

AMENDED CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

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

INDUSTRIAL TIMBER CORPORATION, a Corporation duly registered with the Securities and Exchange Commission (SEC), with business address at **RM. 504-A ITC Bldg., 337 Sen. Gil Puyat Avenue, Makati City** represented herein by its Authorized Representative, **ATTY. GERARDO B. MACARAEG**, hereinafter referred to as the "**LESSOR**".

- and -

PHILIPPINE HEALTH INSURANCE CORPORATION, a Government-Owned and Controlled Corporation duly registered and existing under Philippine laws with office address at **CityState Center Building, 709 Shaw Boulevard, Brgy Oranbo, Pasig City**, represented herein by its **OIC, President and Chief Executive Officer, DR. ENRIQUE T. ONA**, hereinafter referred to as the "**LESSEE**".

- WITNESSETH -

WHEREAS, the LESSOR is the duly authorized representative of the management of the INDUSTRIAL TIMBER CORPORATION located at 337 Sen. Gil Puyat Avenue, Makati City and has made available certain office spaces therein for the lease of the LESSEE;

WHEREAS, the LESSEE is in need of office space for the operations and services of its NCR South -- Local Health Insurance Office in Makati City to meet the needs and demands of its stakeholders within their area of jurisdiction and nearby localities for the furtherance of the objectives of the National Health Insurance Program;

WHEREAS, after a negotiated procurement was undertaken by the Corporation, awarded to the LESSOR on 06 November 2012 and which was accordingly accepted;

WHEREAS, the LESSEE has formally intended to lease the specified areas from the LESSOR specifically described hereunder;

NOW THEREFORE, for and in consideration of the above stipulations, the LESSOR hereby leases unto the LESSEE the subject area herein specified and the latter accepts the lease, subject to the following items and conditions, to wit:

1. **SUBJECT OF LEASE.** The leased premises under the contract is with a net rentable area of 679.02 sq.m. located at ITC Bldg., 337 Sen. Gil Puyat Avenue, Makati City.
2. **TERM OF LEASE.** The term of the contract shall be for a period of two (2) years commencing on 01 June 2013 and ending on 31 May 2015.
3. **LESSEE'S RIGHT OF FIRST REFUSAL.** The LESSOR hereby agrees to give the LESSEE the pre-emptive right to lease other vacant areas of the LESSOR as the need arises.
4. **RENEWAL.** Upon expiration of this contract, the parties may renew the contract under such terms and conditions as may then be mutually agreed upon by the parties and for such periods as may be allowed by law.
5. **LEASE RATE.** The lease rate is **FOUR HUNDRED FIFTY EIGHT THOUSAND SEVEN HUNDRED TWENTY-FIVE PESOS AND FIFTY FOUR CENTAVOS PER MONTH (PhP458,725.54)** inclusive of all taxes, fees, charges, and other maintenance costs to be paid on or before the tenth (10th) day of the following month upon presentation of the billing statement or notice for payment by the LESSOR.

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6. **DEPOSIT.** The LESSEE shall make a deposit payment to the LESSOR equivalent to three (3) months lease rental and which shall be held in trust by the LESSOR. It is hereby stipulated that the LESSOR undertakes to return to the LESSEE the amount so deposited, less expenses, for the repair of the premises and unpaid utility bills, if any, without need of prior notice or demand within ten (10) days from the expiration of the term of the lease and there being no renewal entered into by the parties or pre-termination of the lease contract as stipulated in Section 23 of this contract.

Note: Deposit made from previous contract between the parties still in effect.

