

CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

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

PAULJUDE REALTY CO., a corporation, organized and existing under Philippine laws with principal office at 141 Rizal Street, Dagupan City represented herein by its Owner, **PAUL FRANCIS T. CO** 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 City State Center Building, 709 Shaw Blvd., cor. Oranbo Drive, Pasig City, represented herein by its Regional Vice President, **ELVIRA C. VER** hereinafter referred to as the "**LESSEE**".

-Witnesseth-

WHEREAS, the **LESSOR** is the registered and absolute owner of **PAULJUDE REALTY CO.** situated at Anolid, Mangaldan, Pangasinan and made available certain areas therein for lease to the **LESSEE**;

WHEREAS, the **LESSEE** is in need of a warehouse that will meet its requirements and conditions for its Regional Office, specifically intended to secure non-current records and unserviceable office furniture and equipment;

WHEREAS, the **LESSOR** and the **LESSEE** have agreed to execute a contract of lease covering an area of 1,600 square meters and additional 20 square meters free of charge;

WHEREAS, by virtue of Office Order No.37 s. 2008 dated May 30, 2008, the Regional Vice President has the authority in approving/signing for the lease contracts of office space amounting to Three Million Pesos (P3,000,000.00) and below;

WHEREAS, the PRO 1 Bids and Awards Committee (PRO1-BAC) resolved and recommended through BAC Resolution No. 002 s. 2014 dated January 29, 2014 the Award of Contract for the Negotiated Procurement of the Three-Year Lease of Warehouse of PRO 1 under BAC-RFQ No. 2014-001 to PaulJude Realty Co.;

NOW, THEREFORE, for and in consideration of the above premises, the **LESSOR** and the **LESSEE** have mutually agreed, as they hereby agree, to execute this **CONTRACT OF LEASE**, subject to the following terms and conditions, to wit:


MARK KRISTINA P. MENESES
Witness for PAULJUDE


ARCHT. PAUL FRANCIS T. CO
Owner/Lessor


JANE C. RAGOS
Fiscal Controller IV


ATTY. MC DONALD B. MALICDEM
Attorney IV


CYNTHIA S. SANTOS
Chief, Management Service Division


ELVIRA C. VER
Regional Vice President

1. **COVERAGE.** This Contract of Lease covers the warehouse space of the building with a total area of 1,620 square meters, located at Anolid, Mangaldan, Pangasinan.
2. **LEASE RATE.** The rental rate per month is **Eighty Thousand Nine Hundred Thirty Three and 92/100 Pesos (P80,933.92)** inclusive of all government required fees, taxes and maintenance cost, to be paid on or before the tenth (10th) day of the succeeding month upon presentation of a billing statement or notice for payment. The withholding tax shall be paid by the **LESSEE** who shall provide the **LESSOR** the withholding tax certificate.
3. **CONTRACT DURATION.** This contract of lease shall be effective from **February 16, 2014- February 15, 2015** subject to an automatic renewal for another year under the Multi-year Obligational Authority agreement between the parties;
4. **RENEWAL.** Within thirty (30) days prior to the expiration of this contract of lease during the last year of the Multi-year Obligational agreement, the LESSEE will make formal notice to the LESSOR of its intention to renew the lease for such period and on such terms and conditions as may then be mutually agreed upon. In the event that no new contract has been made or issued after its expiration, this contract shall be deemed extended on a month to month basis up to such period as may be allowed by law, rules, and regulations.
5. **DEPOSIT.** The LESSEE shall pay the LESSOR a security deposit equivalent to two months rental for a total of **One Hundred Sixty One Thousand Eight Hundred Sixty Seven and 84/100 Pesos (P161,867.84)**. LESSOR shall return to the LESSEE the said amount, interest-free, less unpaid utilities bill if any, without need of prior notice or demand within fifteen (15) days after having moved out of the premises, there being no renewal entered into by the parties or from pre-termination as stipulated in Section 15c thereof.
6. **SUBLEASE, TRANSFER OF RIGHTS** -The LESSEE shall not sublease, assign or transfer its rights under this Contract to any of its subsidiaries or affiliates or to any person without the consent of the LESSOR.
7. **TECHNICAL SPECIFICATIONS.**

a. SPACE REQUIREMENTS

The warehouse/s may be a single or more units with a total rentable area of at least One Thousand Six Hundred (1,600.00) square meters.

Note: Rentable area refers to the total area of the real estate in square meters being occupied or to be occupied by the Lessee less the common area like lobby, stairway, elevator hall, common comfort room, machine room of air conditioner, and other areas of common use by the public or upper floor occupants, (GPPB, Implementing Guidelines for Lease of

Privately Owned Real State and Venue, Appendix B Item 1.1.4, GPPB Resolution No. 08, 2009).

b. PARKING REQUIREMENT

The Lessor shall provide for free at least one (1) parking slot in every 250 sq.m of rentable space for the exclusive use of the PhilHealth vehicles.

c. BUILDING EQUIPMENT AND FACILITIES

Warehouse/s shall be made of reinforced concrete, structural steel or combination of both.


