

CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

This Contract of Lease ("Contract") is made and entered into this 3rd day of April, 2023, by and between:

APPLEONE PROPERTIES INC., a domestic corporation duly organized and existing under the laws of the Philippines with business address at AppleOne Equicom Tower, Mindanao Avenue cor. Biliran Road, Business Park, Cebu City, represented by RAY G. MANIGSACA, hereinafter referred to as the "**LESSOR**",

-and-

SECURITIES AND EXCHANGE COMMISSION, a government agency created and operating by virtue of the laws of the Republic of the Philippines with office address at the SEC Headquarters, 7907 Makati Avenue Salcedo Village, Bel-Air Makati City, represented herein by its Human Resource and Administrative Department Director, **FILBERT CATALINO F. FLORES III**, hereinafter referred to as the "**LESEEE**".

The LESSOR and the LESSEE are collectively called Parties and individually as Party.

WITNESSETH, that:

WHEREAS, the LESSOR is the owner of AppleOne Equicom Tower, a building covered by Condominium Certificate of Title (CCT) No. 107-2012001913 located at Mindanao Avenue cor. Biliran Road, Cebu Business Park, Cebu City ("PROPERTY").

WHEREAS, the LESSEE, in compliance with the provisions of Republic Act No. 9184, or the Government Procurement Reform Act, requested quotation (**Annex A**) from the LESSOR, among others, for the lease of the PROPERTY.

WHEREAS, the LESSEE, by accepting the Lease Offer (**Annex B**) has determined that the PROPERTY, specifically, AppleOne Equicom Tower Unit 1200-A, is the best location or space suitable to house the SEC Cebu Extension Office, and the LESSOR has agreed by accepting the Notice of Award (**Annex C**) to lease that portion of the PROPERTY, hereinafter referred to as the LEASED PROPERTY, subject to the provisions of this Contract.

NOW THEREFORE, for and in consideration of the foregoing, the Parties hereto agree as follows:

- 1. PERIOD.** This Contract shall be for a period of one (1) year, effective 01 June 2023 or unit handover date, whichever comes first, unless sooner terminated upon thirty (30) day prior written notice to the other party prior to the desired date of termination. This notwithstanding, this Contract is automatically renewed for another one (1) year, subject to 5% rental escalation, unless a written notice is

transmitted by the LESSEE to the LESSOR of its intent not to renew this Contract thirty (30) days prior to the expiry of the original term.

2. **RENTAL.** That for the use and occupancy of the LEASED PROPERTY, the LESSEE shall pay monthly rental in the amount of **Seven Hundred Forty-nine Thousand Five Hundred Forty-eight Pesos and 80/100 (Php 749,548.80)**, inclusive of applicable taxes, *e.g. Value Added Tax (VAT)*, without necessity of demand on or before the 15th of each month at the LESSOR's office. Payment shall be in the form of cash or check and shall commence upon the signing of this Contract.

The amount of rent shall be fixed and not subject to price escalation except under "extraordinary circumstances" and upon approval of appropriate government agency, if applicable.

For the purpose of this Contract, "extraordinary circumstances" shall refer to events that may be determined by the National Economic Development Authority (NEDA) in accordance with the Civil Code of the Philippines and upon recommendation of the LESSEE. Any request for the price escalation under extraordinary circumstances shall rest with the entity requesting escalation. NEDA shall only respond to such request after receiving the proof and the necessary documentation.

LESSOR hereby represents and warrants that it has paid in full and on time all taxes assessed on the land covered by CCT No. 107-2012001913 and all improvement thereon due to the government as of the date of this Contract. During the effectivity of this Contract, LESSOR undertakes to regularly present a tax clearance from appropriate government agency, in compliance with existing rules and regulations.

Failure on the part of the LESSOR to pay taxes in full and on time will entitle the LESSEE to suspend payment of rent.

3. **ADVANCE PAYMENT AND SECURITY DEPOSIT.** An advance rent in the amount of **One Million Seven Hundred Eighty-Two Thousand Pesos (Php 1,782,000)** plus 12% VAT shall be paid by the LESSEE. The advance rent shall be applied as payment for the last three (3) months.

