LEASE CONTRACT

KNOW ALL MEN BY THESE PRESENTS:

This Contract of Lease made and executed into by and between:

LA CAMPANA FABRICA DE TABACOS, INC., a corporation duly organized and existing under the laws of the Republic of the Philippines with office address at 9109 La Campana Corner Trabajo Street, Barangay Olympia, Makati City, duly represented by its Property Manager, MR. JOSE RICARDO V. MABUL hereinafter referred to as the LESSOR;

-AND-

PHILIPPINE GUARANTEE CORPORATION, a government-owned and controlled corporation created by virtue of Executive Order No. 58 s. 2018 with principal office address at 17th Floor BDO Towers Valero, 8741 Paseo De Roxas Street, Makati City, represented by its President and CEO, ALBERTO E. PASCUAL, hereafter referred to as the LESSEE;

Both LESSOR and LESSEE are to be known collectively herein as "PARTIES".

WITNESSETH:

WHEREAS, the Philippine Guarantee Corporation (PHILGUARANTEE) is in need of offsite facility warehouse to be leased for one (1) year;

WHEREAS, Bids and Awards Committee (BAC) of the PHILGUARANTEE recommended the award of the contract to La Campana Fabrica De Tabacos, Inc. for the offsite warehouse facility, after finding that its bid is the Single Calculated and Responsive Quotation.

WHEREAS, La Campana Fabrica De Tabacos, Inc., as the LESSOR of the facility, is the owner of a warehouse space approximately 223.45 square meters, located at 9109 La Campana Cor. Trabajo St. Olympia, Makati City, hereafter referred to as the "Leased Premises".

WHEREAS, subject to the terms and conditions herein set forth, the PARTIES agree as follows:

1. **LEASED PREMISES**. The area subject of this Contract is composed of Two Hundred Twenty Three and 45/100 sq. m. (223.45 sq.m.), located at 9109 La Campana Cor. Trabajo St. Olympia, Makati City on a condition proper and fit for the purpose of the LESSEE.

M

- 2. **CONDITION OF THE LEASED PREMISE.** The LESSEE hereby acknowledges to have received the leased premises in good working condition. Part of the condition of the premises where the warehouse facility is located, includes:
 - a. 3-Phase electricity with proper lightning;
 - b. Ventilation;
 - c. Water supply;
 - d. Firefighting (fire extinguisher);
 - e. Common Comfort Room;
 - f. Pest control (on the account of the Lessor); and
 - g. 24/7 Security.

LESSEE must use customary diligence and care in maintaining the said premises.

- 3. LEASE TERM. This contract shall be for a period one (1) year, from January 16, 2023 to January 15, 2024 subject to renewal at the option of the parties and under the terms and conditions to be mutually agreed upon by the parties, and following the applicable provisions of RA 9184 and its Implementing Rules and Regulations.
- 4. USE OF THE LEASED PREMISES. The leased premises shall be used by the LESSEE exclusively as records storage. LESSEE further covenants and agrees that it will not be used, nor suffer or permit any person or persons to use this Contract in violation of any laws, pertinent rules or regulation of the republic of the Philippines.

In using the Leased Premises, the LESSEE shall faithfully comply with the following conditions:

- a. The LESSEE shall not bring into nor store in the Leased Premises any inflammable or explosive goods or materials other than those that are necessary for the purpose to which the premises was leased.
- b. Neither shall the LESSEE carry on or permit upon the Leased Premises any trade or occupation or suffer to be done any other activity which may expose the Leased Premises to fire, or thereby increase the fire hazard, or render any increase or extra premium payable for the insurance of the Leased Premises against fire, earthquake and the like, or which may make void or voidable the whole or part of any policy for such insurance. The LESSEE shall be held liable for any and all damages the LESSOR may suffer through any act or omission of the LESSEE, in violation of this paragraph.
- c. The LESSEE shall not use the Leased Premises for dwelling, sleeping or residential purposes.
- 5. NOTICE TO THE LESSOR. Should the LESSEE desires to renew, extend or terminate the contract prior to end of the lease, written notice thereof should be given to the LESSOR at least sixty (60) calendar days prior to the expiration of the current term and subject to the provisions of Item No. 13 (termination) hereof.

