

## LEASING CONTRACT

The undersigned, **Francisco J. Morales G**, male, Panamanian, of legal age, married, neighbor in this city, bearer of personal identity card number XXX, in its capacity as Legal Representative of **XXX, SA** hereinafter "**THE LESSOR** ", a Panamanian corporation duly registered at File XXX, Document XXX, in the Microfilm Section (Mercantile) of the Public Registry of Panama, on the one hand, and on the \_\_\_\_\_ other, \_\_\_\_\_, **male**, Panamanian, of legal age, resident of this city, bearer of the personal identity card number \_\_\_\_\_, in his capacity of General Representative of \_\_\_\_\_, **SA** limited company Panamanian, duly registered in the File \_\_\_\_\_, Document \_\_\_\_\_ in the Microfilm Section (Mercantile) of the Public Registry of Panama, in forward **THE LESSEE**, both duly empowered for this act through resolutions of their Boards of Directors, which are attached to the present document, hereby agree to enter into this **Lease Agreement**, according to the following terms and conditions

considering:

**FIRST:** That XXX SA is the owner of the farm #XXX document XXX code of location 8716 with a total of five hectares plus 6,251.51mt2 in the sector of Santa Clara, corregimiento of Pacora, district of Panama, province of Panama.

**SECOND:** That according to license No. 6 of Promoter and Area Operation Franca Granted by Cabinet resolution No. 5 of January 13, 2015 is authorized to Develop, Promote, Operate and Manage a Free Zone called Zona Franca FRAMORCO in La Finca #XXX located in the community of Santa Clara, Township of Pacora, district and province of Panama, therefore, any natural or legal person established therein is subject to the special favorable free zone regime stipulated in Law No. 32 of April 5, 2011

**THIRD:** That XXX SA in exercise of its License, within the area that **THE ZONA FRANCA FRAMORCO** understands, is developing the corresponding infrastructures, installations, buildings, systems and services of support, for own use or lease to third parties from all parts of the interested in settling inside the Free Zone, whose activities are the production and commercialization of goods and services mainly for the export.

**Fourth:** That **THE LESSEE** knows, and therefore accepts, the terms and conditions imposed by law 32 of April 5, 2011.

**Therefore, the parties agree:**

**First:** That **THE LESSOR** has agreed to Lease to **THE LESSEE** and **THE LESSEE** agrees to Lease a galley located in the **ZONA FRANCA FRAMORCO**, with a total area of \_\_\_\_\_ - square meters (\_\_\_\_\_m<sup>2</sup>), hereinafter the **Area leased**. The **Leased Area** is described in **Annex No. 1**. The plans of the **Leased Area** are attached to this Contract as part full of it.

**SECOND:** This Contract will be valid for a term of ten **(10) years**, counted from the date of delivery of the **Leased Area**. said term may be extended by mutual written agreement between the parties, dated at least

six (6) months before the expiration of the initial term, in which case the Contract of Leasing would be extended in the terms that the parties thus they would establish It will be at the discretion of the **LESSOR** whether or not to grant said extension depending on future projects to be developed in the **Area . leased.**

**THIRD: THE LESSEE** undertakes to pay the **LESSOR** for the lease fee for the **Leased Area**, during the term of the **Lease Agreement**, the monthly sum of nine (9.00) dollars American dollars per square meter of galleys and twenty (20) American dollars per square meter of offices. This amount will increase annually according to the National Urban Consumer Price Index, issued by the Directorate of Statistics and Census of the Comptroller General of the Republic from the first year. The first monthly payment will be paid once the Land is delivered with its commercial warehouse and office to **THE LESSEE.**

**Fourth: THE LESSEE** undertakes to use the **Leased Area** or **Premises** solely for the purposes described below:

**FIFTH: THE LESSEE** will pay monthly, in full, the fee lease at the offices of the **LESSOR**, located in La Zona Franca FRAMORCO or in any other place that the LESSOR designates in the future. Said payment of the canon will be made in advance, within the first five (5) business days of each month. **THE LESSEE** will pay a

ten percent (10%) surcharge on the rental fee and rental fee  
agreed maintenance, at the expiration of each month, in the event that it incurs  
delinquency or failure to pay within the agreed term.

**SIXTH: THE LESSEE** will be responsible for all bills and expenses that demands the installation and consumption of electricity, water, telephone and any other public service that the **Leased Area requires**, as well as levies, contribution, income tax, dividend tax, real estate transfer tax (ITBI), property transfer tax movable property and provision of services (ITBMS) and/or any other stipulated. Likewise, the interior and exterior maintenance of the Leased Area will be at the expense of **THE LESSEE**, including the repair of floors, windows, interior painting of the premises, doors and glass, installation, repair and maintenance of the air conditioning system, among others. As a guarantee, the lessee will provide two months of rent at the signing of this contract. This will be returned to the lessee at the end of the contract as long as when there are no claims for deterioration due to lack of maintenance.

