

CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

This CONTRACT OF LEASE made and entered into by and between:

ZAMBOANGA LIMBROS CORPORATION, a domestic corporation organized and existing in accordance with Philippine laws, with office address at Veterans Avenue Extension, Zamboanga City, represented herein by its General Manager, **ROGELIO P. LIM**, hereinafter referred to as the "**LESSOR**".

-and-

PHILIPPINE HEALTH INSURANCE CORPORATION, a government owned and controlled corporation duly registered, organized and existing under Philippine laws with principal office at 11th-19th/F Citystate Center Bldg., 709 Shaw Boulevard, Brgy. Oranbo, Pasig City, represented herein by its Regional Vice President for PhilHealth Regional Office IX, **MR. ROMEO D. ALBERTO**, hereinafter referred to as the "**LESSEE**".

-Witnesseth-

WHEREAS, the LESSOR is the registered and absolute owner of Limbros Warehouse situated at Veterans Avenue Extension, Zamboanga City and made available certain areas therein for lease to the LESSEE.

WHEREAS, the LESSEE has formally intended to lease the warehouse 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 warehouse with an area of Three Hundred Sixty Square Meters (360 sq.m.), of Limbros Warehouse situated at Veterans Avenue Extension, Zamboanga City, Philippines.
2. **TERM OF LEASE.** This Contract of Lease commences on **July 1, 2012** and ends on **December 31, 2012** unless sooner terminated in accordance with the provisions thereof. After expiration of this contract and no new contract has been made or issued by the **CLIENT** or that the result of the bidding is not yet issued if one is conducted, this contract shall be deemed extended on a month to month basis up to such period as may be allowed by laws, rules and regulations.
3. **LEASE RATE.** The lease rate is **TWENTY-FIVE THOUSAND FOUR HUNDRED SEVENTY ONE AND 60/100 PESOS (P25,471.60)** 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. The withholding tax shall be paid by the LESSEE who shall provide the LESSOR the withholding tax certificate.
4. **USE OF THE PREMISES.** The leased area shall be used by the LESSEE for warehouse/office purposes and shall not be converted into any other use without prior authority from the LESSOR. The use of the premises shall be

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subject to the uniformly applicable building rules and regulations 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.

5. **PARKING AND OTHER JOINT-USE AREAS.** The LESSOR shall grant parking slots reserved for the LESSEE for the term of this lease. The LESSOR hereby grants the LESSEE a non-exclusive privilege to use the parking areas and other portions of the building dedicated to common use. The right to use said spaces by the LESSEE, its employees and clients or customers is not an integral part of the premises and it may be restricted or regulated by the LESSOR at its own discretion. Such use shall be subject to the restrictions and regulations and such other conditions as may be promulgated from time to time by the LESSOR.

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6. **IMPROVEMENTS.** The LESSEE shall submit to the LESSOR the plans for physical improvements within the subject area for the latter's review and approval. The LESSOR may require any amendments thereof where correct tapping of electric service and other utilities is considered necessary. The LESSEE may avail of any of the building electrician and handyman for the purpose, with basic charges shouldered by it. Where portions or parts of the improvement affect portions or parts of the structure, the LESSOR will require necessary further improvements on the leased premise and will require the submission of the plans for the approval of the LESSOR.

7. **UTILITIES.** The subject building will be provided with transformer and electric power facilities. All electric bills for the power used by the LESSEE shall be paid by it. The LESSOR shall also provide water supply to the LESSEE free of charge.

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8. **TELEPHONE AND COMMUNICATION.** The subject building will be provided with the telephone lines and facilities. All telephone bills and tolls for the lines used by the LESSEE shall be paid by it and the LESSOR shall be rendered free from liability for the cut-off due to the non-payment by the LESSEE.

9. **LIGHTS AND LIGHTING FIXTURES.** The subject building is provided with lights, lighting fixtures with fluorescent tubes and diffusers. These LESSOR supplied gadgets will be replaced when busted or damaged with cost shouldered by the LESSEE. The LESSOR is not obligated to provide additional lights and/or lighting fixtures, but the LESSEE may so provide at its own expense.

