



CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

This Contract of Lease, made and entered into, by and between **San Guillermo Complex Corporation**, a registered corporation under the Republic of the Philippines' Security and Exchange Commission, hereinafter referred to as the "**LESSOR**"

- and -

_____, a domestic corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at _____, and represented in this act by its _____ (Position) _____, _____ (Name of Officer), (hereinafter referred to as the "**LESSEE**");

WITNESSETH; that -

WHEREAS, the LESSOR is the registered owner of a building known as **San Guillermo Complex** Laoag City, Philippines.

WHEREAS, the Lessor desires to lease out a portion of the afore-described property in favor of the LESSEE and the LESSEE accepts the lease subject to the terms and conditions herein set forth.

NOW, THEREFORE, for and in consideration of the foregoing premises and the covenants hereinafter stipulated, the parties hereby agree as follows:

ARTICLE I PROPERTIES FOR LEASE

1. The LESSOR hereby transfers and conveys by way of LEASE in favor of the LESSEE a portion of the afore-stated properties (hereinafter referred to as the Leased Properties) specifically described as follows: Bldg. Portion App. Covered Flr. Area _____

2. Inspection; No Warranty. - The LESSOR leases the Leased Properties to the LESSEE on an "as is, where is" basis. The LESSEE hereby declares that it has inspected the Leased Properties prior to the execution of this Lease Agreement, and acknowledges that it is fully satisfied with the conditions thereof. The LESSOR makes no warranty as to the condition, operational or

structural capability, or as to any hidden defects of the Property which the LESSEE warrants to know by virtue of the LESSEE's duty to inspect.

3. Condition Precedent. - It is a condition precedent for the effectivity of this Lease Agreement that the LESSEE submits to the LESSOR a copy of its Articles of Incorporation and By-Laws and latest General Information Sheet including a Board Resolution specifically authorizing the corporation and the person representing the same in this instance to enter into this lease agreement with the LESSOR under the terms and conditions contained herein.

ARTICLE II CONSIDERATION

1. Rental Payment and Escalation Clause.- Within the first five (5) days of each calendar month, the LESSEE shall pay the LESSOR a monthly rent at the rate **of Eight hundred fifty pesos (Php 850.00)** per square meter or the total amount of _____ (P_____). In addition, the monthly rent shall escalate yearly by **one percent (1%)** percent of the base monthly rent starting on the _____ year and each year thereafter until the termination of this contract, the base rent being understood to be the monthly rent applicable for the said year as opposed to the original rent provided above.

2. Advance Rental Payment.-Within five (5) days from the signing of this Lease Agreement, the LESSEE shall remit to the LESSOR an amount equivalent to _____ months rent or the total sum of _____ (P_____) to be applied as rental payment for the last two (2) months of this contract, the rest will be refunded.

3. Security Deposit. - Within five (5) days upon the signing of this Lease Agreement, the LESSEE shall remit to the LESSOR an amount equivalent to six (4) month's rent or _____ (P_____) to serve as security deposit for any unpaid utility bills such as electricity, water, telephone, sanitation, sewerage and others, and to answer for any damages which the Leased Properties may suffer as well as to cover any unpaid monthly rent; interests or penalties. This amount is refundable to the LESSEE free of any interest thirty (30) days after the termination of this Lease Agreement subject to deduction for whatever utility bills and monthly rentals, interests, penalties that have remained unpaid and damages that may have been incurred, provided, that the LESSEE shall still be liable for any and all bills, rentals, interests, penalties and damages that may exceed this security deposit. The LESSEE shall not be allowed to offset or use its security deposit as its monthly rental payment.

ARTICLE III TERM OF LEASE

1. **Term.** - Unless earlier terminated for reasons specified herein, the term of this Lease Agreement shall be for one year minimum years to start on _____ and end at noontime on _____ renewable upon mutual agreement of the parties.