A Property of the second of th

6. CONSIDERATION.

6.1. MONTHLY RENTAL. During the duration of this contract, the monthly rental shall be ONE HUNDRED THOUSAND ONE HUNDRED FIVE & 60/100 PESOS (\$\mathbb{P}100,105.60) inclusive of all applicable taxes, which shall be paid on or before the 19th day of the month at the office of the LESSOR, without need of further demand.

Basic Rental (₱)	12% VAT (₱)	Total (₱)	GMP- CVAT (₱)	EWT (₱)	Total Withhold ing Tax (₱)	Net Amount of Rental (₱)
89,380.00	10,725.60	100,105.60	4,469.00	4,469.00	8,938.00	91,167.60

6.2. COMMON USAGE SERVICE AREA (CUSA). LESSEE agrees to pay the LESSOR, common dues for the services rendered by the LESSOR, amounting to TWENTY FIVE THOUSAND TWENTY SIX & 40/100 PESOS (₱ 25,026.40), inclusive of all applicable taxes.

CUSA (₱)	12% VAT (₱)	Total (₱)	GMP- CVAT (₱)	EWT (₱)	Total Withholdi ng Tax (₱)	Net Amount of CUSA (₱)
22,345.00	2,681.40	25,026.40	1,117.25	1,117.25	2,234.50	22,791.90

6.3. MODE/TERMS OF PAYMENT.

- 6.3.1 Upon signing of this Contract the LESSEE shall pay the LESSOR the amount of Four Hundred Fifty One Thousand Three Hundred Sixty Nine Pesos (Php 451,369.00) representing two (2) months Advance Rental & CUSA amounting to Two Hundred Twenty Seven Thousand Nine Hundred Nineteen Pesos (Php 227,919.00) net of applicable taxes, and two (2) months Security Deposit amounting to Two Hundred Twenty Three Thousand Four Hundred Fifty Pesos (Php 223,450.00) respectively.
- 6.3.2 The remaining payment of rental and CUSA dues is on a monthly basis thru Ten (10) company checks dated every day of the month commencing from the 1st month of this contract to cover the entire lease period, its dated checks bearing the amount of One Hundred Thirteen Thousand Nine Hundred Fifty-Nine Pesos and Fifty Centavos (Php 113,959.50) representing the monthly rental and CUSA.
- CONTRACT DOCUMENTS: The following documents shall be deemed to form and be read and construed as part of this Contract:

- 1. Request for Quotation / Proposal;
- 2. Terms of Reference (TOR);
- 3. Proposal from the Winning Bidder;
- 4. Eligibility Requirements submitted by the winning bidder;
- 5. BAC Board Resolution No. 2022-230 re: Lease of Real Property for the Off-site Storage requirements; and
- 6. Notice of Award.
- 6.5 PROJECT COST ADJUSTMENT. In cases where the awarded contract is affected by any applicable new laws, ordinances, regulations, or other acts of the Government, promulgated after the date of bid opening, a contract price adjustment shall be made or appropriate relief shall be applied on a no loss-no gain basis.
- 7. TAXES: The LESSEE shall withhold taxes on rentals required under existing laws and regulations and promptly remit the same to the proper government agency.

The LESSEE shall provide the LESSOR a copy of the corresponding withholding tax certificate within five (5) days after each Monthly Due Date.

During the term of the lease, the LESSOR shall be wholly responsible for all realty taxes, documentary stamp, or other applicable assessment or charges over the subject leased premises.

