

CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

This Contract of Lease, made and entered, by and between:

BANTAYAN ISLAND REALTY AND DEVELOPMENT CORP., a corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal office and place of business at the Escario Building, 731 N. Escario St., Barangay Capitol, Cebu City represented herein by its Building Administrator, **JOSEPH T. ENARIO**, by virtue of the powers conferred upon him hereinafter referred to as the "**LESSOR**".

And

The **DEPARTMENT OF ENERGY**, a government agency created under Republic Act (R.A.) No. 7638 as amended with principal address at Energy Center, Rizal Drive, Bonifacio Global City (BGC) Taguig City, Metro Manila represented in this Act by its Undersecretary, **FELIX WILLIAM B. FUENTEBELLA** hereinafter referred to as the "**LESSEE**".

WITNESSETH: That --

WHEREAS, the LESSOR is the absolute and lawful owner of **ESCARIO BUILDING**, 731 N. Escario Street, Barangay Capitol, Cebu City, Philippines;

WHEREAS, LESSEE is willing and able to lease specific areas in Escario Building from the LESSOR;

WHEREAS, the LESSEE invites bids for the procurement of **OFFICE SPACE LEASE for CY 2023** and has accepted a bid by the LESSOR for the Leased Premises in the sum of **Four Million Eight Hundred Sixty-Two Thousand Two Hundred Eighty-Nine and 60/100 (Php 4,862,289.60)** (hereinafter called "the Contract Price").

NOW, THEREFORE, for and in consideration of the foregoing premises and circumstances, the parties mutually agree to be bound by the following terms and covenants, as follows:

ARTICLE I – DEFINITIONS

As used herein, the following terms shall have the following respective meanings:

"Building" shall refer to the **ESCARIO BUILDING**, located at Escario Building, 731 N. Escario Street, Barangay Capitol Site, Cebu City, Cebu.

"Common Areas" shall refer to all areas and facilities located or installed within or affixed to the Building, which are installed and provided by the LESSOR at its own expense and designated by the LESSOR for the general use and convenience of all, some or one of the lessees in the Building, their respective clients, employees, customers and guests.

"Force Majeure" shall mean an act, event or cause, which is unexpected or unforeseen, or if foreseen, must be impossible to avoid, or which is beyond the control of the LESSOR or the LESSEE.

"Leased Premises" shall refer to the area specifically described in Annex "A" to the Contract of Lease.

LEASED PREMISES	
Unit No.	Leasable Area
3F	Approximately 420 square meters
5F	Approximately 420 square meters

ARTICLE 2 - TERM AND DELIVERY OF LEASED PREMISES

Section 2.1 TERM - This Contract shall be for a term of seven (7) months, commencing on June 1, 2023 up to December 31, 2023, renewable upon mutually acceptable terms

Section 2.2 RENEWAL - The LESSEE may renew the lease agreement provided that it shall notify the LESSOR in writing of its intention to renew this Contract, at least ninety (90) days prior to its expiration subject to terms and conditions acceptable to LESSOR, otherwise, LESSOR may notify LESSEE in writing of its non renewal of this contract.

Section 2.3 DELIVERY OF LEASED PREMISES - The LESSOR shall deliver in good and tenable condition and suitable for fit-out works the leased premises to the LESSEE on or before May 31, 2023.

ARTICLE 3 - EXTENT AND USE OF THE LEASED PREMISES

Section 3.1 USE - The Leased Premises shall be used exclusively as an office only. For purposes hereof, the use of the Leased Premises as an office shall mean its use for the operation, administration and management of the business. Likewise the leased UNIT shall be used exclusively for business of a nature that will complement the use and development of the surrounding UNITS, as the LESSOR may determine. A breach by LESSEE of this condition shall entitle LESSOR to demand the immediate cessation of unauthorized activities or to cancel this Contract.

The LESSEE shall not divert the Leased Premises to other uses, without the prior written consent of the LESSOR, it being expressly agreed that if, at any time during the term of this lease and without the previous written consent of the LESSOR, the said premises are used for purposes other than what has been agreed upon, the LESSOR shall have the option to (a) cancel this Contract in accordance with Article 17 hereof and the LESSOR shall and thereupon become entitled to exercise all the rights provided thereunder; (b) increase the rent; or (c) compel the LESSEE to stop the unauthorized activities.

