

CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

This Contract of Lease is made and executed on this 21st day of October 2019 (hereinafter, the "Contract") in Makati City by and between:

THE JOINT VENTURE OF:

MANILA BAY SPINNING MILLS, INC., a corporation duly organized and existing under and by virtue of the laws Republic of the Philippines, with principal place of business at 107 Lopez Jaena Street, Barangay Tañong, Marikina City,

- and -

T & K INVESTMENT CORPORATION, a corporation duly organized and existing under and by virtue of the laws Republic of the Philippines, with principal place of business at MBSMI Compound, 107 Lopez Jaena Street, Barangay Tañong, Marikina City,

pursuant to the Joint Venture Agreement executed on 4 September 2019, a certified true copy of which is hereto attached as Annex "A" hereof, represented herein for the purpose of this Contract by their Vice-President, **MARTIN K. TANCO**, and Finance Director, **ESTER T. GABALDON**, both duly authorized to sign in behalf of the Joint Venture, as evidenced by the Secretary's Certificate dated AUG 01 2019 certified true copy of which is hereto attached as Annex "B" hereof (hereinafter collectively called the "**LESSORS**"),

- and -

PHILIPPINE GUARANTEE CORPORATION, a government corporate entity duly organized under existing laws¹, with principal office at the 17th Floor, Citibank Tower, Valero Street, Salcedo Village, Makati City represented herein by its President and CEO, **ALBERTO E. PASCUAL**, duly authorized for the purpose of this Contract (hereinafter referred to as the "**LESSEE**").

ANTECEDENTS

MANILA BAY SPINNING MILLS, INC., is the registered owner of the 22nd and 23rd Floors of BPI-Philamlife Makati Building, 6811 Ayala Avenue, Makati City, with a total floor area of two thousand seven hundred twenty six & 81/00 (2,726.81) square meters, more or less (hereinafter referred to as "Condominium Units"), and the right to use a total of Fifty Three (53) Parking Slots within the Condominium Building (hereinafter referred to as "Parking Slots") (for brevity, the Condominium Units and the Parking Slots are hereinafter collectively referred to as the "Leased Premises").

T & K INVESTMENT CORPORATION, is the registered owner of the 24th Floor of BPI-Philamlife Makati Building, 6811 Ayala Avenue, Makati City, with a total floor area of one thousand three hundred ninety seven & 71/00 (1,397.71) square meters, more or less (hereinafter referred to as "Condominium Units"), and the right to use a total of Thirty Two (32) Parking Slots within the Condominium Building (hereinafter referred to as "Parking Slots") (for brevity, the Condominium Units and the Parking Slots are hereinafter collectively referred to as the "Leased Premises").

The total area of the Leased Premises shall consist of the following:

PARTICULARS	Manila Bay Spinning Mills, Inc.	T & K Investment Corporation	TOTAL
Leasable Area in square meters	2,726.81	1,397.71	4,124.52
Number of parking slots	53	32	85

¹ Executive Order No. 58, Series of 2018, entitled, "Approving the Merger of the Philippine Export-Import Credit Agency (PHILEXIM) with the Home Guarantee Corporation (HGC) and the Transfer of the Guarantee Functions, Programs and Funds of the Small Business Corporation (SBC) and the Administration of the Agricultural Guarantee Fund Pool (AGFP) and the Industrial Guarantee and Loan Fund (IGLF) to the PHILEXIM, and Renaming PHILEXIM as the Philippine Guarantee Corporation (PHILGUARANTEE)".

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ACCORDINGLY, the LESSORS hereby lease to the LESSEE the Leased Premises under the following terms and conditions:

Section 1. CONTRACT DOCUMENTS

The following documents shall be deemed to form and be read and construed as part of this Contract:

- a. Duly notarized agreement to enter into Joint Venture (JV);
- b. PhilGEPS Certificate of Registration under Platinum Category by each JV partners;
- c. Technical and Financial documents by any of the JV partners, which constitutes as collective compliance;
- d. Business/Mayor's Permit of the JV Partners;
- e. Duly notarized Secretary's Certificate;
- f. Signed Terms of Reference (TOR); and
- g. Procuring Entity's Notice of Award.

Section 2. LEASE PERIOD

- 2.1 This lease shall be effective for a period of five (5) years from the signing of this Contract, or from **21 October 2019 to 20 October 2024**.
- 2.2 The lease may be renewed for a another period of five (5) years from and after the expiration of the Lease Period under such terms and conditions acceptable to the parties; provided, however, that within one hundred eighty (180) days prior to the expiration of the Lease Period, the LESSEE shall inform the LESSORS in writing whether or not it desires to renew the lease.

The renewal/extension of this lease shall be subject at all times to the pertinent rules of R. A. 9184 (*Government Procurement Reform Act*), its Implementing Rules and Regulations, latest issuances and other laws pertinent thereto.

