

CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

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

LUCENA GRAND CENTRAL TERMINAL INC., a corporation duly registered, organized and existing under Philippine laws with business address at Diversion Road, Brgy. Ilayang Dupay, Lucena City, Philippines, represented in this act by its President, FELIX L. CHUA, JR. herein referred to as the "LESSOR";

- and -

PHILHEALTH REGIONAL OFFICE IVA, a regional office of Philippine Health Insurance Corporation, a government-owned and controlled corporation duly organized and existing under Republic Act No. 7875, as amended, with office address at Lucena Grand Central Terminal, Brgy. Ilayang Dupay, Lucena City represented in this act by its Acting President & CEO, ROY B. FERRER, M.D., MSc., hereinafter referred to as the "LESSEE".

- Witnesseth -

WHEREAS, the LESSOR, is the registered and absolute owner of a building for lease situated at Lucena Grand Central Terminal, Diversion Road, Brgy. Ilayang Dupay, 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:

- SUBJECT OF LEASE.** An office space of a commercial building located at Lucena Grand Central Terminal, Diversion Road, Brgy. Ilayang Dupay, Lucena City, Quezon with a total area of **Five Hundred Fifty (550) Square Meters** to be used by PhilHealth as its Local Health Insurance Office (LHIO) in Lucena City, Quezon.
- TERM OF LEASE.** This Contract of Lease is for Five (5) years, from **August 1, 2018** to **July 31, 2023**.

Upon its expiration, the LESSEE has the option to extend this lease on a monthly basis, based on the rental rate and on the same terms and conditions as agreed upon by the parties. Extension of contract shall not exceed one (1) year. The LESSEE shall give a written notice of its intention to extend the lease to the LESSOR not later than fifteen (15) days prior to the expiry of the period herein agreed upon.

- LEASE RATE.** The total lease rate for the five year-period is **Six Million One Hundred Eighty-Six Thousand Nine Hundred Pesos (6,186,900.00)** inclusive of all government-required fees, applicable taxes and the cost of maintaining the leased premises for regular wear and tear. The lease rates per year and corresponding rates per month are as follows:

Lease Rate Per Year	Monthly Lease Rate
₱ 1,237,380.00	₱ 103,115.00

The lease rate shall be paid on a monthly basis on or before the tenth (10<sup>th</sup>) day of the succeeding months upon presentation of a billing or notice for payment seven (7) working 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. All rental payments shall be payable to the LESSOR.

- DEPOSIT.** The LESSEE shall deposit to the LESSOR upon signing of the contract an amount equivalent to the rent for three (3) months or the sum of **Three Hundred Nine**

Submitted by: ELIZABETH S. FERNANDEZ, M.D.  
RVP, PRO IVA

GREGORIO C. RULLODA  
AVP, Area II

Recommended by: RUBEN JOHN A. BASA  
EVP & COO

Approved by: ROY B. FERRER, M.D., MSc.  
Acting President & CEO

ARON R. RIANO  
Witness

FELICIANA O. PASTORPIDE  
Witness

FELIX L. CHUA JR.  
President, Lucena Grand Central Terminal Inc.

**Thousand Three Hundred Forty-Five Pesos (P 309,345.00).** The deposit shall be applied to the rental payment for the last three (3) months of the contract.

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 properties and fostering a harmonious relationship among the **LESSOR**, the lessees/occupants and the building administrator.
6. **PARKING AND OTHER JOINT-USE AREAS.** The **LESSOR** shall provide for free at least six (6) parking slots/spaces for the exclusive use of the **LESSEE** for the term of this lease. Likewise, **LESSEE** 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 the leased premises/facility and at suitable place outside the building/premises.
8. **IMPROVEMENTS.** If need arises during the course of this 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 with existing laws.

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

9. **UTILITIES.** The subject building/facility will be provided with:
  - a. Exclusive electric power supply and facilities capable of handling the **LESSEE'S** power requirements. It shall match the power requirement of at least One Hundred Twenty Kilowatts (120 kW). The **LESSEE** shall pay for the electric consumption it will incur based on the monthly meter reading and the electric bill to be sent by the electric company supplier. The **LESSEE** shall be responsible for the consequences of non-payment thereof.
  - b. Daily water supply (preferably from public water service provider) and facilities. The **LESSEE** shall have its own water meter and shall pay the bills it incurred based on its monthly usage. The **LESSEE** shall be responsible for the consequences of non-payment thereof.
  - c. The subject building/facility shall be readily available for installation of telephone lines and communication facilities, which are already registered under the name of the **LESSEE**. All telephone bills and tolls incurred from these lines/facilities shall be paid by the **LESSEE**. The **LESSEE** shall be responsible for the consequences of non-payment thereof.
10. **LIGHTS AND LIGHTING FIXTURES.** The leased 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 has 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 every six months or upon request by the **LESSEE** shall be undertaken by the **LESSOR** of the leased premises at the latter's expense.