Section 3.2 CONDUCT OF BUSINESS - The LESSEE shall at all times, during the term of this lease, conduct its business in a reputable manner in accordance with the urban design quality of the Building. All the government permits or licenses which are necessary or appropriate for the conduct of business by the LESSEE in the Leased Premises shall be obtained by the LESSEE and shall be maintained by the LESSEE for the duration of the lease term or renewal thereof, and all costs and expenses to be incurred in connection with these permits or licenses shall be for the account of the LESSEE.

Section 3.3 EXCLUSIVE RIGHTS OF LESSOR - The grant of this lease shall, however, not prejudice or adversely affect the following exclusive and absolute rights of the LESSOR to the extent specified below:

(a) to provide for the free and uninterrupted passage and running of water, drainage, electricity, telecommunications or other public utilities or services through the installation of conduits, pipes, wires, cables or ducts as are now or may be hereafter be installed in, on or under the Leased Premises, serving or capable of serving the Building or any adjoining property, and to enter the Leased Premises to inspect, repair or maintain such conduits, pipes, wires, cables or ducts after prior notice to the LESSEE except in cases of emergency. Any such activity shall be effected in a manner as to cause the least inconvenience to the LESSEE, its employees and/or guests.

(b) to undertake the improvement of the Building or any development work in an adjoining site or within the vicinity of the Building, in such a manner as to cause the least inconvenience to the LESSEE, its employees, guests, customers and clients, and for this purpose, the LESSEE shall not hold the LESSOR liable for any resulting disturbance or discomfort arising out of such development work or improvement.

Section 3.4 EXTENT OF LEASED PREMISES - This lease does not extend to the outside portions of the Building corresponding to or opposite the Leased Premises. The Common Areas within the Building are likewise not part of the Leased Premises, and no other property of the LESSEE shall be placed therein or thereon. The LESSOR shall have the right to cause the removal of merchandise or other property for the purpose of business promotion or otherwise belonging to the LESSEE found on or within the corridors, hallways or other Common Areas of the Building and charge the cost of removal, handling and storage (if necessary) to the LESSEE. Likewise, if damage occurs from such removal, the same shall be charged to the LESSEE.

Section 3.5 NO GOODWILL - The grant to the LESSEE of the physical possession, use and enjoyment of the Leased Premises confers no goodwill or patronage rights over the Leased Premises to the LESSEE, it being recognized that such rights exclusively belong to the LESSOR as owner of the Leased Premises. Neither shall the LESSEE have any right to sell or dispose of said goodwill or patronage rights to any person.

ARTICLE 4 - RENTAL

Section 4.1 COMMENCEMENT TO PAY RENT - The LESSEE shall commence to pay rent (Inclusive of Value Added Tax) on June 1, 2023

Section 4.2 RENTAL - The LESSEE shall therefore be liable to pay the LESSOR on a monthly basis, within the first five (5) Banking days of the calendar month to which the rent corresponds, the rent of the 420 sq. meter 3F & 5F portion, is as follows:

Rent on the 420 sq. meter portion

Period	Floor	Rate per sq.m.(7% escalation rate inc)	Basic Monthly Rental	Plus 12% VAT (Php)	Subtotal (Php)	CUSA (Php)	TOTAL MONTHLY RENTAL (Php)
01 June 2023 - 31 Dec 2023	3 rd Floor	643.43	270,240.60	32,428.87	302,669.47	54,600.00	357,269.47
01 June 2023 - 31 Dec 2023	5 th Floor	601.07	252,449.40	30,293.93	282,743.33	54,600.00	337,343.33
Total Monthly Rental for 3 rd and 5 th floor							694,612.80

Section 4.3 ADVANCE RENTAL - Upon Signing of Contract of Lease, the LESSEE shall pay the LESSOR, an advance rental in an amount equivalent to three (3) month's rent to be applied on the last three (3) months of the contract. Such amount shall be increased correspondingly as the rental rate increases.