**SEVENTH:** In the event that the **LESSOR** decides to produce and/or distribute electrical energy and/or air conditioning, coming from a co-generation plant in the area, **THE LESSEE** undertakes to consume said electrical energy or refrigeration, as long as such services have a price equal to or less than Electricity produced or generated by distribution companies and existing generation in Panama and compliance with the efficiency that guarantees same service, and in the case of refrigeration, that it has a cost per BTU equal or lower than that which can be obtained with individual air conditioning units conditioned. Likewise, it must have all the authorizations of the regulatory authorities in this matter.

In the event that the **LESSOR** decides to install its own internal network of telecommunications and associated services, **THE LESSEE** undertakes to use said facilities or services, as long as the rates are the same or

lower than those offered in the market and under the same condition of efficiency. Likewise, it must have all the authorizations of the authorities regulators of this matter.

**EIGHTH:** In the event that the **LESSOR** is forced to repair any damage caused by negligence, fault or fraud, attributable to **LA LESSEE**, the **LESSOR** shall have the right to demand and receive from **the LESSEE** the immediate reimbursement for the cost and inconveniences in which have incurred. The **LESSOR** shall notify **THE LESSEE** in writing immediately the type of repair, the cause of the damage, and the cost of the repair of said damage or lack of maintenance. If after thirty (30) days counted from the notification to **the LESSEE**, the corresponding reimbursement, this will entail a monthly surcharge of ten percent (10%), without prejudice to legal actions that are applicable in this regard.

**NINTH:** The **LESSOR** will deal with any damage to the infrastructure that may exist in the **Leased Area**, as long as they are not the product of the negligence, lack of maintenance, fault or fraud of **THE LESSEE** or its employees, prior written communication that for this purpose is made by **LA LESSEE**, but will not be made or be responsible for the damages that The goods that are inside the **Premises could suffer**.

**TENTH:** The **LESSEE** undertakes to contract insurance with coverage Sufficient against accidents, personal injuries, civil liability and death due to events or accidents that occurred within the **Leased Area** or in **THE AREA FRANCA FRAMORCO**, for its staff, clients and visitors, as well as will oblige to indemnify the **LESSOR** for the material or moral damage that it, its directors, staff or customers could suffer as a result of the activities of **THE LESSEE** or its staff, customers, visitors, national authorities and municipal.

**ELEVENTH:** It is agreed that the **LESSOR** will not someone responsible for the damages or losses that the goods could suffer, personnel, clients or visitors of **THE LESSEE**, as well as third parties in general, within the **Leased Area**. In the same way, the **LESSOR** does not responsible for damages or losses that property, personnel, clients or visitors of **THE LESSEE** in any other part of the Building or **THE FRAMORCO FREE TRADE ZONE**, due to causes beyond the control or will of **the ZONA FRANCA FRAMORCO**. **The LESSEE** undertakes, in addition, to communicate in writing to the **LESSEE**, any disturbance, usurpation or modification of the rights granted by means of this Contract granted as soon as they occur. **The LESSEE** is not responsible for damages caused by Acts of God or those included under the definition usual Force Majeure or Act of God.

**TWELFTH:** In case of theft, fire, vandalism, falling objects from heaven, earthquake or sinister, or by any other natural cause or not, **The LESSOR** is not responsible for damages or losses caused by **THE LESSEE**. For these cases, **THE LESSEE** agrees to take out insurance against the risks described above.

**THIRTEENTH:** **THE LESSEE** may not, without the prior written consent of the **LESSOR**, sublet, either in whole or in part, the **Area Leased**, neither assign nor partially or totally transfer the rights and obligations that it assumes by means of this **Lease Contract**, nor encumber, mortgage or give the **Leased Area** a use other than that indicated in this contract.

**FOURTEENTH:** **THE LESSEE** agrees to use and keep the **Area Leased** with the diligence of a good father of a family, and will not be able to carry out structural changes without the prior written consent of the

**LESSOR.** The improvements, reforms or alterations approved that are thus they do will remain, in favor of the **LESSOR**, without the **LESSOR** having to pay any compensation for them. It is understood that, in any case, the **LESSOR** may require THE **LESSEE**, and at its expense, the removal or elimination of the improvements, reforms or alterations that it has made, committing **the LESSEE** to leave the **Leased Area** in the same conditions in which it was delivered if required by the **LESSOR**, except in the case of wear and tear due to normal use of the **premises**. Repairs that are necessary in the **Leased Area** and which are not contemplated in the **Lease Agreement**, will be borne by **LA LESSEE**.