ARTICLE IV PURPOSE OF THE LEASE

1. Use of the Leased Properties. - The LESSEE shall use the Leased Properties strictly and exclusively as _____. If the Leased Properties are used for other purposes, the LESSOR has the choice to:

(i) Rescind the Lease Agreement; or

(ii) Increase the rent; or

(iii) Compel the LESSEE to stop the new activities. In no case shall the Leased Properties be used for immoral or illicit purposes and illegal acts or purposes.

2. Sub-Lease. - The LESSEE may sub-lease the Leased Properties; provided, that it has secured the prior express written consent of the LESSOR and that the provisions of this Lease Agreement is incorporated by reference in the proposed sub-lease; provided, further, that the purpose of the sub-lease will be substantially similar to that of the original lease provided, finally, that if the LESSOR so consents to the sub-lease, the LESSOR shall receive a fixed percentage of ten (10%) of the sub-lease rates over and above the regular rent already collected under this Lease Agreement.

It is understood that the LESSEE shall act as the surety of the sub-lessee for purposes of this Lease Agreement. The LESSEE shall provide LESSOR with a copy of the sub-lease agreement not later than ten (10) days after the execution of the sub-lease agreement. In addition, the LESSEE shall remit LESSOR'S percentage participation in the sub-lease rentals within the first five (5) days of each calendar month.

ARTICLE V DEFAULT

1. Interest Payment. - In the event the LESSEE fails to pay its monthly rent within the first five (5) days of each month, the LESSOR shall charge interest on the monthly rent at the rate of two percent (2%) percent per month, which shall be compounded monthly until full payment is made.

ARTICLE VI CANCELLATION

1.Grounds for Cancellation. - The LESSOR may cancel or terminate this Lease Agreement, upon the happening of any of the following events:

2.1. The LESSEE fails to pay its monthly rent when the same falls due.

2.2. The LESSEE fails to remit LESSOR'S percentage participation in the sub-lease rentals, if any, when the same falls due.

2.3. The LESSEE uses the Leased Properties for purposes other than those specified herein, without prejudice to the options available to LESSOR under Section 1, Article IV hereof.

2.4. The LESSEE violates any of the other terms and conditions of this Lease Agreement or fails to get the necessary permits from the national and/or local government units / agencies.

ARTICLE VII MISCELLANEOUS

1. Insurance. - The LESSEE shall obtain insurance coverage for the Leased Properties, against all insurable risks applicable from a duly accredited and reputable insurance company in an amount equal to the maximum insurable value of the Leased Properties. The LESSOR shall be the Beneficiary of the required Insurance. In case of complete loss or damage to the Leased Properties, and/or the improvements therein, during the term of this lease, the LESSOR shall have the option to reconstruct or restore the lost or damaged Leased Properties, and/or the improvements therein, to their original condition or to consider this lease automatically terminated. In case of damage in part, rental shall be reduced in proportion to the remaining tenantable or useable area.

2. Utilities.

Utilities. - All expenses for water, electricity, telephone, sanitation, sewerage, gas and other public utility services shall be for the account of the LESSEE. The cost of installation of utilities within the Leased Properties, such as water and electricity, shall be for the account of the LESSEE; provided, that any installation shall be under the control and supervision of the LESSOR and the latter has the right to indicate where the meter connections shall be placed.

Lessee may qualify for to benefit from our "Green Program" for **Free electricity** for spaces with specific purpose except commercial spaces that offer consumable and perishable food.

3. Improvements. - The LESSEE shall not make any structural changes, alterations, additions or improvements on the Leased Properties without the prior written consent of the LESSOR. Any alterations or improvements made or introduced by the LESSEE on the Leased Properties with the written consent of the LESSOR shall, upon the termination of this Lease Agreement, automatically be owned by the LESSOR without any obligation on the part of the LESSOR to pay or refund its value or cost to the LESSEE. Lessee should provide construction bond when its needed for any improvement.