Section 3. RENTAL

- 3.1 The rental rate on the Leased Premises shall be **Six Hundred Eighty Pesos (P680.00)** per square meter, exclusive of VAT, for the Condominium Units, and **Three Thousand Pesos (P3,000.00)** per slot for the Parking Slots, or a total monthly rental of **Three Million Four Hundred Twenty Six Thousand Eight Hundred Thirty Four & 44/100 Pesos (P3,426,834.44)**, inclusive of VAT, for the 1st year. The escalation rate of six percent (6%) shall begin on the second (2nd) year of the lease; the said escalation shall remain until the fifth (5th) year of this Contract. The monthly rental rates for each year shall be computed as follows:

MANILA BAY SPINNING MILLS, INC.			
Lease Area	2,726.81 sq. meters 53 Parking Slots		
	Basic Rental/mo.	VAT	Total
Year 1	2,013,230.80	241,587.70	2,254,818.50
Year 2	2,134,024.65	256,082.96	2,390,107.61
Year 3	2,262,066.13	271,447.94	2,533,514.06
Year 4	2,397,790.09	287,734.81	2,685,524.91
Year 5	2,541,657.50	304,998.90	2,846,656.40

T & K INVESTMENT CORPORATION			
Lease Area	1,397.71 sq. meters 32 Parking Slots		
	Basic Rental/mo.	VAT	Total
Year 1	1,046,442.80	125,573.14	1,172,015.94
Year 2	1,109,229.37	133,107.52	1,242,336.89
Year 3	1,175,783.13	141,093.98	1,316,877.11
Year 4	1,246,330.12	149,559.61	1,395,889.73
Year 5	1,321,109.92	158,533.19	1,479,643.12

Pursuant to the Technical Specifications dated 2 August 2019 duly signed by the LESSORS and the Assignment of Rights of Payments dated 1 August 2019 executed by T & K Investment Corporation in favor of Manila Bay Spinning Mills, Inc., all rental payments shall be made to Manila Bay Spinning Mills, Inc.; thereafter, Manila Bay Spinning Mills, Inc. shall remit to T & K Investment Corporation its share in the total monthly rental within five

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(5) days from receipt of such rental payment with the corresponding BIR Form 2307 for the withholding tax on each and every payment.

The monthly rental shall be paid within five (5) working days from the time payment is due reckoned from the date of execution this Contract.

- 3.2. **ADVANCE RENTAL.** Upon execution of this Contract, the LESSEE shall pay the LESSORS a total amount of **Four Million Three Hundred Twenty Six Thousand Two Hundred Ninety Nine & 52/100 Pesos (P4,326,299.52)**, representing full payment of one (1) month Advance Rental inclusive of Value Added Tax (VAT). The Advance Rental shall be applied to the last month rental of this Contract and will be subjected to applicable Withholding Tax to be deducted by the LESSEE, which then shall be remitted by the LESSEE to the Bureau of Internal Revenue (BIR). The LESSEE shall transmit to the LESSORS together with each monthly rental payments, BIR Form 2307 for the Withholding Tax and BIR Form 2306 for the VAT payment. The Advance Rental shall be paid as follows:

LESSORS	RENTAL AMOUNT
Manila Bay Spinning Mills, Inc.	P 2,846,656.40
T & K Investment Corporation	1,479,643.12
TOTAL	P 4,326,299.52

Without prejudice to the right of the LESSORS to terminate this Contract due to non-payment of rentals, the LESSEE agrees to pay the LESSORS a penalty charge of three percent (3%) a month on all unpaid rentals and other charges, the same to be counted from the date said rental and other charges become due and demandable until fully paid. The LESSEE shall have no right to demand that delayed or unpaid rentals and other charges be taken from the Security Deposit under Section 4 hereof.

3.3 **RENT FREE FIT-OUT PERIOD**

The LESSEE shall be entitled to a rent-free fit out period equivalent to fifteen (15) days from the date when the possession of the Leased Premises is transferred to the LESSEE, however, the LESSEE will shoulder the cost of Association Dues including utilities at the start of the Lease Period.

3.4 **TURN-OVER AND ACCEPTANCE OF THE LEASED PREMISES**

The LESSEE acknowledges that the Leased Premises is free from occupants and ready for the LESSEE to undertake its construction or renovation/improvements, transfer or move its furniture, equipment and other paraphernalia at any time commencing from the execution of this Contract.

3.5 **LESSORS' GUARANTEE**

The LESSORS guarantee the LESSEE's right of possession and use of the Leased Premises during the term of the lease and any renewal thereof.

Section 4. SECURITY DEPOSIT

- 4.1 Upon signing of this Contract, the LESSEE shall remit to the LESSORS a security deposit in a sum equal to three (3) months rental based on the last year rate exclusive of VAT amounting to **Eleven Million Five Hundred Eighty Eight Thousand Three Hundred Two & 27/100 Pesos (P11,588,302.27)** ("the Security Deposit"), which shall be allotted as follows:

	SECURITY DEPOSIT AMOUNT
Manila Bay Spinning Mills, Inc.	P 7,624,972.50
T & K Investment Corporation	3,963,329.77
TOTAL	P11,588,302.27

- 4.2 The Security Deposit shall answer for any and all unpaid obligations of the LESSEE to the LESSORS under this Contract, as well as for any damage to the Leased Premises arising from causes other than wear and tear.
- 4.3 The Security Deposit shall not earn interest. The Security Deposit shall be returned by the LESSORS to the LESSEE, without any interest, within (60) days from and after the

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termination of this Contract or the expiration of the Lease Period, less such amounts as may be necessary to answer for any unpaid obligations of the LESSEE to the LESSORS under this Contract or damage to the Leased Premises.