Section 4.4 MANNER AND PLACE OF PAYMENT - The monthly rental shall be paid on or before the fifth (5th) banking day of each calendar month to which the rent corresponds, at the Building Administrator's Office, Escario Building, 731 N. Escario St., Barangay Capitol, Cebu City or to the bank through money or telegraphic transfer or at such other place which the LESSOR may direct in writing to the LESSEE.

ARTICLE 5 - TAXES

Section 5.1 TAXES - Other than the LESSOR's income taxes or taxes required to be withheld from the rentals due to the LESSOR but which shall be credited against the LESSOR's income taxes, all taxes to be due by reason of the receipt of rentals by the LESSOR, including the VAT, and all other amounts which the LESSEE is required to pay the LESSOR as provided thereunder, as well as the documentary stamp taxes or other taxes accruing by reason of the execution of this Contract, if deemed applicable, shall be for the account of the LESSEE.

ARTICLE 6 - SUBMISSION OF PLANS AND CONSTRUCTION BOND

Section 6.1 - APPROVAL OF PLANS FOR IMPROVEMENTS- LESSEE shall submit architectural, electrical and other plans for proposed improvements within the UNIT, in such form and detail as may be acceptable to LESSOR. After receiving LESSOR'S written approval of such plans, LESSEE may introduce such improvements upon the UNIT at its own expense, provided that the strength and structure of the UNIT, the ESCARIO BUILDING is not hereby impaired and that other terms and conditions of the contract are not violated. LESSOR reserves the right to disapprove the whole or any part of such plans for proposed improvements.

Together with the submission of plans for proposed improvements, LESSEE shall make a declaration of estimated electrical load for the UNIT and list in detail in the checklist provided by LESSOR, the fixture, appliances, devices and equipment which require electrical power for their operation and which LESSEE intends to use and operate in the UNIT, LESSEE shall allow LESSOR's representative to conduct regular inspection of LESSEE's electrical load.

LESSOR may require LESSEE, at the latter's expense, to introduce other improvements.

Section 6.2 - CONSTRUCTION BOND. Prior to constructing improvements in or about the Premises, LESSEE shall deposit with LESSOR a cash bond equal to one (1) month's Basic Rent which shall be forfeited entirely in favor of LESSOR as a penalty in the event of non-compliance with any of the guidelines or requirements prescribed by LESSOR or any damage/s caused by reason of such construction or renovation to the UNIT or any deviation from the approved plans is not remedied or corrected by LESSEE within sixty (60) days from the start of LESSEE's operations. Where the cash bond is not forfeited for any of the above-stated reasons, it shall nevertheless be forfeited in favor of LESSOR in the event LESSEE shall, for any reason whatsoever, fail to obtain from the local government unit concerned within sixty days from the of LESSEE's operations, a final clearance to operate.

LESSOR shall have the option, to remedy or correct at the expense of LESSEE, non-compliance with any of the guidelines or requirements prescribed by LESSOR or any deviation from the approved plans.

ARTICLE 7 - SECURITY DEPOSIT

On or before the due date specified in the applicable statement of account to be sent by the LESSOR, the LESSEE shall provide the LESSOR with security deposit in cash, to answer and stand as security for the proper and due performance of all the LESSEE's obligations under this Contract. The existence of such security, however, does not and should not excuse the LESSEE's non-payment of rent on a monthly basis, or of any other sum required to be paid thereunder on or before the due date specified therefore. The LESSEE shall be required to maintain the

security deposit in the amount equivalent to three (3) months current rent based, and there shall be no increase of security deposit during the effectivity of this lease contract.

The security deposit shall be returned to the LESSEE, without interest, within two (2) months from the date the LESSEE has completely and satisfactorily vacated and delivered the Leased Premises to the LESSOR, less whatever amounts the LESSEE may owe the LESSOR or which the LESSOR may apply against the security deposit any unpaid obligations of the LESSEE including any damage caused by the LESSEE to the Leased Premises during the moving-out period, shall be effected only upon the termination of the lease. The LESSOR shall, notwithstanding the delivery of the Leased Premises to the LESSOR by the LESSEE, have the right to withhold any portion of the security deposit until the LESSOR shall have received statements of account from the utility companies supplying telephone, water, electric power, cable tv, internet or public utility services to the Leased premises, covering the period ending on the date the LESSEE shall have completely vacated and delivered the Leased Premises to the LESSOR. The amount withheld shall answer for the payment of such statements of account, and the balance thereof remaining with the LESSOR after such payment shall be returned to the LESSEE without interest. Likewise, should the LESSEE have any other obligation which remains due and unpaid under any other contract with the LESSOR, the LESSOR shall have the right to apply the amount of these unpaid obligations against the additional security deposit in settlement thereto upon the termination of the lease