**FIFTEENTH: THE LESSEE** must comply at all times with the rules and regulations issued by the competent authorities related to the protection of the environment, and undertakes to adopt the necessary measures so that the **Leased Area** does not cause any contamination. In the event of non-compliance with these, **THE LESSEE** exempts from all responsibility to the **LESSOR**. In the same way, **THE LESSEE** obliges to fully comply with all Laws, Regulations, Agreements Municipal Governments and Restrictions imposed by the administrative authorities, due to the nature of the lucrative activity that takes place in said area leased. All authorizations will be borne by **THE LESSEE** and permits required for your commercial activity.

**SIXTEENTH: THE LESSEE** will allow the staff of the **LESSOR**, with prior notice of at least 5 days, carry out inspections

during daylight hours to the **Leased Area** to verify their conditions. In the event that inspections are carried out by representatives of government entities, prior notification will not have to be given.

**SEVENTEENTH: THE LESSEE** may place signs on the outside of the **Leased Area**, which must be previously approved by the **LESSOR**.

**EIGHTEENTH: The LESSOR** may terminate the **Rental Agreement Leasing** if any of the following causes take place:

1. The lack of payment of two (2) or more monthly installments of the lease.
2. The one that due to obligations that **THE LESSEE** has with third parties, are kidnapped, seized or in any way persecuted or affected, judicially or extrajudicially, the **Leased Area** or the property where it is located located.
3. If the **Leased Area** suffers deterioration or damage due to the fault or intent of **THE LESSEE**.
4. The lack of compliance by **THE LESSEE** of any of the obligations established in the **Contract of Leasing** or in Law.
5. For any other cause or circumstance established in the **Contract lease**.
6. If the Lessee violates or does not comply with the provisions laws of the Republic of Panama.
7. If the Processor Zone User License is revoked for Export, granted by the Ministry of Commerce and Industries.



In the event of any of the above cases, the **LESSOR** may require the payment of late fees, as well as any other sums to which who has the right to indemnify himself for the damages that will suffer

**NINETEENTH:** Any litigation or controversy arising from, or related to this contract, as well as the interpretation, application, execution and termination of the same, must be resolved by means of arbitration, prior attempt of conciliation, by the Conciliation and Arbitration Center of Panama and in accordance with its rules of procedure.

**TWENTY:** It is understood that in the event that the **LESSOR** does not require the exact compliance with this agreement, does not imply nor shall it be understood in any way way as a modification, abandonment or resignation of their rights, being able to exercise them at any time.

**TWENTY-FIRST: THE AREA** and **THE LESSEE** state that know and accept the rights and obligations contained in the clauses that above, in the terms that appear consigned there and that the present contract shall be governed by the laws of the Republic of Panama. The parties agree that the notary expenses, stamps, registration or of any nature that are caused by virtue of this contract will be at the expense of **LA LESSEE**.

**TWENTY-SECOND:** For all notification purposes it will be understood that any letter, notice or written communication that you have to address to **LA LESSEE** to **LESSOR** or vice versa according to this contract, shall be understood as made and received by **THE LESSEE** or the **LESSOR**, when such letter, notice or notification has been sent by email to **LA LESSEE** or the **LESSOR** and five (5) days have elapsed business days from when such email or letter was given, provided that said letters, notices, emails or notifications are directed to the following address:

LANDLORD: Calle 68 San Francisco house # 104, Panama Rep. of Panama.

Attention:

Telephone: +507 235 6182 / 507 6378 3060

Email: framorco@hotmail.com

THE LESSEE:

Attention:

Phone: +507

E-mail:

**TWENTY-THIRD:** The **LESSOR** undertakes to issue in favor of **THE LESSEE**, once this Contract is signed, the required note to be authorized as a user of **THE FRAMORCO FREE ZONE**.

**TWENTY-FOURTH:** The Lessee declares to know everything agreed between the Republic of Panama and the World Trade Organization (WTO).

**IN WITNESS WHEREOF** they sign this contract, in (2) original copies of the same tenor and effects, in Panama City, today \_\_\_\_\_ (\_\_) of \_\_\_\_\_ two thousand and fifteen (2015).

**THE LANDLORD**

**THE LESSEE**

By: Gerbaud SA  
SA

By: \_\_\_\_\_,

\_\_\_\_\_  
Name ID  
No.

\_\_\_\_\_

Name  
Identity card/passport#.

Legal representative

Legal representative

**APPENDIX 1**

**DESCRIPTION OF THE LEASED AREA**

**OFFICE - FRAMORCO FREE TRADE ZONE**