A security deposit in the amount of **One Million Seven Hundred Eighty-Two Thousand Pesos (Php 1,782,000)** shall also be paid by the LESSEE, which office shall be in accordance with the provisions of this Contract or any attachment/s thereto.

4. **WATER, ELECTRICITY, DUES, ETC.** All expenses for water, electricity, telephone, internet, association dues, maintenance garbage fees, and other applicable fees or charges, shall be for the account of the LESSEE.
5. **PURPOSE.** The LESSEE shall exclusively use the LEASED PROPERTY for office or display purposes and shall not divert the LEASED PROPERTY to other use without prior written consent of the LESSOR.

6. IMPROVEMENT, INSTALLATIONS, ALTERATIONS, ETC. The LESSEE may introduce changes, alterations or improvements in the LEASED PROPERTY but with prior consent of the LESSOR, which shall not be unreasonably withheld. Upon termination of this Contract, all such alterations, additions, installations or other improvements made by the LESSEE at its own expense which may be removed without defacing or injuring the walls or partitions of the Leased Premises shall remain properties of LESSEE.

In the installation of additional electrical appliances, such as water coolers, office refrigerators, fans, etc., wherein extra outlets will be needed, the LESSEE shall employ only the services of a licensed electrician.

7. REPAIRS, MAINTENANCE AND SANITATION. Ordinary repairs and maintenance of the LEASED PROPERTY including the fixtures, furnishings and improvements already provided by the LESSOR at the premises, shall be performed by the LESSEE without any need of approval from the LESSOR. All expenses for ordinary repairs and maintenance including expenses for renovations found necessary and/or desirable in the operation of its business shall be for the sole account of the LESSEE. It is understood that the LESSEE shall maintain the LEASED PROPERTY in a clean and sanitary condition, free from offensive odors, disturbing noises, or other nuisances.

8. FIRE HAZARD AND OBNOXIOUS SUBSTANCE. The LESSEE shall not keep, deposit or store in the LEASED PROPERTY any inflammable material or substance that might constitute a fire hazard, unless the necessary preventive equipment and/or insurance coverage is provided by the LESSEE.

8. TAXES AND INSURANCE. The LESSOR shall pay any and all taxes, such as real estate taxes, charges, assessments, fire insurance charges, and duties imposed on the real property subject of this lease, by national or local government authorities. The LESSOR shall also shoulder fire insurance charges on the property.

9. INSPECTION OF PREMISES. The LESSOR shall maintain the leased premises in good and tenantable condition and for such purposes, the LESSOR reserves the right, at reasonable time and with advance prior written notice to the LESSEE, to enter and inspect the LEASED PROPERTY in the presence of the LESSEE or its representative and to inspect or make repairs thereof. In case the LESSOR makes repair on the LEASED PROPERTY, LESSOR must adopt measures to ensure that the operations of LESSEE are not unduly disrupted.

10. FORCE MAJEURE. If the LEASED PROPERTY shall be damaged by fire or other cause without the fault or negligence of the LESSEE, or its employees, agents, clerks, servants, or visitors, the damage shall be repaired at the expense of the LESSOR, as speedily as possible after such notice; but if the property or LEASED PROPERTY be or nearly destroyed as to make it untenable, without the fault or neglect of the LESSEE, either party may demand the rescission of the Contract.

No party shall be liable for any delay or failure in the performance of its obligations under this Contract resulting from force majeure and without any fault or negligence on its part.

The party claiming force majeure, who is indefinitely unable to carry out any of its obligations herein, may request the other to suspend or to terminate this Contract.

In the event of occurrence of a condition of force majeure, either party shall notify the other in writing or by the fastest means available within seven (7) days from the commencement of such condition and shall exercise due diligence to prevent or contain further damage or loss brought about by such events.

Force majeure under this Contract shall include, but is not limited to floods, earthquakes, cyclones, fires, insurrection, rebellion, riots, civil disorders, labor strikes, acts of the governments, acts of God, and other similar causes beyond the control of either party, which events prevent the performance of their respective obligations under this Contract.