The LESSORS, at their sole option, shall have the right to deduct from the Security Deposit any and all unpaid rentals, charges and damages to the Leased Premises for which the LESSEE may be liable to the LESSORS under any provision of this Contract. In the event that the Security Deposit is reduced as a result of such deduction, the LESSEE shall, within five (5) days from demand, make an additional deposit with the LESSORS in order to maintain the deposit at an amount equal to two (2) months rental. The provision herein shall be without prejudice to the the right of the LESSORS to eject the LESSEE for failure to comply with any provision of this Contract.

- 4.4 Should the LESSEE vacate the Leased Premises before the expiry date of this Contract, which is 20 October 2024, the Security Deposit shall be automatically forfeited to the LESSORS without prejudice to the exercise by the latter of the other rights granted to it under this Contract.
- 4.5 If the LESSEE will extend this Contract of Lease for another five (5) years but the LESSEE pre-terminated it before the end of the fifth (5th) year, for whatever reason, the Security Deposit shall be automatically forfeited in favor of the LESSORS and penalty charges of additional one (1) month rental shall be imposed by the LESSORS to the LESSEE.

Section 5. OFFICE PURPOSE

The Leased Premises shall be used solely and exclusively by the LESSEE and for the purpose of establishing an office.

Section 6. TAXES

- 6.1 **Tax on Rental Payments.** All income taxes arising from any payment by the LESSEE to the LESSORS contemplated in this Contract shall be for the account of the LESSORS. The LESSEE, however, shall be responsible for any creditable withholding tax obligations from the rental payments and shall remit such tax and file the necessary returns to the BIR. The LESSEE shall likewise be responsible for submitting the BIR Form 2307 to the LESSORS upon payment of the rental.

Any VAT which may be levied or assessed on the rental and other payments owing by the LESSEE to the LESSORS shall be for the account of the LESSEE. For this purpose, the LESSEE shall pay to the LESSORS on account of this lease by delivering to the latter the said amount simultaneously with the payment by the former of the rental for the Leased Premises. Any increase in VAT which the government may impose during the Lease Period shall be for the account of the LESSEE which shall then be remitted to the BIR upon effectivity thereof.

- 6.2 **Real Estate Taxes.** The LESSEE shall be responsible for the payment of real property taxes and charges to be imposed by the Makati City Treasurer for the improvements within the Leased Premises during the term of the lease. Taxes on rental required to be withheld under existing laws and regulations shall be promptly remitted to the proper government agency. The LESSEE shall provide the LESSORS three (3) copies of withholding tax certificates to accompany the payments of monthly rental.

Section 7. UTILITIES/CONDOMINIUM DUES/PEST CONTROL/REAL ESTATE AND PERMITS/ INSURANCE

- 7.1 All utility and service charges pertaining to the Leased Premises, including but not limited to water, gas, telephone and electricity, as well as any interest, penalty and/or surcharge on such charges, shall be for the account of the LESSEE. The LESSORS shall not be liable for damages resulting from any breakdown in the utilities within the Leased Premises without its fault or within the BPI-Philamlife Makati Building (the "Building").
- 7.2 The condominium dues and charges on the Leased Premises, as well as any interest, penalty and/or surcharge on such dues and charges, shall be borne by the LESSEE. As agreed, the LESSEE will directly remit such condominium dues and charges to the BPI-Philamlife Makati Condominium Corporation.

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Any increase in the condominium dues which might be assessed by BPI-Philamlife Makati Condominium Corporation will be for the account of the LESSEE.

- 7.3 The LESSEE shall be responsible for providing pest control services for the Leased Premises, however, the LESSORS shall have the right but not the obligation to cause pest control services to be provided for the Leased Premises when such services are warranted in the LESSORS' opinion and the LESSEE fails or refuses to itself provide therefor, despite notice from the LESSORS. In the latter event, the LESSEE shall reimburse the LESSORS for the cost of such services upon demand.

It is agreed that the LESSORS shall allow regular pest and rodent control on all areas occupied by the LESSEE once every six (6) months during the duration of the lease.

- 7.4 The LESSORS shall be responsible for real estate taxes due on the Condominium Units and Parking Slots of the Leased Premises, however, all licenses, and permits attendant to the operations of the LESSEE's business for any other lawful use thereof not prohibited herein shall be for the account of the LESSEE.

- 7.5 The LESSEE shall have the right for its account to obtain insurance coverage over the improvements, furniture, equipment and its other properties within the Leased Premises. It is understood that the LESSORS shall be responsible for the insurance coverage on the Leased Premises only. Each party shall be entitled to the recovery of the insurance proceeds arising from loss as its interest may appear on the appropriate insurance policies

Section 8. CONDITION OF THE LEASED PREMISES

The LESSEE acknowledges that the Leased Premises is in good condition and suitable for the purposes for which it is intended.