ARTICLE 8. PRE-TERMINATION

In case of pre-termination of this lease is effected by the LESSEE upon giving a notice of thirty (30) days in advance, the LESSOR has the right to forfeit the security deposit equivalent to three (3) months as liquidated damages, in addition to the right of the LESSOR to apply the three (3) months advance payment corresponding to the unexpired portion of the lease period.

ARTICLE 9 - COMMON AREAS AND PARKING

Section 9.1 USE OF COMMON AREAS - The LESSEE shall have the right to use the Common Areas of the Building in common with all the other lessees and occupants of the Building subject to the rights, powers and privileges reserved to the LESSOR.

Section 9.2 COMMON AREA CHARGES - On or before the due date specified in the applicable Statement of Account, the LESSEE shall pay its share in the cost and expenses in the maintenance of the Common Areas or CUSA, which shall be for the first year at a monthly rate of One Hundred Thirty Pesos (Php130.00) per square meter of the leased area.

Lessor however, in the event of extra-ordinary increase in the cost and expenses in the maintenance of the Common Areas, reserves the right at any time during the term of the lease to allocate the Lessee's share in the common area expenses, on the basis of a fixed amount multiplied by the area of the leased premises which shall be correspondingly increased in the event that the utility or service agency increases the utility/service charges payable in connection with the service or utility provided.

Likewise corresponding Common Area Charges during the construction of the leased premises shall be billed at Php 130.00/sq.m with P5.00 increase per succeeding contract period from the start until the last day of the construction period.

Common Area Charges shall include all reasonable costs for the maintenance, repair and payment of utilities and services in the Common Area.

Section 9.3 PARKING - Ten (10) Parking slots for the exclusive use of the LESSEE shall be available for free at basement 2.

Section 9.4 MAINTENANCE AND MANAGEMENT OF COMMON AREAS - The LESSOR shall be responsible for the proper maintenance, management and operation of all common areas.

ARTICLE 10 - PUBLIC UTILITIES AND SERVICES

Section 10.1 PUBLIC UTILITIES - Expenses for public utilities, such as water, electricity, telecommunications, cable tv, internet, and others, including emergency power generators, used in the Leased Premises, shall be for the account of and should be paid promptly by the LESSEE, provided that water and electric utilities shall be submetered, the cost of which shall be for the account of the LESSEE; provided that a 2% administrative fee shall be charged based on the meter reading to cover cost of monitoring, etc..

Section 10.2 INDIVIDUAL SERVICES AND UTILITIES - LESSEE shall pay, together with the monthly rent, all charges for water, or other service utilities used, administrative charges, which are rendered or supplied by or thru LESSOR in connection with LESSEE'S possession of the rented UNIT, in addition to any assessment or surcharge in respect thereof, and except when the same is provided by LESSOR, shall contract for the same in its own name and shall protect LESSOR and the premises from any other charges.

Without prejudice to other remedies that may be available to LESSOR in this Contract, LESSOR may shut-off all utilities serving the Premises provided by or obtained through LESSOR or even directly connected with the utility operator, at any time after LESSEE shall have failed to pay any sum due LESSOR under this Contract. The fees and expenses of power re-connection shall be solely for LESSEE's account.

The cost of all utilities and services provided by LESSOR shall be allocated to LESSEE as and in the manner provided for common area operating expenses in the immediately following sub-section.

LESSEE is prohibited from re-distributing electricity to other tenants in ESCARIO BUILDING. All adjustments in the electrical load requirements of LESSEE shall require the prior written consent of the LESSOR whose authorized representatives shall have the right to enter the Premises connections without incurring any liability whatsoever to LESSEE for such acts.