8. SECURITY DEPOSIT/ADVANCE RENTAL.

8.1. **SECURITY DEPOSIT.** The said security deposit cannot be applied by the LESSEE as payment for any monthly rental. Said security deposit will be used by the LESSOR in case of any damage upon the leased premises CAUSED by the LESSEE or its representatives/employees. Likewise the same shall be used in case of any unpaid utility bills incurred upon in connection with the use of the leased premises by the LESSEE

In the event that the Security Deposit is reduced as a result of such deduction, the LESSEE shall, within five (5) days from written demand, make an additional deposit with the LESSOR in order to maintain the Security Deposit without VAT.

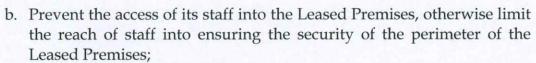
After the expiration of the lease term, the entire amount or any balance thereof shall be returned without any interest by the LESSOR to the LESSEE within Ninety (90) days from expiration of this lease without need of any further demand.

- **8.2 ADVANCE RENTAL.** In no case shall the 2 months advance rental be applied to any other months during the existence of the lease contract except for the last two months of the term of the Lease.
- 9. OBLIGATIONS OF THE LESSOR. For the duration of lease, the LESSOR shall:
 - a. Provide the Lease Premises with a total area identified in this Contract;

LESSOR shall:

a this Contract;

W



- c. Ensure that the Leased Premises and the surrounding perimeter is secured at all times. Otherwise, any loss or damages brought by intrusion of any person not authorized by the LESSEE inside the Leased Premises shall be charged against the LESSOR. Relatively, the LESSEE may institute any legal action it may deem fit to protect its rights on the Leased Premises.
- d. Ensure the confidentiality of the LESSEE and the contents of the Leased Premises to person/s not part of this Contract.
- e. Enter the Leased Premises as a necessary procedure for the maintenance of the leased premises, structure and the surrounding perimeter, subject to prior notice and consent of the LESSEE.
- f. Make reasonable repairs or undertake works for preservation, conservation or decoration of the structure and/or the surrounding perimeter of the Leased Premises, subject to the requirement in Item (e) of Par. 9. Expenses for the said works shall be for the account of the LESSOR.
- g. Comply with any and all laws, ordinances and regulations of the national and local government applicable to or binding upon the parties hereto. For this purpose, any and all pertinent provisions of RA 9184 and its IRR, and other applicable laws and regulations are deemed written and incorporated in this Contract.
- h. Perform the required services and carry out its obligations with all due diligence, efficiency and economy, and observe the highest degree of standards based on industry practice.

10. OBLIGATIONS OF THE LESSEE. For the duration of the lease, the LESSEE shall:

- a. Use the Lease Premises exclusively in accordance with the purposes to which this Contract was established;
- Pay the rent and CUSA in accordance with the terms provided in this Contract;
- c. Introduce improvement and or alterations on the leased premises with prior consent of the LESSOR. Such alterations and/or improvement shall be at the expense of the LESSEE and shall not cause any alteration to the surrounding parts of the Leased Premises;
- d. Maintain the cleanliness of the Leased Premises at its own expense;
- e. Secure the necessary permits and licenses at its expense as may be required by the national, city or municipal authorities in connection with its business.
- f. Liable to any damages of any nature or kind, caused by its fault or negligence or that of its employees, agents or representatives to the Leased Premises;
- g. Surrender and return the Leased Premises at the end of the term of the Contract.