Section 9. ALTERATIONS, ADDITIONS AND/OR IMPROVEMENTS

- 9.1 The LESSEE shall not make any major alterations, additions or improvements, or start or proceed with any repair work, or in any case, introduce improvements or start any work in the Leased Premises without first obtaining the LESSORS' prior written approval and consent which shall not be unreasonably withheld. All such alterations, additions, or improvements shall be done in accordance with the plans and specifications previously approved by the LESSORS and in compliance with the Master Deed and the Construction Guidelines of the BPI-Philamlife Makati Condominium Corporation.

- 9.2 Upon the termination of this Contract or the expiration of the Lease Period, all fixed and permanent improvements or alterations, additions, repairs or works of whatsoever nature introduced, built or installed by the LESSEE on the Leased Premises including those items which cannot be removed or detached from the Leased Premises without defacing, injuring or causing damage to the Leased Premises, shall form integral parts of the Leased Premises and shall not be removed therefrom and shall belong to and become the exclusive property of the LESSORS without any right on the part of the LESSEE to seek reimbursement for the cost or value thereof.

Any movable items owned by the LESSEE and other improvements which can be removed from the Leased Premises without causing any damage thereto, can be removed by the LESSEE within a reasonable period after the termination date. The LESSEE shall be given a reasonable time after termination to remove all of its trade or professional fixture, equipment, device and any and all non-permanent improvements introduced within the Leased Premises upon the expiration of the termination of this Contract, provided that the LESSEE shall at its own expense, repair any damage which may result from the removal of said fixtures, equipment, device or improvements.

Section 10. MAINTENANCE AND REPAIRS

- 10.1 The LESSEE shall abide with the House Rules as implemented by the BPI-Philamlife Makati Condominium Corporation and shall maintain the Leased Premises in good and in clean and sanitary conditions at all times.
- 10.2 Repairs arising from the structural defects of the Leased Premises shall be for the account of the LESSORS. For this Purpose, the LESSORS or its duly authorized representatives

shall be given access to the Leased Premises to make such repairs. All other repairs shall be for the account of the LESSEE.

- 10.3 The LESSEE shall be responsible for any and all damages to the Leased Premises caused by the fault or negligence of its employees, agents and guests. The LESSEE shall undertake at its sole expense all necessary repair and or restoration works. The LESSORS may opt to undertake the repairs but all the costs and expenses shall be reimbursed or paid for by the LESSEE.

Any interruption or hindrance in the use by the LESSEE of the Leased Premises due to the aforesaid repairs shall not entitle the LESSEE to any damages or compensation whatsoever, nor shall it be a cause for the reduction of rentals.

- 10.4 The LESSORS shall not be responsible or liable to the LESSEE for any failure of water supply, electrical current, or breakdown of other services in the Leased Premises and the building, nor for the presence of bugs, vermin, ants, termites, or other insects or pests in the Leased Premises and/or the BPI-Philamlife Makati Condominium Corporation.

Section 11. DESTRUCTION OF THE LEASED PREMISES

- 11.1 In the event that the LESSEE could not use the Leased Premises or any portion thereof due to *force majeure*, the LESSORS shall have the sole absolute discretion to repair or not to repair the same. In case the LESSORS decides not to repair the Leased Premises, they shall give the LESSEE a written notice of such decision within ten (10) days from and after the occurrence of the event which rendered the Leased Premises or any portion thereof untenable. Within ten (10) days from receipt of such written notice from the LESSORS, the LESSEE shall have the right to exercise any of the following options:

- (i) To terminate this Contract, in which case, the LESSORS shall return to the LESSEE the unused rentals advanced by the LESSEE, as well as the Security Deposit paid to the LESSORS without the interest subject to the allowable deductions for unpaid obligations and damage to the Leased Premises as provided in Section 3:06 of the Master Deed with Declaration of Restrictions, Annex-A of the BPI-Philamlife Makati Condominium Corporation, provided that the LESSEE shall have given the LESSORS a reasonable period of thirty (30) days within which to refund the same, or
- (ii) To continue with the lease with respect to the remaining usable portion of the Leased Premises and pay a proportionately reduced rental.

For purpose of this provision, *force majeure* shall include but not limited to fire, earthquake, floods, typhoons, war actions, orders or rulings by the government, whether national or local, or any of its agencies or instrumentalities which may adversely affect the performance of the obligations or exercise of the rights of the parties, and which could not be attributed to the fault, negligence or participation of the LESSEE or its agents and employees.

Section 12. INSPECTION OF LEASED PREMISES

- 12.1 The LESSORS or their authorized representatives shall have the right to enter the Leased Premises to inspect and examine the same or conduct activities for the maintenance of Leased Premises; provided, that the LESSORS give the LESSEE at least twenty four (24) hours advance notice of the inspection or examination, and that any such inspection or examination shall be conducted during reasonable office hours.