7. **USE OF THE PREMISES.** The leased premises shall solely be used by the LESSEE for office purposes and shall not be converted into any other use without prior authority and consent from the LESSOR. The use of the premises shall be subject to the uniform applicable building rules and regulations which the LESSOR shall provide to all lessee's and/ or occupants with the objective of safeguarding their persons and personalities, the common safety and welfare and more importantly, fostering a desirable relationship among and between the LESSEE'S officials, employees/staff, visitors and other occupants and the LESSOR's building administrator.
8. **PARKING.** The LESSOR shall provide eight (8) parking slots, free of charge, for the exclusive use of the LESSEE during the term of this lease or any renewal thereof.
9. **The LESSOR** shall provide 24-hour security services on the ground floor, parking areas, and other common areas for the protection of the occupants of the building and/or their office equipments. However, the LESEE reserves the right to engage its own security guards within its leased premises.
10. **The LESSOR** shall provide, free of charge, the use of the existing air-conditioning units located and installed in the leased premises, if any. The LESSEE, however, shall have the option to install its own air-conditioning units if necessary.
11. **IMPROVEMENTS.** The LESSEE undertakes and obligates itself to submit to the LESSOR any plans for proposed improvements within the subject area for its review and approval. The LESSOR, however, consents to any amendment of the subject area where correct tapping of electric lines and/or services and other utilities are considered necessary. In this regard, the LESSEE may avail of the building electrician and handyman for such purpose, with basic charges to be shouldered by the LESSEE. Where portions or parts of the improvements affect portions or part of the structure, the LESSOR will require necessary corrections of the submitted plans. Any subsequent alteration, addition or further improvements on the leased premises will require the submission of the plan for the review and approval of the LESSOR.
12. **UTILITIES.** The subject building will be provided with electric power and water facilities. All electric and water bills used by the LESSEE shall be for the account of the LESSEE and the LESSOR shall be free from any liability arising out of the non-payment of the electricity and water bills by the LESSEE.
13. **TELEPHONE AND COMMUNUNICATION.** The subject building will be provided with telephone cable lines and facilities. All telephone bills and tolls for the lines used by the LESSEE shall be for its own account and the LESSOR shall be free from any liability arising out of the non-payment of the telephone services by the LESSEE.
14. **LIGHTS AND LIGHTNING FIXTURES.** The subject building is provided with light and lightning fixtures with fluorescent tubes and diffusers. These lights and/or fixtures within the leases premises may be replaced when busted or damaged for the account of the LESSEE. However, the busted and/or damaged lights and/or fixtures within the common areas of the building shall be immediately replaced by the LESSOR.
15. **ADVERTISING/SIGNS AND ADVERTISING MEDIA.** The LESSEE shall not fix, hang, inscribe or paint any notice, sign, streamer, or other advertising medium outside the leased premises without prior written approval from the LESSOR and under such terms and conditions as may be prescribed by the latter.



The LESSOR however, consents that the LESSEE shall put up and maintain, at its own expense, the required business sign(s), the size, color, and design, all of which shall be reduced in writing and submitted to the LESSOR for review and approval.

16. RESPONSIBILITIES OF THE PARTIES

- A. The LESSEE hereby agrees to keep the leased premises in clean, good and sanitary condition at all times in accordance with the quality standards of the building;
- B. The LESSOR shall conduct regular pest control services in the leased premises at the LESSOR's expense with prior notice to the LESSEE;
- C. The LESSEE shall inform the LESSOR whenever furniture, equipment and other bulky items are to be delivered within the leased premises and consents to the LESSOR's inspection of said items;
- D. The LESSEE shall have the right to take out from the building, at anytime of the day, any of its furniture, machines, or any other type of office equipment and accessories, provided that prior notice shall have been given to the LESSOR or his representative;
- E. The common corridors, hallways and lobbies of the building are destined as passageway for ingress and egress from the leased premises and no obstruction shall be caused therein;
- F. The LESSEE shall not cause the exterior façade of the building to be changed or altered in any way, without prior written consent from the LESSOR;
- G. The LESSEE shall see to it that the leased premises are free from annoying sounds, disturbing noises, free from obnoxious odors and other nuisances and that it is used in a manner that will not disturb the peace and tranquility of other building occupants;
- H. Nothing shall be brought and stored in the leased premises on a permanent basis consisting of articles that are fire hazards or that which will cause the occurrence of fire and/or explosions, such as explosives of any kind, gasoline or flammable fluids. When this condition is violated and results in damage and/or destruction of the leased premises, the LESSOR shall be free from all claims for damages and any and all other actions arising therefrom;
- I. The LESSOR shall see to it that premises are rendered in tenantable condition. In the event certain damage and/or destructions is caused by the occurrence of natural events or force majeure, immediate repair and/or restoration shall be undertaken by the LESSOR. Furthermore, the LESSOR shall grant a moratorium or waiver of the rental payment for the period of time needed for such repair or restoration;
- J. The LESSEE shall undertake all ordinary repairs on the leased premises including, but not limited to the repair of electrical outlets, telephone, switch boxes, and plumbing fixtures;
- K. The LESSOR shall undertake all extraordinary repairs on the leased premises at its own expense. In the event that the leased premises cannot be utilized during the period of repair, the LESSOR shall likewise grant a moratorium or waiver of rental payment for such period;
- L. The LESSOR warrants that the LESSEE shall have peaceful possession of the leased premises for the duration of the term agreed upon except when the disturbance is caused by natural calamities or acts outside of the LESSOR's control without fault and/or negligence on its part;
- M. The LESSOR hereby allows the LESSEE to put up the vertical and horizontal signage as provided in the Technical Specifications (TS).