11. SUBLEASE, TRANSFER OF RIGHTS. The LESSEE shall not assign or transfer its right in this Contract nor sublease or any part of the LEASED PROPERTY without the prior written consent of the LESSOR which should not be unreasonably withheld, and no right, title or interests thereto or therein shall be conferred on or vested other than the LESSEE without such written consent.

12. RIGHT TO SELL AND/OR EXPROPRIATION. The LESSEE recognizes the right of the LESSOR to sell the LEASED PROPERTY and, in the event of sale, the LESSOR shall as much as possible, see to it that this Contract shall be respected by the prospective vendee. In which case, the LESSOR shall cause this lease to be annotated on the original of the Transfer Certificate of Title covering the Property on file with the Register of Deeds of Cebu City.

In the event that expropriation proceedings are instituted during the period of this lease by any instrumentality of the government or any other entity with the authority to exercise such power, either party may rescind this Contract, should the LEASED PROPERTY become no longer useful for the purpose of this lease, upon giving the other party thirty (30) day prior written notice thereof.

In case of partial condemnation of the LEASED PROPERTY, but the property or Leased Premises are still tenantable or fit for the use of the LESSEE and the lease continues in effect, the LESSEE may elect to vacate the LEASED PROPERTY or let the LESSOR repair, alter or restore the remaining part of the property and the demised premises and to substantially restore the premises in their tenantable condition. The rent shall be abated during said repair, alteration and restoration in proportion, if any, of the demised premises rendered untenable thereby.

13. BREACH OR DEFAULT. The parties agree that all covenants and agreement herein contained shall be deemed essential conditions hereof that if material default or breach be made of any such conditions without the same being remedied or cured within a period of thirty (30) days upon demand of the non-

erring party, the latter shall have the right to terminate and cancel this Contract whether judicially or extra-judicially, subject to the notice requirement under clause 1.

14. ARBITRATION AND GOVERNING LAW. For purposes of amity between both parties, any dispute arising from the implementation of this Contract shall be first be settled amicably by the parties within (30) working days from written offer of amicable settlement. Any and all disputes arising from the implementation of this Contract which shall not be settled by way of amicable agreement within the aforementioned prescribed period shall be settled and submitted to arbitration according to the provisions of Republic Act No. 876, otherwise known as the "Arbitration Law". The Arbitration Board shall consist of three (3) persons: one person designated by each party and the third person to be selected by the two (2) designated representatives; provided further, that by mutual agreement, the parties may agree in writing to resort to other alternative modes of dispute resolution in accordance with Republic Act No. 9285, otherwise known as the "The Alternative Dispute Resolution Act of 2004" and its Implementing Rules and Regulations.

In case either party would bring an action to protect their respective rights under this Contract, the venue shall be in the appropriate court of Cebu City for real actions, or, at the option of the plaintiff, in the appropriate court of Makati City or Cebu City for personal actions.

15. RULES AND REGULATIONS. The LESSEE agrees to abide by all the laws and other existing Rules and Regulations promulgated by the barangay, city government and other government agencies, or other laws, ordinances, rules and regulations promulgated by competent authorities affecting the occupancy of the LEASED PROPERTY.

The LESSOR warrants that the property where the LEASED PROPERTY are located conforms to the principle of safe construction, structurally sound and is suited for the purpose for which it was designed.

The LESSOR shall be responsible for structural defects of the LEASED PROPERTY and for any damage to persons or properties resulting from or as a consequence of such defects.

16. TERMINATION. Any violation of the terms and/or conditions provided in this Contract by either party shall be sufficient ground for the termination of this Contract by the party not at default, without any prejudice to any claim for damages arising therefrom.

IN WITNESS WHEREOF, parties herein affixed their signatures on the date and place above written.