- 12.2 The LESSORS or their authorized representatives shall have the right to enter the Leased Premises within the last three (3) months prior to the expiration of the Lease Period in order to show the same to prospective tenants, in case the LESSEE decides not to renew this Contract; provided, that the LESSORS give the LESSEE at least twenty four (24) hours advance notice of the inspection or examination, and that any such inspection or examination shall be conducted during reasonable office hours.

Section 13. RETURN OF LEASED PREMISES

- 13.1 Upon the termination of this Contract or the expiration of the Lease Period, the LESSEE shall voluntarily return and peaceably and promptly vacate the Leased Premises without

the need for any notice or demand, and restore possession thereof to the LESSORS in the same condition as it was at the time of delivery, ordinary wear and tear excepted without any delay whatsoever. Simultaneously, the LESSEE shall deliver to the LESSORS the fixed and permanent improvements introduced, built or installed in the Leased Premises by the LESSEE in accordance with Section 9.2 hereof. If the Leased Premises and the said fixed and permanent improvements are not surrendered at the termination of this Contract or the expiration of the Lease Period, the LESSEE shall be responsible to the LESSORS for actual damages which the LESSORS may suffer by reason thereof, including but not limited to damages for the continued unlawful detention of the Leased Premises and such fixed and permanent improvements, at the rate of Two Thousand Five Hundred Pesos (P2,500.00) per day, and shall indemnify the LESSORS against any and all claims made by any succeeding tenant for any delay occasioned by the failure of the LESSEE to surrender the Leased Premises and the fixed and permanent improvements on time.

- 13.2 If the LESSEE continues to occupy the Leased Premises or any part thereof even after the expiration of the Lease Period with the acquiescence and consent of the LESSORS, this Contract shall be deemed renewed on a month to month basis only under the same terms and conditions.

Section 14. USE OF LEASED PREMISES

The use of the Leased Premises shall be subject to the following conditions:

- (i) The LESSEE shall not use the Leased Premises for any unlawful or immoral purpose and any other purpose contrary to public policy, or such purpose that will impair the purpose of the lease;
- (ii) The LESSEE shall not store any flammable, toxic, harmful, poisonous or noxious substance or material in the Leased Premises;
- (iii) The LESSEE shall not store any item or contraband the possession, use, distribution, or sale of which is prohibited by law, including but not limited to prohibited drugs, firearms, ammunition, explosives, pornographic materials, and the like;
- (iv) The LESSEE shall not make any alteration, partition, or change in the electrical, plumbing or sanitary systems and fixtures, or the installation of any shade, awning, blind or window guard, without the prior written consent of the LESSORS.
- (v) The LESSEE may sub-lease the Leased Premises or any part thereof with the prior approval of the LESSORS;
- (vi) The LESSEE shall not bring into nor store in the Leased Premises any flammable or explosive goods or materials, nor any article which may expose the Leased Premises or the BPI-Philamlife Makati Condominium Corporation to fire, or thereby increase the fire hazard of the building or increase the rate of insurance, if any, of the Leased Premises or the BPI-Philamlife Makati Condominium Corporation. The LESSORS may prohibit entry of such article into the Building.

Neither shall the LESSEE carry on or permit upon the premises any trade or occupation or suffer to be done any other activity which may expose the Leased Premises or the BPI-Philamlife Makati Condominium Corporation to fire, or thereby increase the fire hazard, or render any increase or extra premium payable for the insurance of the building against fire, earthquake and the like, or which may make void or voidable the whole or part of any policy for such insurance, if any. The LESSEE shall be held liable for any and all damages the LESSORS may suffer through any act or omission of the LESSEE, in violation of this paragraph.

- (vii) The LESSEE shall not use the corridors and patios of the Building except as passageway or aisle to go in and out of the Leased Premises, nor shall the LESSEE make or cause to be made any openings in the Leased Premises to be used as a counter to transact business with the general public from outside the Leased Premises nor as a door, chute, window, skylight, or air-conditioning or other similar purposes.