The building must have the following facilities/ amenities, viz:

1. The main meter and/or sub-meter for electrical and water supply exclusively for the use of PhilHealth;
2. Sufficient supply of water in the building;
3. Sufficient and in good working condition electrical fixtures such as lighting fixtures and convenience outlets;
4. Well ventilated comfort room/s (CR/s) with working fixtures such as lavatory, hose bib, water closet and urinal;
5. Floor to ceiling height of the warehouse shall not be less than 3.00 meters;
6. The property is accessible by public transport and emergency vehicle (fire trucks);
7. Preferably there is an available space for future expansion.

d. OTHER PROVISIONS.

1. The Lessor shall apply pest control and rodent control on all the areas occupied by PhilHealth at least twice a year.
2. The Lessor shall undertake major repairs and maintenance of the premises, civil, electrical, sanitary, and mechanical equipment/systems/components caused by natural or man-made calamities. The expenses for the aforementioned shall be shouldered by the Lessor.
3. Busted lighting fixtures may be replaced by PhilHealth.
4. Leasehold improvements shall be allowed with prior written approval from the Lessor.
5. Any movable structures installed by PhilHealth may be removed if the warehouse is vacated.
6. PhilHealth may pay up to two (2) months security deposit. No advance lease payment shall be allowed.
7. Rental payment of the leased premises shall be in Philippine Pesos and will be based on the agreed amount per square meter, per month, inclusive of VAT, payable within the Tenth (10th) day of the succeeding month.

8. UTILITIES. The subject building is provided with electric power and facilities. All electric bills for the power exclusively used by the **LESSEE** shall be paid by it and


MA. KRISTINA P. MENESES
Witness for PAULJUDE


ARCHT. PAUL FRANCIS T. CO
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JANE C. RAGOS
Fiscal Controller IV


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Attorney IV


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Chief, Management Service Division

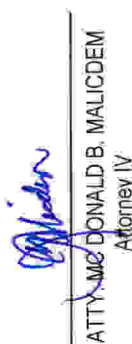

ELVIRA C. VER
Regional Vice President




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the LESSOR shall be rendered free from the non-payment or cut-off for non-payment by the LESSEE and this condition applies despite the same electricity bills used by the LESSEE are registered in the name of the LESSOR.

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 obliged to provide additional lights and/or lighting fixtures, but the LESSEE may so provide at its own expense.

10. **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 LESSEE or his representative shall have the right to take out from the building at any time of the day, any of its office furniture, office machine, or any type of office equipment and accessories of any kind.
- C. The LESSEE shall be allowed to undertake leasehold improvements but these should not cause the exterior façade of the building to be changed or altered in any way, without the prior written consent of the LESSOR.
- D. 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.
- E. 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.
- F. The LESSOR shall see to it that the premises are rendered in tenantable condition. In the event certain damage or destruction is caused by the occurrence of natural events, repair or restoration within 45 days shall be undertaken by the LESSOR granting a proportionate waiver of rental payment for the period of time needed for such repair or restoration. The LESSEE may undertake major repairs in the event the LESSOR fails to do so within the above stated period of time with the LESSEE having the right to be reimbursed of the total cost of repair made or a proportionate waiver of the rental payment, whichever is agreed upon by both parties.


MR. KRISTINA P. MENESES
Witness for PAULJUDE


ARCHT. PAUL FRANCIS T. CO
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JANE C. RAGOS
Fiscal Controller IV


ATTY. MCDONALD B. MALICDEM
Attorney IV


CYNTHIA S. SANTOS
Chief, Management Service Division


ELVIRA C. VER
Regional Vice President

- G. The LESSOR shall provide an adequate space free of charge for the installation of the LESSEE's horizontal and/or vertical signage. The LESSOR shall provide for the post or pole where such corporate logo or signage shall be placed, when needed.
- H. The LESSOR shall undertake all major repairs and maintenance on the leased premises such as damage to civil, electrical, sanitary and mechanical equipment caused by natural or man-made calamities at his own expense within 24 hours from the time the LESSEE has reported the matter to the LESSOR. In the event that the leased premises cannot be utilized during the period of repair, the LESSOR grants a proportionate waiver of rental payment for such period. The LESSEE may undertake major repairs in the event the LESSOR fails to do so within the above stated period of time with the LESSEE having the right to be reimbursed of the total cost of repair made or a proportionate waiver of the rental payment, whichever is agreed upon by both parties.
- I. 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.