LESSEE:

LESSOR:

SECURITIES AND EXCHANGE COMMISSION
T.I.N.: 000-190-308-000
(attached is Authority of Signatory)

APPLEONE PROPERTIES INC.
T.I.N.: 286-146-261-000
(attached is Authority of Signatory)

By:



FILBERT CATALINO F. FLORES III
Director, HRAD

By:

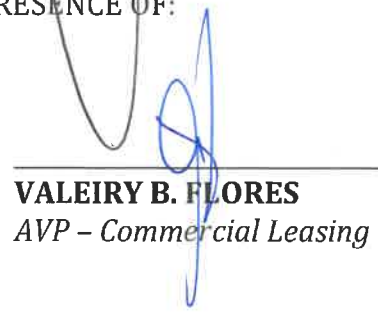


RAY G. MANIGSACA
President & CEO

SIGNED IN THE PRESENCE OF:



SHEARA L. LUPANGO-TAMAYO
Director, SEC - Cebu Extension Office



VALEIRY B. FLORES
AVP - Commercial Leasing

Certified on Availability of Funds:



DONDIE Q. ESGUERRA
Director, Financial Management Department

ACKNOWLEDGEMENT


REPUBLIC OF THE PHILIPPINES)
City of Cebu) S.S.

CEBU CITY

BEFORE ME, a Notary Public for and in _____, Philippines, this APR 13 2023 day of _____, 2023, personally appeared:

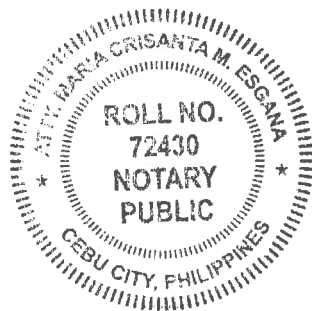
Name	Proof of Identity	Date and Place of Issue
RAY G. MANIGSACA	Phil passport #9318653A	10/27/18 DFA Manila


known to me and to me known to be the same person who executed the foregoing instrument and acknowledgement before me that the same is his free and voluntary act and deed as well as that of the entity represented.

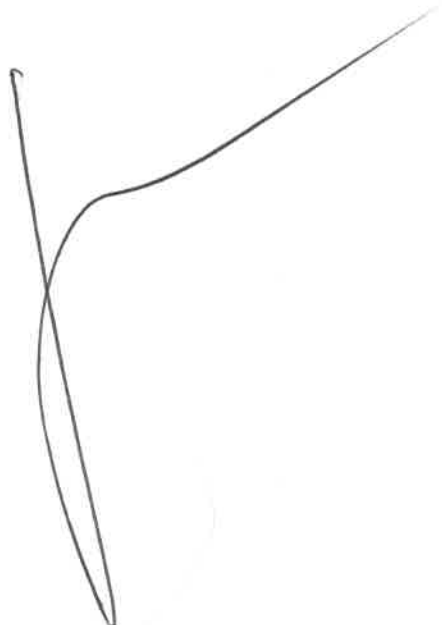
Said instrument refers to:  Contract of Lease at the Cebu City, consisting of 7 pages, including this page signed by the parties and their witnesses on each and every page thereof and sealed with my notarial seal.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal at the place and on the date first above written.

Doc. No. 56 ;
Page No. 21 ;
Book No. 1 ;
Series of 2023.




ATTY. MARIA CRISANTA M. ESCANA
NOTARY PUBLIC
NOTARIAL COMMISSION NO. 045-22-CEBU CITY
VALID UNTIL DECEMBER 31, 2023
ROLL OF ATTORNEYS No. 72430
IBP NO. 226517, 06/07/2022; CEBU CITY
PTR NO. 2305326, 01/11/2023; CEBU CITY
MCLE COMPLIANCE NO. VII - 0005408
29 SWEET HOME TOWNHOUSES,
KAUSWAGAN ROAD
BARANGAY TALAMABAN, CEBU CITY 6000



ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
City of Makati) S.S.

BEFORE ME, a Notary Public for and in Makati city, Philippines, this 5th day of May, 2022, personally appeared:

Name	Competent Evidence of Identity
FILBERT CATALINO F. FLORES III	TIN No. 154-426-785

known to me and to me known to be the same person who executed the foregoing instrument and acknowledgement before me that the same is his free and voluntary act and deed as well as that of the entity represented.

Said instrument refers to Contract of Lease, consisting of 8 pages, including this page signed by the parties and their witnesses on each and every page thereof and sealed with my notarial seal.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal at the place and on the date first above written.

Doc. No. ____;
Page No. ____;
Book No. ____;
Series of 2023.


Atty. Jenny Lou F. Decano
Administering Officer
SEC, Securities Counsel II
Securities and Exchange Commission
Republic of the Philippines