4. Signs and Advertisements. - Subject to prior written consent of the LESSOR, the LESSEE may install, erect or affix upon the Leased Properties, signs or advertisements as may be necessary to promote and/or advertise the business in which it is engaged in. In requesting the approval of the LESSOR, LESSEE should submit a description and the specification of its proposed sign or advertisement.

5. Care of Leased Properties. - The LESSEE shall, at its own expense, maintain the Leased Properties in a clean and sanitary condition free from noxious odors, disturbing noises or other nuisances. The LESSEE, its employees, agents or representatives shall not in any manner damage or deface any part of the Leased Properties. The LESSEE shall comply with any and all reasonable rules and safety regulations which may be promulgated from time to time by the LESSOR, together with all the rules, regulations, ordinances or laws made by the duly constituted authorities; either by the National or City government or any of its agencies and instrumentalities, arising from or regarding the use, occupancy and sanitation of the Leased Properties.

6. General Maintenance, Sanitation, Repairs and Safety. - The cost of general maintenance and upkeep of the Leased Properties shall be for the account of the LESSEE. The LESSEE shall keep the Leased Properties in a clean, safe and sanitary condition and introduce all the needed repairs at all times. The LESSEE shall dispose all its garbage, waste, and other pollutants in accordance with the rules promulgated by the national or local government. All major repairs, shall be resulting from damages not attributable to the LESSEE's negligence shall be for the account of the LESSOR. For purposes of this contract, repairs in amount not exceeding TWENTY THOUSAND PESOS (P20,000,00) per occurrence of repairs shall be considered as minor repairs.

In case of damage to the Leased Properties or its appurtenances by fire, earthquake, volcanic eruption, war or any unforeseen cause, the LESSEE shall give notice to the LESSOR within a

reasonable time. In the event that the LESSEE through its own fault or negligence or that of its employees, agents or representatives, damages the Leased Properties, and LESSEE fails to repair the damage within a reasonable time, then the LESSEE shall be liable to LESSOR for liquidated damages in an amount equivalent to six months rent without prejudice to such other amounts as may be due LESSOR under this Lease Agreement and/or the law.

Security Miscellaneous

7. Fire Hazard and Obnoxious Substances. - The LESSEE shall not introduce, keep, deposit or store in the Leased Properties any obnoxious substance or inflammable material or substance not reasonably connected with the herein stated purpose of the lease which might constitute a fire hazard, without the prior written consent of the LESSOR. The LESSEE shall also not install within the Leased Properties any apparatus, machinery or equipment which may cause obnoxious tremors or noises nor store newspapers, cartons, wood, or other articles of light nature which may expose the Leased Properties to fire or increase the fire hazard of the Leased Properties or change its insurance rate.

8. Inspection of Premises. - The LESSOR reserves the right to enter and inspect the Leased Properties at reasonable times during business hours and with prior notice. The LESSEE agrees to cooperate with the LESSOR in keeping the Leased Properties in good and tenantable condition.

9. Assignment. - The LESSOR reserves the right to assign, transfer or encumber any of its rights and interests under this Lease Agreement to any entity without the need of obtaining the consent of the LESSEE except to notify the latter of the same. In the event of such transfer, assignment or encumbrance, the rights and interest of the LESSEE under this Lease Agreement shall be respected and observed in its entirety by such assignee, transferee or mortgagee, and for the entire term hereof unless otherwise mutually agreed upon by the parties including the LESSEE.

10. Return of Premises. - Upon the termination of this Lease Agreement for any reason whatsoever, the LESSEE shall peacefully and immediately vacate the Leased Properties and return possession thereof to the LESSOR in good and tenantable condition, devoid of all occupants, equipment and effects of any kind. Failure of the LESSEE to return the Leased Properties as provided herein shall make it liable to pay liquidated damages to the LESSOR in an amount equivalent to six (6) months rent without prejudice to such other amounts as may be

due LESSOR and/or such other remedies available to the LESSOR under this Lease Agreement and/or under the law.