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

12. **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.

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

13. **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 pre-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. Furthermore, if amicable or extra-judicial settlement cannot be arrived at and pre-termination of the contract is the only solution, then the conditions set forth under Section 17 will be applied and the procedures expressed therein shall be followed.


MA. KRISTINA P. MENESES
Witness for PAUL JUDE

14. TERMINATION.

- A. This contract of lease shall end on the terminal date agreed upon unless renewed or extended upon mutual agreement of the parties.
- B. It may also be terminated due to 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 unfit for occupancy.

In case the termination occurs due to the expiration of the lease contract, 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. Any movable structures installed by the **LESSEE** may be removed if the office space is vacated. The **LESSEE** should be reimbursed or indemnified by the **LESSOR** of the total cost of improvements made by the **LESSEE** which are suitable to the use for which the lease is intended. Within fifteen (15) days from the expiration of the term of the Lease, the deposit constituted shall be returned by the **LESSOR** to the **LESSEE** without need of demand in accordance with Section 4. 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 to the **LESSOR**. A moving-out period of fifteen (15) days without rental charge shall be allowed by the **LESSOR**.

If termination ensues due to the destruction of the leased premises, the **LESSOR** shall return the deposit constituted within the same period as above-mentioned. 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 events.

15. **DELAY IN VACATION OF THE PREMISES.** Except as provided for in the immediately preceding paragraph, if the premises are not vacated within the fifteen (15) days grace period allowed by the **LESSOR**, then the **LESSEE** shall be charged with the corresponding proportionate daily rentals of the premises to be effected from the lapse of the grace period. The daily rental payment is without prejudice to the claim for damage caused by the **LESSEE's** delay in vacating the premises.

16. **MISCELLANEOUS PROVISIONS.** The Technical Specifications, the Bid documents, the Bid Bulletin, and other related issuances on the bid proposal shall form an integral part of this Contract.


ARCHT. PAUL FRANCIS T. CO
Owner/Lessor



JANE C. RAGOS
Fiscal Controller IV


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Chief, Management Service Division


ELVIRA C. VER
Regional Vice President




MA. KRISTINA P. MENESES
Witness for PAULJUDE

17. LITIGATION AND VENUE. The LESSOR and the LESSEE shall use their best efforts to settle amicably all disputes arising out of or in connection with this Contract or the interpretation thereof.

Any dispute between the above parties as to matters arising pursuant to this Contract which cannot be settled amicably within thirty (30) days after receipt by one party of the other party's request for such amicable settlement may be submitted by either party for arbitration in accordance with the provisions of Republic Act 9285, otherwise known as the "Alternative Dispute Resolution Act of 2004".

The arbitral award and any decision rendered in accordance with the foregoing shall be appealable by way of a petition for review to the Court of Appeals.


JANE C. RAGOS
Fiscal Controller IV

18. 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.

19. SUPERSEDING 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 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 principals this _____ day of _____ 2014 Dagupan City, Philippines.

PAULJUDE REALTY CO.

(Lessor)

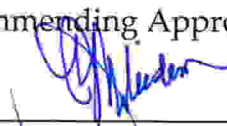
By:


PAUL FRANCIS T. CO
Owner

PHILIPPINE HEALTH INSURANCE CORPORATION

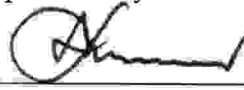
(Lessee)

Recommending Approval:


ATTY. MCDONALD B. MALICDEM
Attorney IV


CYNTHIA S. SANTOS
Chief, Management Services Division

Approved by:


ELVIRA C. VER
Regional Vice President



Signed in the presence of:


ARCHY PAUL FRANCIS T. CO
Owner/Lessor


MA. KRISTINA P. MENESES


JANE C. RAGOS
Fiscal Controller IV

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
Province of Pangasinan)
City of Dagupan) S. S.

BEFORE ME, this _____ day of _____, 2014, personally appeared the following:

Name

ID No.

Type of ID

PAUL FRANCIS T. CO

BB6343270

Passport

ELVIRA C. VER


10027098

Company ID

known to me and to me known to be the same persons who executed the foregoing Contract of Lease and acknowledged that the same is their free act and deed. This instrument consisting of seven (8) pages including the page on which this acknowledgement is written has been signed on the left margin of each and every page hereof 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.

Notary Public


ATTY. ALEX NORMAN B. LOMBOY
Notary Public
until December 31, 2015
SNC 2014-06-Dagupan
IBP Ltr No. 09230 Roll No. 56072
124 A.B. Fernandez Ave., Dagupan City
PTR No. 0576584 Dagupan City 1/02/14

Doc. No. 312
Page No. 64
Book No. XIV
Series of 2014