Submitted by: **ELIZABETH S. FERNANDEZ, M.D.**  
RVP, PRO IVA

**GREGORIO C. RULLODA**  
AVP, Arge II

Recommended by: **RUBEN JOHN A. BASA**  
EVP & COO

Approved by: **ROY B. FERRER, M.D., MSC.**  
Acting President & CEO

**ARON R. RIANO**  
Witness

**FELICIANA O. PASTORPIDE**  
Witness

**FELIX L. CHUA JR.**  
President, Lucena Grand Central Terminal Inc.

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

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.
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 be made unless a written notice to the **LESSOR** is given and the approval of the latter is secured. Any violation of this condition shall be a basis for the termination of this contract.
15. **MORTGAGE AND ENCUMBRANCE.** The right of the **LESSOR** to mortgage the property including the leased premises or to sell the property shall not be exercised unless a written notice to the **LESSEE** is given. The **LESSOR** shall see to it that the terms and conditions of this contract and the acquired right there from by the **LESSEE** are protected and considered in the preparation of the Contract to Sell or Mortgage. Or if there is an existing contract, that the same is amended to make sure that the rights of the **LESSEE** under this contract are protected.
16. **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 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 17 will be applied and the procedures expressed therein 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 unfit for use and occupation.

In case the termination occurs due to the expiration of the lease contract and no re-execution of the lease agreement is done by the parties, the **LESSEE** shall peacefully vacate the premises. The **LESSEE** shall not be liable for any damage or injury to the leased premises, except when the same is brought about by the negligence of the **LESSEE**.

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. Any damage or injury to the leased premises shall be repaired and restored by the **LESSEE**.

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 by law.

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RVP, PRO IVA

GREGORIO C. RULLODA  
AVP, Area II

Recommended by: RUBEN JOHN A. BASA  
EVP & COO

Approved by: ROY B. FERRER, M.D., MSC.  
Acting President & CEO

ARON R. RIANO  
Witness

FELICIANA O. PASTORPIDE  
Witness

FELIX LACHUA JR.  
President, Lucena Grand Central Terminal Inc.

If termination ensues due to the destruction of the leased premises due to natural events or to any cause that is beyond the LESSOR's control, the LESSEE shall notify the LESSOR in writing of the termination. Termination in this case is effective immediately. 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.

- d. Damage or injury to the leased premises caused by the removal of articles or improvements by the LESSEE shall be allowed by the LESSOR.
- e. A moving out period of seven (7) working days without rental charges shall be allowed by the LESSOR.
- f. In the event that there are necessary repairs to be done on the leased premises after the termination of the contract and the leased premises is vacated, the LESSOR shall undertake such repair at its own.
- g. The LESSEE reserves the right to terminate this Contract of Lease for valid and reasonable causes at any time before the expiration of the term agreed upon by giving the other party a written notice of termination sixty (60) days prior to the intended date without incurring any liability as to damages, subject to the terms and conditions set forth in the preceding paragraphs.

18. **DELAY IN VACATION OF THE PREMISES.** If the premises is not vacated within the grace period of seven (7) days allowed by the LESSOR, then the LESSEE shall be charged with the corresponding daily rentals of the premises 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.

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 of 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 to which the law entitles the aggrieved party to recover. The parties agree that the venue of court action is in the proper courts 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 validity of other paragraphs, subparagraphs or other parts of this contract.

22. **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 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 11 SEP 2018, 2018 at Lucena City.

LUCENA GRAND CENTRAL  
TERMINAL INC.  
(Lessor)

By:

FELIX L. CHUA JR.  
President

PHILHEALTH REGIONAL OFFICE IVA  
(Lessee)

Submitted by:

ELIZABETH S. FERNANDEZ, M.D.  
RVP, PRO IVA

Submitted by: ELIZABETH S. FERNANDEZ, M.D.  
RVP, PRO IVA

GREGORIO C. RULLODA  
AVP, Area II

Recommended by: RUBEN JOHN A. BASA  
EVP & COO

Approved by: ROY A. FERRER, M.D., MSc.  
Acting President & CEO

ARON R. RIANO  
Witness

FELICIANA O. PASTORPIDE  
Witness

Recommended by:



**GREGORIO C. RULLODA**  
AVP, Area II



**RUBEN JOHN A. BASA**  
Executive Vice-President and Chief Operating  
Officer

Approved by:



**ROY B. FERRER, M.D., MSc.**  
Acting President & CEO

Signed in the presence of:



**FELICIANA O. PASTORPIDE**  
Division Chief, MSD



**ARON R. RIANO**  
Fiscal Controller III



# ACKNOWLEDGMENT

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

BEFORE ME, personally appeared:

Name

I.D. No.

Issued By:

**ROY B. FERRER, M.D., MSc.**  
Philippine Health Insurance Corporation

DRIVER'S LICENSE No. L02-94-099942


**FELIX L. CHUA JR.**  
Lucena Grand Central Terminal Inc.

TIN: 920-189-009

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 acts and deeds.

This instrument consisting of 6 pages, including the page on which this acknowledgment is written, has been signed on each and every page thereof by the concerned parties and their witnesses, and sealed with my notarial seal.

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

  
**JOSE AUGUSTO J. SALVACION**  
Notary Public  
Until December 31, 2019  
PTR No. 6565565  
Issued on 1-5-18  
Lucena City  
**Roll of Attorney No. 38423**  
**Lifetime Member Roll No. 01116**  
**IBP O.R. No. 413501 12-27-96**  
**TIN: 152-882-166**  
**MCI Compliance No. VI-0004612**  
**Issued on November 29, 2017**

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