10. **ADVERTISING/SIGNS AND ADVERTISING MEDIA.** The LESSEE shall not affix, hang, inscribe or paint any notice, sign, streamer, or other advertising medium within or outside the premises, without prior written approval of the LESSOR and even then they shall be only of such size and style as the latter may determine.

The LESSEE shall put up and maintain at its own expense the required business sign(s), the size, color, and design of which shall be reduced in writing and submitted to the LESSOR for approval, the same determined by the LESSOR upon the commencement date of LESSEE'S business.

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11. 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 not be liable for the presence in the leased premises of bugs, vermin, rats, ants, termites, insects and other pests of any kind of nature whatsoever. However, upon request by the LESSEE or at the LESSOR'S own volition, regular pest control service shall be undertaken by the LESSOR of the leased premises at the latter's expense.
- c. The LESSOR reserves the right to prescribe or limit the weight of any machinery, safe, equipment, and similar articles that may be brought and placed in the leased premises.
- d. To lessen inconvenience, the LESSEE shall make delivery of furniture, equipment and other bulky items into the leased premises with prior notice to the LESSOR or his representative who may immediately conduct inspection of said items.
- e. The LESSEE shall have the right to take out from the building at any time of the day, any of its furniture, office machine or any type of office equipment and accessories of any kind, provided that a prior notice shall have been given to the LESSOR or his representative.
- f. The common corridors, hallways and lobbies of the building are destined, as passageway for ingress to and egress from the leased premises and no obstruction shall be caused therein.
- g. The LESSEE shall not cause the exterior façade of the building to be changed or altered in any way, without the prior written consent of the LESSOR.
- h. The LESSEE shall see to it that the leased premises are free from annoying sound, disturbing noises, free from obnoxious odors and other nuisances, and that it be used in a manner that will not disturb the peace and tranquility of the other building occupants.
- i. Nothing shall be brought into and stored in the leased premises on a more or less permanent basis, articles that are fire hazards or will unduly cause the occurrence of fire or explosions, such as explosives of any kind or type, pyrotechnic articles, gasoline or flammable fluids, among others. When this condition is violated and results in damage or destruction to the leased premises, the LESSEE shall be conjunctively held responsible for claims from all damages and any action against it for ordinance violation.
- j. The LESSOR shall see to it that the premises are rendered in tenable condition. In the event certain damage or destruction is caused by the occurrence of the natural events, immediate repair or restoration shall be undertaken by the LESSOR granting a moratorium or waiver of rental payment for the period of time needed for such repair or restoration.

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k. The LESSEE shall be allowed to put up a corporate logo and/or corporate name on the building. The LESSOR shall provide for the post or pole where such corporate logo or corporate name shall be placed subject to agreement by the parties as to the size and location of the signage.

l. The LESSEE shall undertake all ordinary repairs on the leased premises at its own cost. Repairs on the electrical outlets, telephone switch boxes, air conditioning facilities, electrical wiring and plumbing fixtures shall likewise be for the account of the LESSEE.

m. The LESSOR shall undertake all major and extraordinary repairs on the leased premises at his/its own expense. In the event that the leased premises cannot be utilized during the period of repair, the LESSOR grants a moratorium or waiver of rental payment for such period.

n. The LESSOR warrants 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.

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

13. **INSPECTION OF PREMISES.** The LESSOR or his/its representative, 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 improvements. The LESSEE may 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.

14. **REALTY TAX.** The real estate taxes and other payments imposed on the leased premises shall be for the exclusive account of the LESSOR.

15. **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 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 the termination of the contract.

16. **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 rights acquired therefrom by the LESSEE are protected in its entirety.

17. **VIOLATION.** A violation by one of the parties 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 extrajudicially settle the matter. Furthermore, if amicable or extrajudicial settlement cannot be arrived at and termination of the contract is the only

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solution, then the conditions set forth under Section 18 will be applied and the procedures expressed shall be followed.

18. TERMINATION.

- A. It shall 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.
- B. The same shall also be terminated when as a result of the occurrence of natural calamities, the leased premises is rendered in a 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.

