

CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS

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

LUCENA SILANGAN MARINE AND INDUSTRIAL SUPPLY, a business establishment duly registered, organized and existing under Philippine Laws with business address at Granja cor. Cabana St., Lucena City Philippines represented in this act by its PROPRIETOR, **ANTONIO B. CHUA**, herein referred to as the **"LESSOR"**;

- and -

PHILHEALTH REGIONAL OFFICE 4A, a regional office of Philippine Health Insurance Corporation, a government-owned and controlled corporation duly organized and existing under Philippine laws, with office address at AMCJ Square Bldg., Diversion Road, Brgy. Bocohan, Lucena City represented in this act by its Regional Vice-President for PhRO IV-A, **ALBERTO C. MANDURIAO**, hereinafter referred to as **"LESSEE"**.

- Witnesseth -

WHEREAS, the **LESSOR**, is the registered and absolute owner of **AMCJ Square Building** situated at Diversion Road, Brgy. Bocohan, Lucena City, and made available certain areas therein for lease to the **"LESSEE"**;

WHEREAS, the **LESSEE** has formally intended to lease the specified areas within the building from the **LESSOR**;

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

1. **SUBJECT OF LEASE.** A commercial building along Diversion Road, Brgy. Bocohan Lucena City, with a total area of **One Thousand Seven Hundred Two (1,702.00 sq. m.)** to be used by PhilHealth as its Main Office and Storage Building located at Brgy. Bocohan Lucena City.
2. **TERMS OF LEASE.** This Contract of Lease commences **January 1, 2012** and ends **December 31, 2012**.

The **LESSEE** has the option to extend monthly the lease contract at the same rate until the perfection of a new contract. However, extension of contract shall not exceed four (4) months, unless both parties agreed otherwise.

3. **LEASE RATE.** The total lease rate is **Three Hundred Thirty Three Thousand Pesos (P333,000.00)** per month inclusive of all government required fees and taxes and maintenance cost, to be paid on or before the tenth (**10th**) day of the succeeding month upon presentation of a billing or notice for payment seven (7) days before this deadline. Otherwise payment shall be made within five (5) working days after receipt of the billing from the **LESSOR**. The withholding tax shall be deducted by the **LESSEE** who shall provide the **LESSOR** the withholding tax certificate.

ANTONIO B. CHUA
OWNER, Lucena Silangan Marine & Industrial Supply

PhRO IV-A, Represented by: ALBERTO C. MANDURIAO
RVP, PhRO IV-A

FELICIANA O. PASTORPIDE
Witness

MIGUEL T. MACALINAO
Witness

ANTONIO B. CHUA
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RVP, PhRO IV-A

4. **DEPOSIT.** Upon signing of this contract, the **LESSEE** shall pay **Nine Hundred Ninety Nine Thousand (P999,000.00)** or equivalent to three months rental to the **LESSOR**. The deposit shall be held by the **LESSOR** in trust for the **LESSEE** who hereby undertakes to return to the **LESSEE** the amount so deposited, interest-free and less expenses for the repair of the premises and unpaid utilities bill if any, without need of prior notice or demand within five (5) working days from the expiration on the term of the Lease/ or extension if any there being no renewal entered into by the parties or from pre-termination as stipulated in Section 18 thereof. .
5. **USE OF THE FACILITY/PREMISES.** The leased area shall be used by the **LESSEE** for office purposes and shall not be converted into any other use without prior authority from the **LESSOR**. The use of premises shall be subject to the uniformly applicable building rules and regulation which the **LESSOR** may subsequently provide to all lessees and/or occupants with the objective of safeguarding their persons and personalities, the common safety and welfare, and more important, fostering a desirable relationship among and between the lessee's occupants and building administration.
6. **PARKING AND OTHER JOINT-USE AREAS.** Aside from a garage (parking space with roof and covered on at least three sides) for at least six (6) medium vehicles, the **LESSOR** shall provide parking lot/space for at least twenty eight (28) cars for exclusive use of PhilHealth. Likewise, PhilHealth shall be granted non-exclusive privilege to use the parking areas dedicated for common use.
7. **CORPORATE SIGNAGE.** The **LESSEE** shall have the right to install its corporate/company signage at appropriate location on/at the entrance leading to leased premises/facility and at suitable place outside the building/premises.
8. **IMPROVEMENTS.** If need arises during the course of contract, **LESSEE** may make major improvements on the leased facility subject to approval of plan by the **LESSOR/OWNER**. Acquisition of services and materials needed for its implementation shall be done, with charges borne by **LESSEE**, in accordance to existing laws.

Improvements done by and paid by the **LESSEE** shall remain its property and could be removed at its discretion or at the **LESSOR'S** request upon expiration/termination of contract when a renewal or award of new contract is no longer possible.