Any temporary interruption in the delivery of water, or electricity, telephone, and other utilities to the leased premises occasioned by accident, strike or any other cause beyond LESSOR's control, or incident to LESSOR's undertaking repairs, alterations or improvements in or about ESCARIO BUILDING, shall not relieve LESSEE of its obligations under the Contract or be a basis for the abatement of LESSEE's obligation to pay rent.

Section 10.3 TELEPHONE / CABLE TV / INTERNET - The LESSOR shall provide, free of charge, telephone/cable TV/internet entrance cables to the Leased Premises, to meet the LESSEE'S requirements for telephone/cable tv/internet lines. However, the LESSEE shall arrange with the appropriate telecommunications/cable/internet company for the installation of its telephone/cable/internet requirements, and bear the cost for the same.

Section 10.4 ADDITIONAL INSTALLATIONS - The LESSEE may, if it so desires, request the LESSOR for the installation at the Leased Premises and at the LESSEE's expense of additional comfort rooms or other public utility fixtures or facilities, including but not limited to, electric, water, telephone fixtures or facilities. The LESSOR may choose to deny or approve such request at its discretion or subject its approval of the same to such conditions as the LESSOR may reasonably impose. All permits which may be required for the installation and operation of these additional fixtures and facilities when so approved by the LESSOR, shall be obtained and maintained by the LESSEE at its expense. The LESSEE shall also be responsible for the payment of all charges, costs, expenses, dues, assessments, levies or taxes which may be imposed in connection with the installation, operation, repair or maintenance of such additional fixtures and facilities. The LESSEE shall comply with all the rules, regulations and requirements imposed by the appropriate government agencies or public utility companies in connection therewith. For the purpose of obtaining the prior approval of the LESSOR for the installation of additional public utility or public service facilities in the Leased Premises, the LESSEE shall submit to the LESSOR the necessary plans and specifications for the installation of the said facilities or fixtures. Such installation should be made by a licensed electrician or technician approved or employed by the LESSOR, in such a way as to cause no injury to the Leased Premises or the Building. The LESSOR reserves the right to require the LESSEE to use the LESSOR's building contractor for any renovation of the Leased Premises when in the LESSOR's best judgment, the proposed renovation may adversely affect any of warranties or guarantees given by any of the contractors of the Building. Any resulting additional electrical load of current and structural load must be within the maximum capacity of the electrical current supplied to the Leased Premises.

Section 10.5 SERVICES - Expenses for services, such as security, janitorial, disposal of special garbage, or one which is not common to other lessees which violates the sanitation and environmental ordinances and laws and other services for the exclusive use of the LESSEE on the Leased Premises shall be for the account of and should be paid promptly by the LESSEE.

The LESSEE shall pay the LESSOR for the cost of providing additional pest control services for the Leased Premises, when such additional service may be requested by the LESSEE.

ARTICLE II - APPLICATION OF PAYMENT AND INTEREST

Section 11.1 APPLICATION OF PAYMENT - Any payment received by the LESSOR shall be applied against the statement of account or billing with the earliest date. In the event that the payment of interest, rent or other charges is covered by one statement of account then the payment received by the LESSOR shall be applied in the payment of obligations stated therein in the following order of priority: (i) first, against the interest due or penalties,

(ii) and finally, against Common Area charges or utility charges, VAT, EWT, advance rental, unpaid rent, in that order.

Should the payment received be insufficient to completely settle any outstanding obligation, whether covered in one statement of account or billing, or otherwise, then subsequent payment(s) to be received from the LESSEE shall be applied in the payment of such unpaid amount.

Section 11.2 INTEREST - The LESSEE shall pay interest on any unpaid amount due to the LESSOR under the terms of this Contract, in an amount equivalent to three percent (3%) per month.

Interest charges shall be computed daily and shall apply to any and all amounts which remain unpaid on the due date thereof, including, but not limited to unpaid rent, VAT, EWT, additional security deposit, advance rental, Common Area charges, utility charges or association dues.

