan
- Employment Generation Plan

Commercial plan to be attached as **Annex 2**.

8.1. The successful Investor shall commence commercial operations on or before/within ninety (90) days from the date of execution of the Agreement.

8.2. The selected Investor shall pay the agreed annual lease rental with effect from the approved date of the Lease by the land minister. In addition, the Investor shall pay, prior to the execution of the Lease Agreement, an upfront premium equivalent to three (03) years' annual lease rental.

8.3. The selected Investor shall pay a refundable deposit equivalent to six (06) months' lease rental within ten (10) days from the date of the Letter of Award.

8.4. Copy of the Lease Agreement is attached herewith for further reference.

8.5. The said lease rental shall be revised once every five (05) years, and annual lease rent determined for any such period shall not exceed an amount which is twenty precent (20%) above the annual lease rent payable during the preceding five- year period.

8.6. The Survey Plan may be inspected and obtained from the Divisional Secretariat, Thimbirigasyaya, following the site viewing meeting.

Name of Property:/Name of the Bungalows

Annual Lease Rental Offered

(In Words)……………………………………………………………………………………..

(In Figures) LKR………………………………………………………………………….. per annum

Proposed Lease Rental Schedule (30-Year Lease)

Lease Period	**Annual Lease Rental Offered (LKR)**
Years 1 – 5	____________________
Years 6 – 10	____________________
Years 11 – 15	____________________
Years 16 – 20	____________________
Years 21 – 25	____________________
Years 26 – 30	____________________

Total Lease Rental Payable for 30 Years (Indicative):
LKR: ____

Purpose of Investment

- ☐ Boutique Hotel
- ☐ Holiday Resort
- ☐ Eco Tourism
- ☐ Wellness Centre
- ☐ Restaurant
- ☐ Conference Facility
- ☐ Heritage Hotel
- ☐ Other (specify within the given scope)

Expected Investment: LKR ________________________

Estimated Employment in First Year: _________________ Persons

Expected Date of Commencement: ____________________

Expected Date of Commercial Operation: ____________________

9. DECLARATION

I/We hereby certify that:

- All information provided in this application is true and correct.
- I/We have inspected the bungalow/property.
- I/We have read and understood all conditions of lease.
- I/We agree to comply with all lease conditions if selected.
- Any false declaration shall result in disqualification.

Authorized Applicant's Name and Signature:

Date:

Official Seal (if applicable):

LEASE CONDITIONS

1. The lease period shall be up to **30 years**, subject to Government approval.
2. The property shall be used only for approved commercial purposes.
3. Existing heritage and archeological features shall be preserved.
4. Major structural alterations require prior written approval.
5. Environmental regulations shall be complied with.
6. The lessee/investor shall maintain adequate insurance.
7. Utilities, taxes, and operational expenses shall be borne by the lessee.
8. The Government authorized party/(s) reserve the right to inspect the property.
9. The lessee shall maintain the property in good condition throughout the lease.
10. No permission will be granted until expiry of five years from the date of commencement of lease for any subleasing.
11. Employment opportunities for local communities should be encouraged.
12. The lessee shall comply with all applicable laws and tourism regulations.
13. A refundable deposit shall be provided prior to signing the lease agreement and this deposit shall be deducted upon the recovery of the damage incurred to the property.
14. Annual lease rent shall be revised periodically in accordance with the lease agreement.
15. Failure to implement the approved investment within the specified period shall result in cancellation of the lease agreement.

DOCUMENTS TO BE SUBMITTED

1. National Identity Card/Passport
2. Taxpayer Identification Number (TIN)
3. Company Registration Certificate
4. Board Resolution/Authorization
5. Certified List of Directors of the Company/Institution (Form 20 issued by the Registrar of Companies).
6. List of Directors
7. Business Registration
8. Bank Statements (last 6 months)
9. Audited Financial Statements (last 3 years)
10. Auditor's Reports
11. Income Tax Registration
12. VAT certificate
13. Business Plan
14. Investment Proposal
15. Project Implementation Schedule
16. Any additional supporting documents
17. Affidavit Confirming Tax Compliance

Authorized Applicant's Name and Signature:

Date:

Official seal :

4/10/...............

STATE LANDS ORDINANCE, No. 8 OF 1947

LEASE OF STATE LAND FOR COMMERCIAL PURPOSES

I, **Anura Kumara Dissanayake,** President of the Government of Democratic Socialist Republic of Sri Lanka (hereinafter called "the lessor" which expression shall mean the said President and shall include his/her successors in office for the time being) acting herein under the provisions of section 2 of the State Lands Ordinance, No. 8 of 1947, and the regulations framed thereunder, do hereby lease the State land described in schedule "A" hereto (hereinafter referred to as "the land") to .... (hereinafter called "the lessee", which expression shall include his/her heirs, executors, administrators and permitted assignees) for a term of **thirty** years commencing from the .... day of .... 20 .... , subject to the terms and conditions in Schedule "B" hereto.