In case the termination occurs due to the expiration of the lease contracts 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 effect of ordinary wear and tear. Damage or injury to the leased premises caused by the removal of article or improvement by the LESSEE shall be allowed by the LESSOR, without cost/expense to the latter. In case the LESSOR is the guilty party, the latter shall 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 for by law. Except for ordinary wear and tear, any damaged or injury to the lease premises shall be repaired and restored by the LESSEE. A moving out period of five (5) working days without rental charge shall be allowed by the LESSOR.

The LESSOR shall not be answerable or 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 event or to any cause that is beyond the LESSOR's control.

- C. Any party may terminate this Contract of Lease for any cause at any time before the expiration of the term agreed upon by giving the other party a thirty (30) days written notice of termination prior to the intended date without incurring any liability as to damages, subject to the terms and conditions set forth in the preceding sub-paragraphs.

- 19. DELAY IN VACATION OF THE PREMISES.** Except as provided for in the immediately preceding paragraph, if the premises is not vacated within the five (5) days 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.

20. **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.

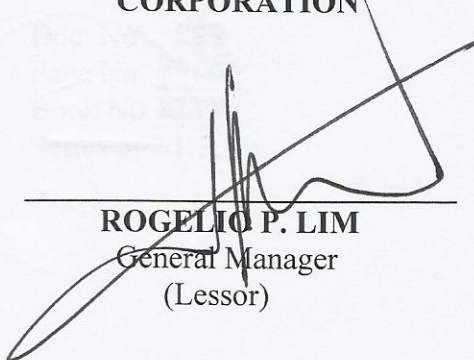
21. **LITIGATION AND VENUE.** In the event judicial relief against the guilty party is filed before the regular courts, for the enforcement of the terms and conditions in the contract, the guilty party, in addition to any damages that may be awarded by the court, agrees to pay ten percent (10%) of the amount claimed but in no case less than ten thousand pesos (P10,000.00) as attorney's fees, aside from the costs of litigation and other expenses which the law entitles the aggrieved party to recover. The parties agree that the venue of court action is in the proper courts of Zamboanga City.

22. **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.

23. **SUPERCEDING CLAUSE.** This Contract of Lease supercedes and renders void any and all agreements and undertakings, 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 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 in representation of their respective principal this _____ day of _____, _____, at Zamboanga City, Philippines.

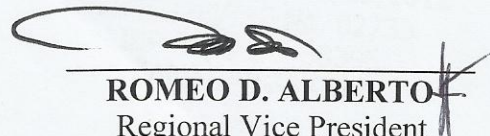
**ZAMBOANGA LIMBROS
CORPORATION**



ROGELIO P. LIM
General Manager
(Lessor)

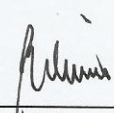
By:

**PHILIPPINE HEALTH
INSURANCE CORPORATION**



ROMEO D. ALBERTO
Regional Vice President
(Lessee)

Signed in the presence of:



ROSEMIN E. DAMSID
Fiscal Controller IV

ACKNOWLEDGMENT

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

BEFORE ME, this 4th day of July, 2012, 2012, personally appeared

NAME

CTC NO.

ISSUED ON/AT

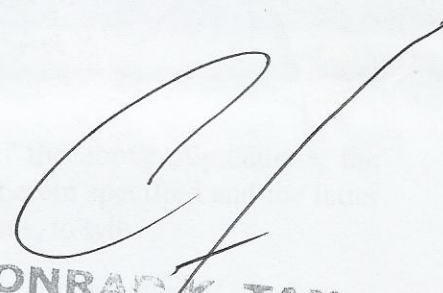
1. ROGELIO P. LIM	<u>34914150</u>	<u>Jan. 24, 2012/Z.C.</u>
2. ROMEO D. ALBERTO	<u>34903760</u>	<u>01-20-2012/Zamboanga City</u>

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 own free act and deed and that of the Corporation being represented.

This instrument consist of seven (7) pages, including this page on which this acknowledgement is written, signed by the parties and their instrumental witnesses and sealed with my Notarial Seal.

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

Doc. No. 239;
Page No. 7426;
Book No. XLIV;
Series of 2012.


CONRAD K. TAN
NOTARY PUBLIC
Until December 31, 2013
PTR No. 0437217-01/05/2012
LIFETIME IBP No. 02733
IBP ROLL No. 38395,
ZAMBOANGA CITY

Lessee