ARTICLE 12 - INSURANCE

LESSEE shall obtain an insurance coverage for its improvements, merchandise and all other properties inside the Premises against fire, lighting and/or other perils, and an adequate public liability insurance policy with an insurance company approved by LESSOR and shall furnish the LESSOR copies hereof and every renewal thereof.

ARTICLE 13 - ALTERATIONS, ADDITIONS OR IMPROVEMENTS

The LESSEE shall not make any alteration, addition, or improvement within the Leased Premises or in any of the Common Areas or effect the installation of any fixtures required by the conduct of its business, without the consent of the LESSOR, and subject to such terms and conditions as may be imposed by the LESSOR.

ARTICLE 14 - MAINTENANCE OF LEASED PREMISES

The LESSEE shall preserve and maintain in good, clean, tenantable condition (reasonable wear and tear excepted), at its own cost, the Leased Premises.

ARTICLE 15 - COMPLIANCE WITH RULES

The LESSEE shall comply with Construction Guidelines, House Rules and such other reasonable rules and regulations adopted by the LESSOR.

ARTICLE 16 - MUTUAL WARRANTIES

The LESSOR and the LESSEE represent and warrant in favor of each other that:

- (a) Each has full power, authority and legal right to execute, deliver and perform this Contract and has taken all the necessary corporate action to authorize the foregoing;
- (b) The Contract of Lease constitutes a legal, valid and binding obligation of the LESSOR and the LESSEE, enforceable in accordance with its terms; and
- (c) The execution, delivery and performance of this Contract do not and will not violate any provision of, or result in a breach of or constitute a default under any law, regulation or judgment, or violate any agreement binding upon either of them or any of their properties.

ARTICLE 17 - SUBLEASING

Section 17.1 SUBLEASING AND ASSIGNMENT OF RIGHTS - LESSEE shall not directly or indirectly assign, sublease, sell, transfer, convey, mortgage or in any manner dispose of or encumber any all of its rights under this Contract. LESSEE shall not directly or indirectly enter into any contract or agreement with any third party in joint venture, partnership, corporation or any other business arrangement, whereby said third party shall be allowed the use or occupancy of the UNIT to transact business therein under any capacity or guise whatsoever and that any such contract or agreement made in violation hereof shall be void as regards LESSOR and shall be cause for the cancellation of the Contract. LESSEE hereby declares and acknowledges that it possesses no goodwill, patronage or incentive rights over the UNIT and that such rights exclusively belong to LESSOR and are inherent in the UNIT and that LESSEE has no right to sell, transfer, assign, or encumber or mortgage such goodwill to another.

ARTICLE 18 - TERMINATION AND ITS CONSEQUENCES

Section 18.1 EVENTS GIVING RISE TO DEFAULT AND TERMINATION - The LESSOR shall have the right to cancel or terminate this Contract upon the occurrence of any of the following events:

- (a) the term (or renewal) of this lease shall have expired pursuant to Article 2 hereof;
- (b) the Leased Premises shall be closed, deserted or unoccupied for a continuous period of fifteen (15) days without justifiable reason;
- (c) the LESSEE shall fail to pay for at least two (2) months its share of electric, emergency power, water, sewerage or other public utility, Common Area charges accruing in connection with or allocated to the Leased Premises, or shall fail to pay the rent or any other amount due thereunder on or before the due date specified herein for its payment;
- (d) the LESSEE fails to observe or perform any of the covenants provided thereunder, or any of the LESSEE's representations and warranties as specified thereunder shall prove false in any material respect when made;
- (e) the LESSEE (if the latter is a natural person) shall have died or the corporate existence of the LESSEE (when organized as corporation or partnership) shall have ceased;
- (f) the LESSEE shall become insolvent or be unable to pay its debts when due or shall commit or permit any act of bankruptcy or insolvency under the applicable law; or
- (g) the failure to comply with any of the provisions of this contract which entitles the LESSOR to exercise its right to cancel or terminate this lease pursuant to other provisions in this Contract and its Annexes.