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- (viii) The passageway leading to the fire escape must not be blocked or used as storage by the LESSEE.
- (ix) The LESSEE shall not use the Leased Premises for dwelling, sleeping or residential purposes, nor shall the LESSEE install or maintain any laundry or clothesline or allow the laundering of clothes or the keeping of pets, birds or animals within the Leased Premises.
- (x) The LESSORS shall not be liable for the loss of personal valuables or belongings of the LESSEE's employees, agents and guests.
- (xi) The LESSEE shall, at its own cost, maintain the Leased Premises, including its interiors, flooring, interior plaster or other finishes, doors, windows, cables, conduits, wirings, sockets, electrical installations, lighting and plumbing fixtures found in or about the Leased Premises, in clean, safe, sanitary and tenantable condition, reasonable wear and tear excepted. Without limiting the generality of the foregoing, the LESSEE shall: (a) ensure that all electrical equipment are turned off and all electronic switches and outlets are in the "off" position after office hours, except, when necessary, those machines and switches which operate their communication facilities such as facsimile machines and computers; (b) replace, at its sole cost, damaged windows, glass or plate glass of or in the Leased Premises as well as busted bulbs and other lighting fixtures; (c) provide, at its own cost, receptacles in the Leased Premises to hold and contain waste matter, garbage and refuse; (d) dispose of its garbage on a daily basis in the manner prescribed by the LESSORS and/or the rules and regulations of the Condominium Corporation; (e) keep drains, pipes, sanitary or plumbing apparatus, used exclusively by the LESSEE, its employees, guests, clients or customers in good, clean and tenantable condition and in accordance with the requirements imposed by the LESSORS, the BPI-Philamlife Makati Condominium Corporation and/or governmental authorities, provided that the LESSEE shall pay the LESSORS for all costs in cleaning, repairing or replacing any such drains, pipes or apparatus if the same are found to be blocked or stopped due to the careless and improper use or neglect thereof by the LESSEE, its employees, clients, customers or guests; and (f) undertake, at its sole cost, such other minor repairs as may be necessary to keep the Leased Premises in good and tenantable condition. Minor repairs refer to those repairs costing Twenty Thousand Pesos (₱20,000.00) or below per repair.
- (xii) The LESSEE shall not make, permit or suffer to be committed upon the Leased Premises any sound or noise as may, in the reasonable opinion of the LESSORS, constitute a nuisance or which would interfere with the rights, comfort or convenience of peace of the other persons in the Building.
- (xiii) The LESSEE shall promptly and strictly comply with any and all laws, ordinances, rules, regulations and orders which the national, provincial or local government, or any department, bureau, board, commission or other agency or instrumentality, thereof may promulgate. The LESSEE shall also promptly and strictly comply with the rules and regulations of the BPI-Philamlife Makati Condominium Corporation regarding the use, occupation, sanitation and safety of the Leased Premises, as the same may be amended from time to time.
- (xiv) In accordance with the National Building Code, the LESSEE is required to follow the safety measures required for the protection and safety of both the LESSORS and the LESSEE such as installation of fire extinguishers within the Leased Premises by the LESSEE.

Section 15. THIRD PARTY LIABILITY

The LESSEE shall indemnify, protect, defend and save free and harmless the LESSORS, their shareholders, directors, officers, employees, and agents against any and all liabilities, claims, suits, demands, damages, judgments, costs, fines, penalties, interest and expenses (including all professional fees and expenses thereof) which the LESSORS, their shareholders, directors, officers, employees or agents may suffer or be made liable for arising out of or in connection with (i) the use and occupancy of the Leased Premises by the LESSEE, its employees or agents, or other persons gaining access to the Leased Premises and/or BPI-Philamlife Makati Condominium Corporation on account of the LESSEE or its employees; (ii) any loss, injury, damage or death occurring in or about the

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Leased Premises due to the fault or negligence of the LESSEE; (iii) any work, installation or thing whatsoever done or omitted to be done in or about or due to the Leased Premises by the LESSEE, its employees, agents or contractors or other persons gaining access to the Leased Premises and/or BPI-Philamlife Makati Condominium Corporation on account of LESSEE or its employees; (iv) any breach or violation by the LESSEE of the stipulations of the Contract or the documents referred to in Section 15 below; and (v) all other acts and omissions of the LESSEE, its employees or agents, or any other persons gaining access to the Leased Premises and/or BPI-Philamlife Makati Condominium Corporation on account of the LESSEE or its employees.

Section 16. MASTER DEED AND RULES AND REGULATIONS

- 16.1 This lease shall be subject to the provisions of the Amended Master Deed with Declaration of Restrictions of the BPI-Philamlife Makati Condominium Corporation dated January 24, 1996, as well as any and all amendments thereto.
- 16.2 The LESSEE shall abide by the rules and regulations on the use and occupancy of the Leased Premises promulgated or which may hereafter be promulgated by the BPI-Philamlife Makati Condominium Corporation.

Section 17. DEFAULT OF THE LESSEE

- 17.1 The LESSEE shall be deemed to be in default within the meaning of this Contract in any of the following instances:
- (i) The LESSEE fails to fully pay on time any rental, utility and service charge or other financial obligation of the LESSEE to the LESSORS and to BPI-Philamlife Makati Condominium Corporation under this Contract within thirty (30) days from the time payment is due;
 - (ii) The LESSEE violates any of the other terms and conditions of this Contract, and such violation is not cured or remedied by the LESSEE within thirty (30) days from the date of occurrence of such violation;
 - (iii) The LESSEE abandons the Leased Premises, or leaves the Leased Premises vacant for thirty (30) days without any prior notice to the LESSORS; and
 - (iv) The LESSEE ceases operation, becomes insolvent or be unable to pay its debts when due or shall commit or permit any act of bankruptcy under applicable law.
- 17.2 In case of default of the LESSEE as provided in the preceding section, the LESSORS may terminate this Contract without need of judicial action by giving the LESSEE a prior thirty (30) day written notice to such effect. Upon termination of this Contract, the LESSORS may do any of the following:
- (i) To immediately repossess the Leased Premises and to re-let the same or any part thereof under such terms and conditions as the LESSORS may deem proper and convenient. In this connection, the LESSEE hereby grants unto the LESSORS the full power and authority to take possession thereof (including but not limited to entering the Leased Premises in any feasible and convenient manner, forcible entry, barring the LESSEE and its designated occupant from entering the Leased Premises, padlocking the Leased Premises, and such other steps designed to enable the LESSORS to effectively repossess the Leased Premises);
 - (ii) To demand and receive from the LESSEE payment for any and all unpaid rentals, utility and service charges or other financial obligations under this Contract, and charge interest therein at the rate of three percent (3%) per month or a fraction of a month to be computed from the due date for payment up to the date of receipt by the LESSORS of actual payment;
 - (iii) To take possession of the properties of the LESSEE used or situated in the Leased Premises. In this connection, the LESSEE hereby authorizes the LESSORS to offset the prevailing value thereof as appraised by the LESSORS against any unpaid rentals, charges and/or damages, including interest thereon. If the LESSORS do not want to use said properties, they may instead sell the same to
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CONTRACT OF LEASE