11. Right to Enter the Premises to Recover Actual Possession.- Upon the failure of the LESSEE, or the sub-lessee as the case may be, to comply with any of the terms and conditions of this lease or its failure to vacate and return the premises as provided herein, the LESSOR or her authorized representative(s) shall have the right, upon five (5) days written notice to the LESSEE, or upon written notice posted at the entrance of the Leased Properties for the same period, to enter and take possession of the said premises, without need of resorting to any court action, holding, taking custody and impounding such possessions and belongings of the LESSEE found therein after conducting an inventory of the same in the presence of witnesses, until such time that all the rentals, interests, penalties, unpaid utility bills, damages or other amounts due to the LESSOR has been fully settled by the LESSEE.

All these acts being hereby agreed to by the LESSEE as tantamount to his voluntary vacation of the leased premises without necessity of suit in court and authorizing LESSOR to use all necessary and reasonable force to break open doors and to enter the premises and take actual possession thereof, and such entry and use of reasonable force should not be regarded as trespass, nor be sued as such, or in any wise be considered as unlawful.

12. Transfer of Rights. - The LESSEE shall not assign, or transfer or encumber its rights under this lease without the prior written consent of the LESSOR and no right, title or interest thereto or therein shall be conferred on or vested in any other party other than the LESSEE without such written consent.

13. Indemnity. - The LESSEE shall hold LESSOR free and harmless from any loss, damage, injury suffered by the LESSEE, its agents or employees, clients, guests or customers or other third persons arising out of the use of the Leased Properties by LESSEE, its agents, employees, clients, guests, or customers including but not limited to, claims for property damage, personal injury or wrongful death, or losses or damages occasioned by reason of any event or cause which could not be foreseen, or which, though foreseen, were inevitable such as but not limited to fire, earthquake, lightning, typhoons, flood, volcanic eruption, robbery, theft or other crimes. In addition, the LESSOR shall not be liable nor responsible:

(i) For the presence of bugs, vermin, rats, insects, or other similar creatures, if any, in the Leased Properties:

(ii) For the failure of electrical and/or water supply due to causes beyond LESSOR's control;

(iii) For any injury, loss or damage which the LESSEE, its agents or employees, might sustain while in the Leased Properties due to causes attributable to the fault of said LESSEE, employees, agents and/or representatives, or those of its clients, guests or customers;

(iv) For any damage done or occasioned by, or arising from the plumbing, gas, water, and/or other pipes or air-conditioning system or for the bursting, leaking or destruction of any tank, cistern, washers, and water closets or waste pipelines in, above, upon, or about said Leased Properties, nor for any damage arising from or attributable to acts of negligence of the LESSEE or its agents, employees, representatives or any and all other persons over which the LESSOR has no control.

14. Non-Waiver. - The failure of the LESSOR to insist upon a strict performance of any of the terms, conditions and covenants hereof shall not be deemed a relinquishment or waiver of any of the rights or remedies that the LESSOR may have, nor shall it be construed as a waiver of any subsequent breach or default of its terms, conditions and covenants which shall continue to be in full force and effect. No waiver by the LESSOR of its rights under this Lease Agreement shall be deemed to have been made unless expressed in writing and signed by the LESSOR.

15. Amendments. - Any amendments or additional terms and conditions to this Lease Agreement must be in writing.

16. Venue. - In case of any dispute arising in connection with this Lease Agreement, the parties hereby agree that the venue for the settlement of the dispute shall fall exclusively within the jurisdiction of the proper courts in the City of Laoag, Philippines.

IN WITNESS WHEREOF, the parties have set their hands and affixed their signatures this _____ in the City of _____, Philippines. LESSOR LESSEE SIGNED

IN THE PRESENCE OF: _____ (ACKNOWLEDGMENT)