SCHEDULE "A"

An allotment of State land called ...., situated in the village of .... in Grama Niladari Division of .... in the .... Divisional Secretary's Division of the .... District of the .... Province, and depicted as lot no. .... in Sheet No. .... of Cadastral Map No. .... caused to be prepared by the Surveyor – General and kept in his charge and computed to contain .... Acres .... Roods .... Perches (......... A. .... R. .... P.) .... Ha. (... Ha.) in extent and bounded as follows:-

On the North by : ....

On the East by : ....

On the South by : ....

On the West by : ....

(Plan / Diagram No. ....)

SCHEDULE "B"

01. The Lessee shall pay a yearly rent in the following manner in advance to the Divisional Secretary, ... (hereinafter referred to as the Divisional Secretary) at the Divisional Secretariat, on .... day of ....in each year :-

    (a) During the period of first **five** years the rent shall be Rupees..

.... (Rs. ....) per annum.

(b) Thereafter the rent during each successive period of **five** years shall be such rental, as the lessor shall fix for each period.

Provided, however, that the annual lease rent determined for any such period shall not exceed an amount which is twenty percent (20%) above the annual lease rent payable during the preceding five-year period.

(c) The premium payable as a one-time payment shall be an amount equivalent to three (03) times the annual lease rent payable, amounting to Rupees .... (Rs. .... /=).

02. Without prejudice to the provisions contained in Clause 18, if the rent payable for any year is not paid in full on the date on which such rent falls due, the lessee shall pay interest at the rate of 10 percent per annum on such outstanding rent or on any part thereof until such rent or part is paid in full.

03. The lessee shall pay all assessment rates and taxes whatsoever payable in respect of the land and all improvements thereto.

04. The lessee shall, within a period of **one** year from the date of commencement of this lease, at his/her own cost, and in accordance with plans/project proposals and specifications first approved in writing by the Divisional Secretary in consultation with the relevant authorities and in conformity with the provisions of this lease document shall develop the land to the satisfaction of the Divisional Secretary.

Provided that, if the lessee fails to comply with such conditions approved in writing by the Divisional Secretary within the period specified herein, Divisional Secretary/Prescribed Officer may at his discretion allow the lessee to complete the work within such further period as such officer may specify.

05. The lessee shall at all times during the term of this lease keep at his/her own expense the said **buildings** and all additions thereto clean and in good repair to the satisfaction of the Divisional Secretary.

06. The lessee shall permit the Divisional Secretary or any officer authorized by him in writing to enter upon the land at any time deemed reasonable in the daytime and inspect the development thereto.

07. The lessee shall confine the operations of the demised premises to the proposal submitted to the relevant authority as more fully set out in the Clause 9 hereof and specifically the purpose for which the land is leased out as well as any specify targets/objectives set out in the said proposal. The Divisional Secretary or any other relevant authority shall monitor the compliance with the purpose for which the land is leased out and the achievement of the specific targets/objectives contained in the proposal.

08. If in the opinion of the Divisional Secretary the said **buildings** or any addition thereto is in a ruinous state, or is in such a state –

(a) that it has become difficult to keep it clean; or

(b) that it cannot be used for the purpose indicated in Clause 9 of this schedule and if the Divisional Secretary is further satisfied that it has become necessary to rebuild the said **buildings** the lessee shall within six months of the receipt of a notice from the Divisional Secretary to that effect or within such further time as may be allowed by the Divisional Secretary maintain and continue to maintain the developments, buildings and all the fixtures to the satisfaction of the Divisional Secretary and in accordance with plans and specifications first approved in writing by the Divisional Secretary.

09. The lessee shall not, without the prior written of the Divisional Secretary or other relevant authority or otherwise than in accordance with the conditions of such consent use or permit the use of the land and the buildings there on, or any part thereof for any purpose whatsoever other than for **commercial** purposes.

10. The lessee shall not sublet, assign, mortgage, gift or otherwise dispose of or deal with his/her interest in this lease, without prior written consent of the Land Commissioner General and any such dealing or disposition as aforesaid by the lessee without such consent shall be void and inoperative for all purposes.

11. The lessee shall not, without the prior written consent of the Divisional Secretary, or otherwise than in accordance with the conditions of such consent fell, remove or sell or dispose of any earth, cabook, clay, gravel, sand, trees of timber value, forest produce from land.

12. The lessee shall not, without first obtaining from the prescribed officer a grant or license in that behalf search for, dig for, or carry away any mineral, mineral product or mineral oil in or from the land.

13. The Lessee shall be entitled to mortgage the leasehold rights for obtaining financial assistance required for the development of the said land from any Licensed Commercial Bank and/or a Licensed Specialized Bank (as defined in the Banking Act, No. 30 of 1988 and the amendments thereof) or statutory established financial organization situated within Sri Lanka. In the event the lessee mortgages the leasehold rights he shall immediately inform the lessor of such fact and furnish the lessor with all details pertaining to the said mortgage. If the interest of the lessee herein are seized or sold in execution of a decree / under debt recovery provisions in the law against the lessee or in the execution of powers vested in such Licensed Commercial Bank or Licensed Specialized Bank or Financial Institution by statute which has an interest in the land as set out above the lessor may be entitled to terminate the lease agreement. However the Lessor will at the request in writing of such financial institution execute a fresh lease agreement for the remaining period of this agreement on the same terms and conditions as this agreement pertaining to the said land to a person selected by such financial institution and approved by the lessor, which approval shall not be unreasonably withheld. Provided however that the lessor shall not be required to execute a fresh lease agreement in favor of the person selected by such financial institution in case the person so selected will continue to use the land for the purpose mentioned herein and specifically set out in Annex/Schedule.