9. **UTILITIES.** The subject building/facility will be provided with:
 - a. Exclusive electric power and facilities capable of handling the **LESSEE** power requirements. It shall at least match the requirement of 148KW for office building and 11KW for Storage Building. PhilHealth shall pay for electric bills it incurred from its power usage and shall be responsible for consequences of non-payment thereof.
 - b. Twenty four hour daily water supply (from public water service provider) and facilities. The **LESSEE** shall have its own water meter, will pay the bills it incurred from its usage, and shall be responsible for consequences of non-payment thereof.Likewise, the facility shall have a backup water pump with own water source and elevated water tank having capacity of at least 360 gallon
- c. The subject building/facility shall be readily available for installation of telephone lines and communication facilities, which already registered under the name of the

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LESSEE. All telephone bills and tolls incurred from these lines/facilities shall be paid by the Lessee's and consequences of its non-payment shall be borne by it.

10. **LIGHTS AND LIGHTING FIXTURES.** The subject area shall be provided with lights, lighting fixtures with fluorescent tubes and diffusers, or equivalent. The **LESSEE** shall be responsible for replacement of these gadgets/materials when damaged or broken. The **LESSOR** is not obligated to provide additional lights and/or lighting fixtures, but the **LESSEE** may provide at its own expense.

11. **RESPONSIBILITIES OF THE PARTIES**

a. The **LESSEE** shall keep the leased premises/property in clean, good condition. However, repairs and periodic repainting, if necessary, shall be at the expense of the **LESSOR**, unless the need had been brought about by the **LESSEE's** negligence or unreasonable act/s.

In the event certain damage or destruction is caused by occurrence of natural events, immediate repair or restoration shall be undertaken by the **LESSOR**. A moratorium or waiver of rental payment shall be granted to the **LESSEE** for the period of time the facility had been rendered unfit for full operation of **LESSEE**, before and during repair/restoration.

b. The **LESSOR** shall not be liable for the presence in the leased premises of bugs, vermin, rats, ants, termites, insects and other pests of any kind or nature whatsoever. However, a regular pest control service once a year or upon request by the **LESSEE** shall be undertaken by the **LESSOR** of the leased premises at the latter's expense.

c. The **LESSOR** or its representative/s with the proper notice to the **LESSEE** and at reasonable hour of any working day shall be allowed entry to the leased premises to conduct inspection for repairs or improvements. Subsequent access to the leased premises shall be given to the authorized person/s who will undertake the repair or improvement/s. The **LESSEE** shall designate the time when such repair or improvement will be undertaken in order to lessen inconvenience to the employees and clients, or to avoid disruption of office work or activities.

d. The **LESSOR** shall undertake necessary actions to ensure that the requirements/specifications indicated under **Section 7 (TECHNICAL REQUIREMENTS) of Bidding Documents for the Bidding of One Year Office Space Rental Contract for PRO IV-A Main Office** are already satisfied at the start of implementation of this contract.

e. The **LESSOR** shall warrant that the **LESSEE** shall have peaceful possession of the leased premises for the duration of term agreed upon except when the disturbance is caused by natural calamities or acts outside **LESSOR's** control.

f. The **LESSOR** shall **apply pest control and rodent control on all areas occupied by PhilHealth at least once every six (6) months.**

12. **LAWS AND ORDINANCES.** The **LESSEE** shall comply and abide with the ordinances of the city regarding the use of the premises, comply with health regulations and secure permits or licenses for its business operations.

OWNER, Lucena Silangan Marine & Industrial Supply

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ALBERTO C. MANDURAO

RVP, PRO IV-A

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13. **REALTY TAX.** The real taxes and other payments imposed on the leased property shall be for the exclusive account of the **LESSOR**.
14. **SUBLEASE, TRANSFER OF RIGHTS.** The transfer of rights of the **LESSEE** under this contract and/or the sublease of any part or portion of the leased premises shall not made unless a written notice to the **LESSOR** is given and the approval of the letter is secured. Any violation of this condition will be a basis for the termination of the contract.
15. **MORTGAGE AND ENCUMBRANCE.** The **LESSOR** reserves his/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 acquired there from by the **LESSEE** are protected in its entirety.
16. **VIOLATION.** A violation by one of the parties of any of the terms of any of the terms and conditions set forth herein results as a right or basis for the termination of this contract. In such event, the aggrieved party will make a formal notice to the guilty 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. Furthermore, if amicable or extra-judicial settlement cannot be arrived at the termination of the contract is the only solution, then the conditions set forth under section 18 will be applied and the procedures expressed shall be followed.

17. **TERMINATION.**

- A. This contract of lease shall end on the terminal date agreed upon there being no renewal or extension agreed upon by the parties.
- B. It shall also be terminated due to the violation or breach by one of the parties of any of the agreed terms and conditions 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, the leased premises is rendered in the condition unfit for occupancy.