17. LAWS AND ORDINANCES. The LESSEE shall comply and abide with the ordinances of the city pertaining to the use of the premises and comply with existing health regulations and secure permits and/or license for its business operations.

18. **INSPECTION OF PREMISES.** The LESSOR or its representative, with proper notice to the LESSEE, at a reasonable hour of any working day, shall be allowed entry to the leased premises to conduct inspection for repairs and/or improvements. Subsequent access to the leased premises shall be given to the authorized person/s who will undertake the repair and/or improvements.

The LESSOR, however, may designate the time when such repair and/or improvement will be undertaken in order to lessen inconvenience to the other occupants of the building.

19. **REALTY TAX.** The real estate taxes and other payments imposed on the leased property shall be for the exclusive account of the LESSOR.
20. **SUBLEASE, ASSIGNMENT, TRANSFER OF RIGHTS.** The transfer and/or assignment of rights of the LESSEE under this contract and/or the sublease of any part or portion of the lease premises shall not be made unless a written notice to the LESSOR is given and approval of the latter is secured. Any violation of this condition will be a basis for a termination of the contract.
21. **MORTGAGE AND ENCUMBRANCE.** The LESSOR reserves its right to mortgage the property including the leased premises or to sell the property without need of a prior notice to or consent from the LESSEE, provided that the terms and conditions in this contract and the rights acquired therefrom by the LESSEE are protected in its entirety.
22. **VIOLATION.** Any violation by either party of the terms and conditions set forth herein shall be a basis for the termination of this contract. In such event, the aggrieved party will make a formal notice to the other party of the term and condition violated. However, despite the right to terminate then obtaining, the parties shall endeavor to amicably or extra-judicially settle the matter.
23. **TERMINATION**

- A. This contract of lease shall end on the termination date as agreed upon by the parties, unless a renewal / extension of the Contract of Lease is agreed upon by the parties prior to the said date.
- B. It shall likewise be terminated due to any violation or breach by either party of any of the agreed terms and conditions set forth in this contract and amicable settlement cannot be reached by the parties.
- C. The same shall also be terminated when as a result of the occurrence of natural calamities or force majeure, without fault and/ or negligence on the part of the LESSOR, the leased premises is rendered untenable.

In case the termination occurs due to the expiration of the lease contract and no renewal or extension is agreed upon, then the LESSEE shall peacefully vacate the leased premises and return the same in the condition it was first entered into, except for the effects of ordinary wear and tear. Minor or ordinary damage or injury to the leased premises caused by the removal of articles or improvements by the LESSEE shall be allowed by the LESSOR, without cost/ expense to the former.

Within five (5) calendar days after the leased premises are vacated, the deposit constituted shall returned by the LESSOR to the LESSEE without need of demand in accordance with Section 6 and after deducting the amount mentioned in Section 24, if any. In case the termination occurs as a result of the LESSEE's breach or violation of any of the terms or conditions agreed upon, the LESSEE shall peacefully vacate the premises and return the same free of its effects and improvements. Except for ordinary wear and tear, any damage or injury to the leased premises shall be repaired and restored by the LESSEE. A moving out period of ten (10) working days without rental charge shall be allowed by the LESSOR. In case the LESSOR is the guilty party, the latter shall also pay damages equivalent to one (1) month rental to the LESSEE before the actual vacation of the premises, without prejudice to other remedies as provided by law.