11. WARANTIES AND REPRESENTATION. The LESSOR hereby represents and warrants that:

M

ents and

- a. The LESSOR has the full right, power and authority to carry on its business, to own its properties and assets, and to deliver this Contract and all other documents executed, or required or necessary to be executed pursuant thereto and the performance of all provisions, conditions, covenants and other terms of this Contracts;
- All appropriate and legal actions have been taken by it to authorize the
 execution and delivery of this Contract, and all other documents
 executed, or required or necessary to be executed and delivered are
 completed;
- c. This Contract and all other documents executed, or required or necessary to be executed pursuant thereto, constitute or when executed and delivered pursuant thereto, will constitute its legal, valid and binding obligations enforceable in accordance with their respective terms;
- d. The execution and delivery of this Contract and all other documents executed or required to be executed pursuant thereto and the performance of its obligations hereunder will not:
 - Conflict with its Articles of Incorporation , By-Laws and other constitutive documents;
 - Conflict with, result in breach of, or constitute an event which would either immediately or with the lapse of time or giving of notice or both, result in default under, or accelerate the performance required under this Contract;
 - iii. Conflict with or require any written consent or approval under any judgement, order, writ, decree, permit or license to which it is a party o by which any of its assets is bound;
 - iv. Require the written consent or approval of any other party to any agreement, document, contract, instrument or commitment to which it is a party or by which any of its assets is bound;
 - v. Affect the validity or enforceability of this Contract or that would affect the ability of the LESSOR to perform its obligations in this Contract.
- e. It is compliant with all applicable laws and regulations in connection with the delivery and execution of this Contract;
- f. No event has occurred and is continuing which might materially and adversely affect the carrying out of its obligations under this Contract.
- **12. DEFAULT BY THE LESSEE.** The LESSEE is considered in default under any of the following conditions:
 - a. Upon failure to pay monthly rental when it becomes due;
 - b. Upon failure to fill or complete security deposit or advance monthly rental pursuant to this Contract;
 - c. Upon failure to comply with any or other obligations under this Contract.

MIN

The state of the s

Default in payment of rent and/or CUSA, the LESSE is given a period of ten (10) days to make such necessary payment without need of demand and without incurring any late charges and/or penalty.

- 12.1 CONTINUOUS DEFAULT: LESSEE is in continuous default when it failed to remedy its default situation and subsequent failure to perform such obligation thereof.
- 13. DEFAULT BY THE LESSOR. The Lessor is considered in default under any of the following conditions:
 - When the LESSOR becomes insolvent, or commits or suffers an act of a.
 - The LESSOR suspends or discontinues all or a substantial portion of its b. business operations, whether voluntarily or involuntarily for a period of at least sixty (60) days;
 - Any material breach by the facility of any of the warranties and/ or C. representations made under this Contract.
- 14. VIOLATION / BREACH. Failure or delay of the LESEE to pay any monthly rental or any of its obligation under this contract for any reason whatsoever, or breach by the LESSEE of any conditions of this contract, shall entitle the LESSOR, in addition to pertinent provisions of this contract, to any or all of the foregoing:
 - to impose a penalty of Ten Thousand pesos (P10,000.00) for such act a. of default;
 - b. To rescind the contract and to padlock and take over the premises, due to LESSEE's failure to remedy the default, without the need of judicial action or permission from Barangay authorities;
 - To forfeit the security deposit and advance monthly rental in favor of c. the LESSOR;
 - To rescind the contract in the event of maximum of three (3) incidences d. of bouncing check in payment of any obligation arising from the contract;
 - To rescind the contract in the event of three (3) incidences of delay in e. the payment of the monthly rental in a year;
 - To rescind the contract if the breach is not remedied to the satisfaction f. of the LESSOR and to immediately take over the possession of the property upon adequate notice to vacate;
 - File action or take appropriate remedy in courts. g.
- 15. TERMINATION. This Contract may be terminated for compelling reasons such as destruction of the property due to fortuitous event, bankruptcy of the LESSEE, by reason of laws or regulations, by order of competent court or other government authority or any other similar situation that would justify such termination or extinguishment of the contract.
 - 15.1 The LESSEE may terminate this Contract with or without causes:

In case of termination by the LESSEE for compelling or similar grounds as above mentioned, the security deposit shall be returned, without interest, by the LESSOR to the LESSEE within 90-days after the

effective date of pre-termination subject to unpaid rental, cost of damages to the property, unpaid utility bills and any other applicable costs incurred by the lessee and due the lessor as may be determined upon such termination.