Joint Venture of Manila Bay Spinning Mills, Inc. & T & K Investment Corporation and PHILGUARANTEE
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third parties and apply the proceeds thereof against any unpaid rentals, charges and/or damages, including interest thereon;

- (iv) To forfeit in their favor the Advance Rental and Security Deposit; and
- (v) To re-let the Leased Premises or any part thereof under such terms and conditions as the LESSORS may deem proper and convenient.

17.3 Notwithstanding the termination of the lease, the LESSEE shall remain liable to pay the rental, utility and service charges and other obligations accruing on the Leased Premises, including interest thereon, until such time that the Leased Premises is actually vacated by the LESSEE. In addition, the LESSEE pay all expenses that may be incurred by the LESSORS to cause eviction of the LESSEE from the Leased Premises plus liquidated damages equivalent to twenty five percent (25%) of all LESSEE's obligations to the LESSORS, which in no case shall be less than the amount of Two Hundred Thousand Pesos (P200,000.00), and attorney's fees equivalent to twenty five (25%) of the total amount due from the LESSEE but which in no case shall be less than Fifty Thousand Pesos (P50,000.00).

Section 18. LIEN ON THE PROPERTIES OF THE LESSEE

Upon the termination of this Contract or the expiration of the Lease Period without the rentals, charges and/or damages, if any being fully paid or settled, the LESSORS shall have the right to retain possession of the properties of the LESSEE used or situated in the Leased Premises and the LESSEE hereby authorizes the LESSORS to offset the prevailing value thereof as appraised by the LESSORS against any unpaid rentals, charges and/or damages. If the LESSORS do not want to use said properties, it may instead sell the same to third parties and apply the proceeds thereof against any unpaid rentals, charges and/or damages.

Section 19. TRANSFER OF LEASED PREMISES

In case the LESSORS assign, transfer, convey, or sell the Leased Premises during the term of this Contract, the LESSORS shall, prior to such assignment, transfer, conveyance or sale, inform the person, firm or entity to whom the Leased Premises shall be assigned, transferred, conveyed, or sold of the existence and duration of this Contract, and undertake to exert best effort to cause such person, firm or entity to respect this Contract and to be bound by the terms and conditions hereof.

Section 20. CUMULATIVE RIGHTS

All rights or remedies conferred upon or reserved to any one of the parties under this Contract shall be deemed to be cumulative and not alternative nor exclusive of any other right or remedy given hereunder, or existing at law or in equity, and may be enforced concurrently therewith or from time to time. The failure of any party to insist on the strict condition of this Contract and/or to exercise any right or remedy or option herein shall not be construed as abandonment, withdrawal, waiver or cancellation of such stipulation, condition, right, remedy or option.

Section 21. PAYMENTS AND NOTICES

All payments and all notices required in this contract to be made by the LESSEE shall be made to or at the LESSORS' address stated below, or at such other address as the LESSORS may notify the LESSEE in writing.

**MANILA BAY SPINNING MILLS, INC.
T & K INVESTMENT CORPORATION
c/o MANILA BAY SPINNING MILLS, INC.
107 Lopez Jaena Street, Barangay Tañong, Marikina City**

Attention: **Ms. ESTER T. GABALDON** - Finance Director
Email address: etgabaldon@manilabay.com.ph

Or

Mr. MARTIN K. TANCO - Vice President



mktanco@manilabay.com.ph

For payments and other billing concern:

Contact Persons: **Romula Y. Montalla** - Chief Accountant
Email address: rymontalla@manilabay.com.ph
Melissa Reyes - General Accountant
Email address: mmreyes@manilabay.com.ph
Evangeline T. Chua - Credit & Collection Manager
Email address: evan.chua@manilabaythread.com

Tel. Nos.: 8941-9590; 8570-5881 local 101
Direct Lines: 8405-6805; 8654-1075

All collection and notices required under this Contract to be made to the LESSEE shall be sufficient if sent or mailed to, or posted to as follows:

PHILIPPINE GUARANTEE CORPORATION

17th Floor Citibank Tower, Citibank Plaza
Valero Street, Salcedo Village, Makati City

Attention: **Mr. ALBERTO E. PASCUAL** – President and CEO
Email address: aepascual@philguarantee.gov.ph

For collection and other billing concern:

Contact Person: **Engr. ARIES JOSEPH R. LEYNES**
Telephone No. 8885-4700 local 757
Email address: ajrleynes@philguarantee.gov.ph

Section 22. AMENDMENT

This Contract shall not be amended in any manner, unless such amendment is made in writing and signed by the parties hereto.