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. 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. A moving out period of seven (7) working days without rental charges shall be allowed by the **LESSOR**. Within ten (10) calendar days after the leased premises are vacated, the deposit constituted shall be returned by the **LESSOR** to the **LESSEE** without need of demand.

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


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be repaired and restored by the **LESSEE**. A moving out period of seven (7) working days without rental charges shall be allowed by the **LESSOR**. Within ten (10) days after the premises are vacated, the **LESSOR** shall return the deposit constituted less the amount mentioned in number 5.

In case the **LESSOR** is the guilty part, 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 the law. 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.

If termination ensues due to the destruction of the leased premises, the **LESSOR** shall return the deposit within ten (10) days after receipt of notice from the **LESSEE**. The **LESSOR** shall not be answerable 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 or to any cause that is beyond the **LESSOR's** control.

18. **DELAY IN VACATION OF THE PREMISES.** Except as provided for in the immediately preceding paragraph, if the premises is not vacated within the seven (7) days grace period allowed by the **LESSOR**, then the **LESSEE** shall be charged with the corresponding daily rentals of the premises to be affected from the terminal date to the date when the premises to be affected from the terminal date to the date when the premises is totally vacated.

19. **NON-WAIVER.** The failure of the **LESSOR** 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 covenants.

A Performance Bond amounting to five percent (5%) in a form of cash/cashier's/manager's check/bank draft/guarantee/irrevocable letter of credit or thirty percent (30%) in a form of surety bond of the total rental for nine (9) months term or One Hundred Thirty One Thousand Fifty One and 25/100 Pesos (Php131,051.25) or Seven Hundred Eighty Six Thousand Three Hundred Seven and 50/100 Pesos (Php786,307.50), respectively, shall be posted by the **LESSOR**.

20. **LITIGATION AND VENUE.** In the event judicial relief against the guilty party is filed before the regular courts, for the enforcement of the terms and conditions in the contract, the guilty 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 (P10,000.00) as attorney's fees, aside from the cost of litigation and other expenses which that law entitles the aggrieved party to recover. The parties agree that the venue of court action is in the proper court of **Pasig City & Lucena City**.

21. **SEPARABILITY CLAUSE.** If any paragraph, subparagraph or part of this contract is declared contrary to law, public policy or otherwise declared invalid, such shall not affect the other paragraphs, subparagraphs or other part of this contract.

22. **SUPERCEDING CLAUSE.** This contract of lease supersedes and renders void any and all agreements and undertakings, oral or written, which may have been entered into by

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RVP, PhRO IV-A

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Witness

MIGUEL T. MACALINAO

Witness

and between the parties, the same being considered as having been merged herein. Any changes and alterations in this contract shall be valid if made in writing and duly signed by the parties.

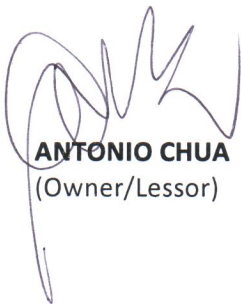
IN WITNESS WHEREOF, the parties hereto have signed this contract on this 28th day of December, 2011 at Lucena City.

**LUCENA SILANGAN MARINE
AND INDUSTRIAL SUPPLY**
(Lessor)

**PHILHEALTH REGIONAL
OFFICE IV-A**
(Lessee)

By:

Represented by:

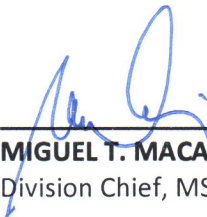


ANTONIO CHUA
(Owner/Lessor)



ALBERTO C. MANDURAI
Regional Vice-President, PhRO IV-A

Signed in the presence of:



MIGUEL T. MACALINAO
Division Chief, MSD



FELICIANA O. PASTORPIDE
Fiscal Controller IV

ACKNOWLEDGEMENT

BEFORE ME, personally appeared:

NAME	RES. CERT. NO.	DATE/PLACE OF ISSUE
PHILHEALTH REGION IV-A ALBERTO C. MANDURIAO	TIN: 0035054010011 26183956 PHIC ID# 10007197	03/28/11 / Cainta, Rizal
ANTONIO B. CHUA	12320492	1/19/11 Lucena City

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

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

Doc. No. 473
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Book No. XXX
Series of 2011.

VINCENT EDWARD S. DATO
NOTARY PUBLIC
PTR NO. 2010-012 UNTIL DEC. 31, 2011
2/F. GATEWAY Bldg. GUINTO COR
EDSA - LUCENA CITY, PHILIPPINES
PTR NO. 2015-012 UNTIL DEC. 31, 2015
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