Section 18.2 CONSEQUENCES OF DEFAULT - Upon the occurrence of any of the foregoing events, LESSOR shall be entitled to exercise any of the following remedies, alternatively or cumulatively at its discretion, after giving due notice and reasonable time to the LESSEE in conjunction with or separately from any other right or remedy granted thereunder or under the law:

The LESSOR is hereby constituted and appointed as the LESSEE's attorney-in-fact with the following powers and rights upon the occurrence of any of the events specified in Article 18.1: and to (a) open, enter, padlock, secure, enclose or fence the Leased Premises, and/or discontinue the supply of public utilities and services to the Leased Premises, or otherwise take full and complete physical possession and control of the Leased Premises; (b) assume ownership and take full control and possession of all alterations, additions, improvements or installations placed in or on the Leased Premises which cannot be removed without defacing or injuring any ceiling, floor, wall or any portion of the Building or the Leased Premises, (c) take an inventory of the equipment, furniture, articles or merchandise found or located in the Leased Premises which may be removed there from without defacing or injuring any ceiling, floor, wall or any portion of the Building or Leased Premises, place any of the same in storage and charge the LESSEE the corresponding storage fees therefore; (d) in case the LESSEE fails to claim said equipment, furniture, articles or merchandise from storage and liquidate any liability to the LESSOR within thirty (30) days from the date of notice that the LESSOR takes possession of the Leased Premises or of the LESSEE's personal properties, to dispose of said properties in a public sale and to apply the proceeds thereof to the payment of whatever liability and/or indebtedness the LESSEE may have to the LESSOR, including reasonable expenses incurred by the LESSOR in connection with such sale, without prejudice to the right of the LESSOR to collect the deficiency, if any. The LESSOR is hereby appointed as attorney-in-fact of the LESSEE, which shall be considered coupled with an interest, and hence shall be irrevocable.

Should either Party (LESSOR or LESSEE) be compelled to seek judicial relief against the other or any of its employees, agents or representatives, the latter shall, in addition to the damages mentioned above, pay an amount equivalent to 20% of the amount claimed in the complaint, as attorney's fees (with a minimum of P\$0,000.00), aside from the costs of the litigation and other expenses which the law may entitle the former to recover from the latter.

ARTICLE 19 - INDEMNITIES

Section 19.1 INDEMNITIES - LESSEE shall indemnify and hold LESSOR free and harmless from any claim or demand by any third person for injury, loss or damage, including claim for property damage from any accident occurring in or about the UNIT or occasioned by any nuisance made or suffered to exist in the UNIT or by any fire therein arising out of or caused by failure on the part of LESSEE to maintain the UNIT in a safe, sanitary and secure condition, or by reason of LESSEE's violation, non-observance or non-performance of the rules, regulations, ordinances, laws and other conditions of the Contract or affecting the UNIT or the improvements thereon.

ARTICLE 20 - GENERAL PROVISIONS

Section 20.1 Currency Inflation or Deflation - Should extraordinary inflation or deflation of the currency of payment as stipulated thereunder supervene during the effectivity of this Contract, the value of the currency on date hereof shall be the basis of payment as provided in Article 1250 of the New Civil Code of the Philippines. Article 1250 of the New Civil Code states "In case an extraordinary inflation or deflation of the currency stipulated should supervene, the value of the currency at the time of the establishment of the obligation shall be the basis of payment, unless there is an agreement to the contrary" as of the date when contract is entered into.

Section 20.2 EXPROPRIATION - In the event that the Leased Premises or any part of the Building is expropriated during the period of this lease by any instrumentality of the Government or by any other entity with authority to exercise such power, either party may rescind this Contract upon giving the other party thirty (30) days' prior written notice thereof, without incurring any liability or providing the other party with any basis for an action for damages. In case of such expropriation, the LESSEE hereby unconditionally relieves and releases the LESSOR from any and all liability under this Contract in connection with or arising out of such expropriation proceedings and agrees that the compensation to be received by the LESSOR shall belong to it wholly as owner of the Leased Premises, without prejudice to whatever recourse the LESSEE may have against the expropriating entity on account of damage done or caused to it or its properties by reason of such expropriation.