Section 23. VENUE

Any legal action or proceedings arising out of or in connection with this Contract shall be filed exclusively in the proper courts of Makati City. By the execution of this Contract, the parties hereby irrevocably submits to such venue.

Section 24. GOVERNING LAW

This Contract shall be governed by, and construed in accordance with, the laws of the Republic of the Philippines.

Section 25. SEPARABILITY

Any provision of or stipulation in this Contract which may be declared void or unenforceable by final judgment of a competent court shall not affect the validity of enforceability of the other provisions or stipulations not affected by such declaration.

Section 26. ENTIRE AGREEMENT

This Contract embodies the entire agreement of the parties hereto. There are no terms, conditions or obligations other than those contained herein. No amendment to this contract shall be valid unless the same is reduced to writing and signed by the parties hereto.

Section 27. REVIEW BY THE OGCC

Notwithstanding any provision of or stipulation in this Contract to the contrary, this Contract shall be subject to the review by the Office of the Government Corporate Counsel (OGCC) and any revisions or modifications recommended by the OGCC shall be deemed incorporated in this Contract.

CONTRACT OF LEASE

Joint Venture of Manila Bay Spinning Mills, Inc. & T & K Investment Corporation and PHILGUARANTEE
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IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to set their hands on this Contract on the date and in the place first above written.


PHILIPPINE GUARANTEE CORPORATION
TIN: 000-597-323

**THE JOINT VENTURE OF
MANILA BAY SPINNING MILLS, INC.**
TIN: 000-419-075

- and -

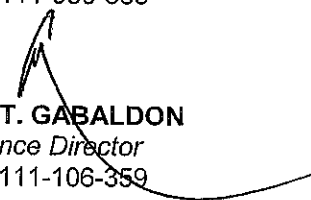
T & K INVESTMENT CORPORATION
TIN: 000-602-932

By:

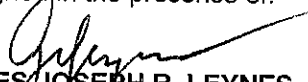

ALBERTO E. PASCUAL
President & CEO
TIN: 110-112-279

By:

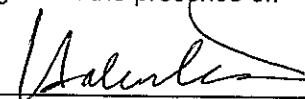

MARTIN K. TANCO
Vice-President
TIN: 111-930-565


ESTER T. GABALDON
Finance Director
TIN: 111-106-359

Signed in the presence of:


ARIES JOSEPH R. LEYNES
Printed Name & Signature

Signed in the presence of:


Printed Name & Signature

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY)
QUEZON CITY) SS.

BEFORE ME, a Notary Public for and in the above jurisdiction, this 22 OCT 2019 day of October 2019, personally appeared **ALBERTO E. PASCUAL**, representing Philippine Guarantee Corporation, with Driver's License No. NO6-73-009938 valid until 9/17/2023, known to me and through competent evidence of identity to be the same person who executed the foregoing instrument and acknowledged that the same is his free act and voluntary deed and that of the corporation herein represented.

This instrument, consisting of thirteen (13) pages including this page where the acknowledgment is written, has been signed by him and his witness on all pages hereof.

WITNESS MY HAND AND NOTARIAL SEAL.


ATTY. DOMINGO A. DOROJA

Notary Public

Until December 31, 2020

PTR No. 7347685 - 01/04/19 - Q.C.,

IBP No. 057660 - 12/21/18 - Mia. IV

Roll No. 22155

MCLE Compliance No. V-0027349

Office Address: 8 P. Tuazon Blvd.

Cubao, Quezon City

Doc. No. 491

Page No. 88

Book No. XXVII

Series of 2019.

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) SS.

BEFORE ME, a Notary Public for and in the above jurisdiction, this 22 OCT 2019 day of October 2019, personally appeared the following, representing the Joint Venture of Manila Bay Spinning Mills, Inc. and T & K Investment Corporation:

Name	Competent Evidence of Identity	Number/Expiry Date
MARTIN K. TANCO	COMELEC Voter's ID	7405-022A-L2865MKT10000-0
ESTER T. GABALDON	SSS Unified Multipurpose ID	CRN-0111-3448973-2

known to me and through competent evidence of identity to be the same persons who executed the foregoing instrument and acknowledged that the same is their free act and voluntary deed and that of the entity herein represented.

This instrument, consisting of thirteen (13) pages including this page where the acknowledgment is written, has been signed by her and her witness on all pages hereof.

WITNESS MY HAND AND NOTARIAL SEAL.

Doc. No. 432
Page No. 68
Book No. XXVII
Series of 2019.

ATTY. DOMINGO A. TOROJA
Notary Public
Until December 31, 2020
PTR No. 7247635 - DIVISION - Q.C.
IBP No. 057660 - 12/21/13 - ME. IV
Roll No. 22155
MCLE Compliance No. V-0027349
Office Address: 6 P. Tuazon Blvd.
Cubao, Quezon City