If termination ensues due to the destruction of the leased premises without fault or negligence on the part of the LESSOR, the LESSOR shall return the deposit constituted within the same period as above mentioned. The LESSOR shall not be responsible for any damage or injury to the properties or personalities of the LESSEE caused by the destruction of the leased premises due to natural events without fault and/ or negligence on the part of the LESSOR.

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24. **DELAYING IN VACATING OF THE PREMISES.** Except as provided for in the immediately preceding paragraph, if the premises is not vacated within the ten (10) day grace period allowed by the LESSOR, then the LESSEE shall be charged with the corresponding daily rentals of the premises to be effected from the terminal date to the date when the premises is totally vacated. The daily rental payment is without prejudice to the claim for damages caused by the LESSEE's delay in vacating the premises.
25. **NON-WAIVER.** The failure of the LESSOR or LESSEE to insist upon the strict performance of any of the terms, conditions and covenants hereof shall not be deemed a relinquishment or waiver of any subsequent breach or default of such terms and conditions and covenant.
26. **LITIGATION AND VENUE.** In the event judicial relief against the breaching party is filed before the courts for the enforcement of the terms and conditions set forth in the contract, the breaching party, in addition to any other damages that may be awarded by the court, agrees to pay ten percent (10%) of the amount claimed but in no case less than Ten Thousand Pesos (PhpP10,000.00) as attorneys fees, aside from the cost of litigation and other expenses which the law entitles the aggrieved party to recover. The parties agree that the venue of court action will be in the proper courts of Makati.
27. **SEPARABILITY CLAUSE.** If any paragraph, sub-paragraph or part of this contract is declared contrary to law, public policy or otherwise declared invalid, such shall not affect the other paragraphs, sub-paragraphs or parts of this contract decided valid.
28. **SUPERCEDING CLAUE.** This Contract of Lease supersedes and renders void any an all other agreements and undertaking, oral or written, which may have been entered into by and between the parties, the same being considered as having been merged herein. Any changes or alternation in this contract shall be valid if made in writing and duly signed by the parties herein.

IN WITNESS WHEREOF, the parties have signed this contract in the representation of their respective corporation on this JAN 05 2013 day of January 2013, at Pasig City, Republic of the Philippines.

**PHILIPPINE HEALTH INSURANCE
CORPORATION (Lessee)**



DR. ENRIQUE T. ONA
OIC, President & Chief Executive Officer

**INDUSTRIAL TIMBER CORPORATION
(Lessor)**



ATTY. GERARDO B. MACARAEG
Authorized Representative

Signed in the Presence of:



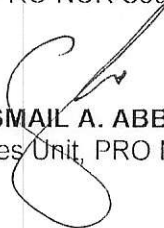
SHIRLEY B. DOMINGO, M.D.
Vice-President, PRO NCR and Rizal



CRISTY F. PIA
Administrative officer
Industrial Timber Corporation



LETICIA P. PORTUGAL, M.D.
Branch Manager, PRO NCR South



ATTY. YASSER ISMAIL A. ABBAS
Head, Legal Services Unit, PRO NCR



MARICEL J. MAGLALANG
Head, Fund Management Section

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ACKNOWLEDGEMENT

Republic of the Philippines}
Pasig City } S.S.

BEFORE ME this JUN 05 2013 day of January, 2013 Drivers License No./, personally appeared:

Known to me and to me known to be the same persons who executed the foregoing Contract of Lease and acknowledged to me that the same is their free act and deed and that of the entities they are representing.

This Contract of Lease, consisting of six (6) pages including the page on which this acknowledgement is written has been signed by the parties and their respective witnesses.

WITNESS MY HAND AND SEAL on the date and place first above written.

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Series of 2013

ATTY. RAMON L. CARPIO
NOTARY PUBLIC FOR PASIG CITY
NO. 12A WEST CAPITOL DRIVE
CAPITOLYO, PASIG CITY
APPOINTMENT NO. 63
UNTIL 01 OCTOBER 01, 2014
PTR NO. 24-1018 / 01/02/13 PASIG CITY
IBP LIFETIME NO. 882475 / PASIG CITY
ROLL OF ATTORNEYS NO. 22172
MCLE NO. IV-0006300 / 6/19/12 PASIG CITY

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