Section 20.3 NON-WAIVER - The failure of any party to insist upon a strict performance of any of the terms, conditions and covenants hereof shall not be deemed a relinquishment or waiver of such terms, conditions or covenants, granted to such party, nor shall it be construed as a condonation of any subsequent breach or default of the terms, conditions and covenants hereof, which terms, conditions and covenants shall continue to be in full force and effect. The subsequent acceptance of rent by the LESSOR shall not be deemed to be a waiver of any prior breach by the LESSEE of any term, covenant or condition for this lease, regardless of LESSOR's knowledge of such prior breach at the time of acceptance of such rent. No waiver by the Parties of any of their rights under this Contract shall be deemed to have been made unless expressed in writing and signed by the Parties.

Section 20.4 NOTICE - Where demand or notice is required to be given under this Contract, notice sent to the LESSEE at the Leased Premises or at the address specified above by registered mail, shall be considered sufficient compliance with the requirement of notice or demand.

Section 20.5 LAW AND VENUE APPLICABLE - This Contract shall be construed, interpreted and governed by the laws of the Philippines. Each party irrevocably submits to the jurisdiction of the courts in Cebu City exclusively, for the purpose of enforcing any right or obligation under or arising out of this Contract.

Section 20.6 ENTIRE AGREEMENT - This Contract constitutes the complete understanding between the parties with respect to the subject matter hereof and supersedes any prior expression of intent, representation or warranty with respect to this transaction. This Contract may be amended but only with an instrument in writing signed by the parties.

Section 20.7 ADDITIONAL TERMS AND CONDITIONS - This Lease shall be subject to the additional terms and conditions specified in the Offer Letter and the Annexes. All the Annexes of this Contract constitute integral parts hereof.

Section 20.8 SEVERABILITY - If any one or more of the provisions of this Contract is declared invalid or unenforceable in any respect under any applicable law, the validity, legality or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired.

Section 20.9 BINDING EFFECT - All the terms, covenants, conditions and provisions of this Contract shall be binding and enforceable upon the parties and their heirs, executors, administrators, principals, successors-in-interest and assigns.

IN WITNESS WHEREOF, the parties have caused these presents to be signed on _____
at the City of Cebu, Philippines.

BANTAYAN ISLAND REALTY AND DEVELOPMENT CORP.

BY:  JOSEPH T. ENARIO
Building Administrator

DEPARTMENT OF ENERGY


BY:  FELIX WILLIAM B. FUENTEBELLA
Undersecretary

Signed in the presence of


RICARDO B. DELA CRUZ
Director - Visayas Field Office


GIOVANNI CARLO J. BACORDO
Undersecretary, Field Offices


HELEN C. ROLDAN
OIC-Chief, Accounting Division


BARRYTONE A. BUSI
Atty. IV, Visayas Field Office

OK # 01-72-07-155 / 7/12/2023
and # 02-101101-7273 - 02-04726
P 4,862, 289.60

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF Manila) S.S.
x-----/

BEFORE ME, a Notary Public for and in the City of Manila this 20 day of JUL 2023,
personally appeared the following with their respective Corporate Tax Certificate and Valid ID's, to wit:


Name	Corp. Tax Certificate Valid I.D. No.	Date/Place Issued
JOSEPH T. ENARIO BANTAYAN ISLAND REALTY AND DEVELOPMENT CORP	<u>Passport No. P7669659B</u>	<u>Sept. 22, 2021/DFA-Cebu</u>
FELIX WILLIAM B. FUENTEBELLA DEPARTMENT OF ENERGY	<u>DOE ID No. 160915-1371</u>	

known to me to be the same persons who executed the foregoing instrument and they acknowledged to me that the same is their own free and voluntary acts and deeds, and the free and voluntary acts and deeds of the corporations they respectively represent.

This Contract of Lease consists of ten (10) pages including this page where the acknowledgment is written, and to which Annexes are attached, have been signed by the parties and their instrumental witnesses on each and every page hereof.

WITNESS MY HAND AND SEAL on the date and at the place hereinabove mentioned.

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Book No. 79
Series of 2023


ATTY. ISIDRO V. ALMENTEROS
NOTARY PUBLIC
Until December 31, 2024
1626 Estrada Street, San Andres, Manila
IBP OR No. 248072(2023) 9-23-2022/MLA
PTR No. 0862227/1-03-2023/MLA
MCLE Compliance No. VII-0007108/4-14-2025
Attorney's Roll No. 34272