In case when the LESSEE is compelled to terminate this Contract by reason of legal issuance from the government, laws and regulations that may be issued subsequent to this Contract, the LESSEE may do so and still be entitled the security deposit, without any interest. Similarly, the said amount shall be release by the LEASOR to the LESSEE within the same period as mentioned in the previous paragraph.

15.2 LESSOR may terminate this lease with or without cause.

In case of termination without cause, the entire amount of advance rental and security deposit or any balance thereof shall be returned by the LESSOR to the LESSEE without interest within 90-days after the effective date of pre-termination subject to unpaid rental, cost of damages to the property, unpaid utility bills and any other applicable costs incurred by the LESSEE and due the LESSOR as may be determined upon such termination.

For termination with cause attributable to the LESSEE, such as but not limited to: continuous default or failure to remedy default situation, abandonment, desertion or continuous non-occupancy for a period of one (1) month, without any previous notice to the LESSOR and/ or during the time the LESSEE is in default in the payment of its obligation, the Lease Contract the LESSOR may enter the premises and take possession thereof without prejudice to its right of action against the LESSEE for unpaid rental and shall cause the forfeiture of the security deposit in favor of the LESSOR as indemnity thereof.

- 16. FORCE MAJEURE. If whole or any part of the leased premises shall be destroyed or damaged by fire, flood, lightning, typhoon, earthquake, storm, riot or any other unforeseen disabling cause of acts of God, as to render the leased premises during the term substantially unfit for use and occupation of the LESSEE, then this lease contract may be terminated without compensation by the LESSOR or by the LESSEE by notice in writing to the other.
- 17. PUBLIC UTILITIES, ELECTRICITY AND OTHER SERVICES. During the term of this Contract and until the LESSEE shall have actually surrendered the leased premises, the LESSEE shall pay for all electric, water, other public service/utility charges relating to or connected with the Leased Premises and for such services not required by the servicing entity of the LESSOR. The LESSEE shall also be responsible for any deposit which may be required by the servicing entity or the LESSOR, as the case may be.
- 18 IMPROVEMENTS. The LESSEE may, at its own cost and upon prior written consent from the LESSOR, introduce minor improvements, whether temporary or permanent necessary, useful or appropriate for the purpose by which this Contract was established and for the regular operation of the LESEE's business, such as but not limited to placing of partition over the Leased Premises.

The LESSE may likewise introduce major improvements or works, which shall be at its own cost and upon prior written consent of the LESSOR embodied and particularly defined on a building/project plan or document, including therein the period within which the works will be completed, among others. Said improvement is subject to posting of a construction cash bond, prior to implementation of the works, in the amount of Fifty Thousand pesos (\$\mathbb{P}\$50,000.00) to answer for any damage that may occur or may be reasonably determined thereafter, arising from such improvement or works.

Further, the LESSEE agrees that permanent or fixed improvement or those enhancements which when removed will cause damage to the property shall be forfeited in favor of the LESSOR at the termination of the lease. Temporary improvement which may be removed without causing unnecessary damage in the leased premises may be removed by the LESSEE.

INSURANCE. Within the first month of this lease, the LESSEE at its own cost may insure its goods, wares or merchandise stored in the leased premises which period of insurance should last until the end of the lease term. LESSEE must submit a copy of insurance policy to the LESSOR.

19.

RETURN OF THE LEASED PREMISES. LESSEE hereby agrees to return the leased premises at the expiration of the contract in as good a condition as reasonable wear and tear will permit without delay whatsoever. In connection hereof, LESSEE shall, at its own cost, restore back the leased premises to original is original state except for works done with LESSOR's prior approval and consent. If said premises are not surrendered to the LESSOR for all the damages which the LESSOR may suffer by reason thereof. For a proper turnover, LESSEE is given a grace period of five (15) days after the day of expiration to completely turnover the leased premises.