14. The lessee shall during the term of this lease keep at his/her own expense the landmarks that define the boundaries of the land in good repair.

15. The rights hereby conveyed to the lessee are subject to any right of way or other servitude existing over the land at the date of commencement of this lease.

16. (i) In the event of the land or any portion thereof being required by the State for a public purpose at any time during the pendency of this lease the lessee shall immediately surrender to the lessor the land or the portion so required and this lease thereupon terminate in respect of the land or the portion so surrendered. Provided that the lessor shall pay to the lessee as compensation after such surrender *(a)* a sum which shall bear the same proportion to the rent paid at the commencement of this lease as the extent of the portion surrendered bears to the total extent of the land and *(b)* a further sum

representing the difference between the value of the portion surrendered as appraised at the date of the lease and the enhanced value due to cultivation and improvements effected by the lessee.

(ii) The lessor shall give notice of such a situation to any financial institution having an interest in the land in terms of Clause 13 of this Schedule.

(iii) If the Divisional Secretary acting on behalf of the Lessor, and the lessee are unable to agree on this latter sum, it shall be determined by two arbitrators, to be nominated separately by the Divisional Secretary and the lessee, and if they differ between themselves, by a third arbitrator to be chosen by them before they proceed to determine the amount.

(iv) Provided further that the lessee shall be entitled to claim a reduction of the rent reserved by Clause I of this Schedule in proportion to the extent of land surrendered to the state from and after the date of such surrender.

17. (i) If the interests of the lessee herein are seized or sold in execution of a decree by any party other than any financial institution having an interest in the land in terms of Clause 13 of this Schedule against the lessee, the lease shall forthwith be terminated and the lessor may take possession of the land together with all improvements hereto.

    (ii) However, the lessor shall give prior notice of such a situation to any financial institution having an interest in the land in terms of Clause 13 of this Schedule.

18. (i) If there shall be any breach or non-observance of any of the lessee's covenants herein contained, it shall be lawful for the lessor to terminate this lease forthwith and to enter upon the land and the buildings thereon.

    (ii) However, the lessor shall give prior notice of such a situation to any financial institution having an interest in the land in terms of Clause 13 of this Schedule.

    (iii) If any payment including rent, either in whole or in part, due under this lease shall be in arrears for a period of ninety days after it has become due (whether legally demanded or not) or if the lessee shall become bankrupt or compounded with his/her creditors this lease may be terminated forthwith under the provisions of part X of the State Lands Ordinance, No. 8 of 1947, and the lessor may enter upon the land and re-possesses and enjoy the same.

    (iv) However the lessor shall give prior notice of such a situation to any financial institution having an interest in the land in terms of Clause 13 of this Schedule and afford such financial institution an opportunity to rectify same within 30 days from such notice by settling the rent in arrears or the amounts due from the lessee to any creditor. However, rectification does not include execution of fresh lease as provided for in Clause 13 of this Schedule "B". In the event the Financial Institution remedies such position and pays all rentals in arrears or fulfill any other obligation on the lessee the financial institution shall have the right to recover all payments made to lessor from lessees and/or the financial institution shall be entitled to the rights provided in Clause 13 of this Schedule "B".

19. On the expiry of earlier termination of this lease Clauses 17 and 18, lessee shall surrender to the lessor the land with all buildings thereon, and additions, improvements and fixtures thereto in such repair and condition as shall be in accordance with the covenants in this lease contained (due allowance being made for fair wear and tear).

20. The lessee shall not be entitled on such surrender as aforesaid to claim any payment of compensation for any improvements whatsoever effected to the land or buildings or any other account whatsoever.

21. No permission will be granted until expiry of **five** years from the date of commencement of lease for any subleasing or assigning other than assigning within the family, or subleasing or assigning to substantiate the purpose for which the land was obtained.

22. If the lessee fails to substantiate the purpose for which the land was obtained as well as the objectives/targets within the specified period of time, steps will be taken to cancel the agreement of lease. However, in the event the said lessee's rights to the land are mortgaged to a financial institution lessor shall give notice of such event to the financial institution and the financial institution shall be entitled to the rights provided in Clause 13 of this Schedule "B".

....

Signature of the Lessor

I CERTIFY under section 23(2) of the State Land Ordinance No. 08 of 1947 that the facsimile of the President was stamped hereon in my presence.

At ....

This ....

Day of ....

Two thousand and ....

....

Secretary to the President

....

Signature of the Lessee

Witnesses to the Signature of the Lessee :

1. ....
2. ....

Signed at ....

This ....

Day of ....

Two thousand and ....