21. LIQUIDATED DAMAGES. Pursuant to the provisions of Republic Act No. 9184 and its Implementing Rules and Regulations, in the event that the LESSOR refuses or fails to completely deliver to the LESSEE the services required under this Contract, the LESSOR shall be liable for liquidated damages in the amount equivalent to one tenth of one percent (1/10 of 1%) of the Contract Price for every day of delay. In case the total sum of liquidated damages reaches ten percent (10%) of the total contract price, the LESSEE may rescind the Contract and impose appropriate sanctions over and above the liquidated damages to be paid.

In case it should become necessary for the LESSOR to file a suit for ejectment of the LESSEE and /or for the recovery of unpaid rentals the LESSEE agrees to pay as liquidated damages the sum if Fifty Thousand Pesos (Php 50,000.00) as for the attorney's fee, besides the court's sheriff's and other costs of the suit.

The liquidated damages in without prejudice to the LESSEE's liability to any and all kinds of damages or amounts thereof that maybe suffered by the LESSOR by reason of or in connection with the LESSEE's violation of any of the terms of this Contract.

Further, the parties agreed that the courts of Makati City shall have the sole and exclusive jurisdiction over any court for action/s arising from this Contract.

2 mg

MM

22 AMENDMENT OF CONTRACT. Any amendment of this Contract shall, to be operative, be in writing, signed by both parties and state expressly that the parties intend that this Contract be considered amended, specifying the provision or paragraph being amended.

Nonwaiver of Rights. Failure or delay on the part of any party to insist one or in several instances on the strict performance by the other of any stipulation or condition of this Contract and/or to exercise any right or option herein shall not be construed as abandonment, withdrawal, waiver or cancellation of such stipulation, condition, right or option.

23 JOINT DRAFTING; SEPARABILITY. The provisions of this Contract result from and/or joint drafting by parties. In case any part or parts of this Contract will be deemed unlawful, the remaining unaffected portions shall continue to govern the right of obligations of the parties until this Contract expired or is preterminated.

IN WITNESS WHEREOF, the parties have hereunto set their hands this __ day of _____ 202__ at ____ MAKATURY, Philippines.

PHILIPPINE GUARANTEE CORPORATION

LA CAMPANA FABRICA DE TABACOS, INC

Represented by:

ALBERTO E. PASCUAL

President and CEO

Represented by:

MR. JOSÉ RICARDO V. MABUL

Property Manager

SIGNED IN THE PRESENCE OF:

NEMIA C. MABULAY

Vice President, KCMD

Philippine Guarantee Corporation

VANNIE L. GAMAD

Property and Leasing Assistant La Campana Fabrica De Tabacos, Inc.

10

ACKNOWLEDGMENT

WAKATI CIT) SS:			
	JAN 1 0	2023	New York CHANG
BEFORE ME, this	day of	in	MAKATI CITY , Philippines personally

REPUBLIC OF THE PHILIPPINES)

appeared:

Name	Identification Document/s	Date and Place of Issue	
Jose Ricardo V. Mabul For: La Campana Fabrica de Tabacos, Inc.	Passport No. P7191090A	May 16, 2018 DFA Manila	
Alberto E. Pascual For: Philippine Guarantee Corporation	Driver's License No. N06-73-009938		

both known to me and to me known to be the same persons who executed the foregoing instrument and they acknowledged to me that the same is their own personal act and deeds.

The said Contract of Lease consists of eleven (11) pages including this page on which this acknowledgment is written, duly signed by the parties and their instrumental witnesses on each and every page hereof.

WITNESS MY HAND AND NOTARIAL SEAL.

Doc. No.

Series of 202

IBP NOTARY PUBLICOZ3-MAKATI CITY

KATI AVE., COR. SUPITER ST., MAKATI CHY EXECUTIVE SI