

CONTRACT OF LEASE

Lease of Office Space for NCR SOUTH Branch (PRO NCR NP No. 01, s-2019)

KNOW ALL MEN BY THIS CONTRACT:

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

CROMAGEN LAND CORPORATION, a business name registered with the Securities and Exchange Commission with Company Reg. No. CS201006058 issued on 20 April 2010 and existing under the laws of the Republic of the Philippines, with business address at #8007 Pioneer St., Kapitolyo, Pasig City, represented herein by its President & General Manager, **BONIFACIO CORNILLEZ-TY**, hereinafter referred to as the "**LESSOR**";

and

The **PHILIPPINE HEALTH INSURANCE CORPORATION**, a Government-Owned and Controlled Corporation created and existing by virtue of R.A. 7875, as amended by R.A. 10606, otherwise known as the "National Health Insurance Act of 2013", with office address at Citystate Center, 709 Shaw Boulevard, Pasig City, represented herein by its **President and Chief Executive Officer, MGEN. RICARDO C. MORALES, AFP (RET) FICD**, hereinafter called "**LESSEE**";

WITNESSETH:

WHEREAS, the LESSOR has made available certain office spaces at its property in Pasig City for lease to the LESSEE;

WHEREAS, the LESSEE is in need of an office space for the operations and services of its PhilHealth Regional Office National Capital Region – South Branch 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, negotiated procurement under Section 53.10 – Lease of Real Property and Appendix 7 – Implementing Guidelines for Lease of Privately-Owned Real Estate and Venue of the Revised Implementing Rules and Regulations of R.A. 9184 was conducted pursuant to BAC Resolution No. 07, s-2019 dated 10 April 2019 for the lease of office spaces for its PhilHealth Regional Office National Capital Region – South Branch and the LESSOR was declared the winning bidder for which a Notice of Award has been issued and accordingly accepted by the LESSOR on 24 April 2019;

WHEREAS, the LESSEE has formally intended to lease a total of 1,802 sq.m. 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 terms and conditions, to wit:

1. **SUBJECT OF LEASE.** The leased premises under the contract is with a net rentable area of 1,802 sq. m. located at #8007 Pioneer St., Pasig City.
2. **TERM OF LEASE.** The term of contract shall be for one (1) year renewable up to four (4) years which will commence on July 1, 2019 and will expire on June 30, 2020. The renewal date for the renewed contract of lease shall be that day immediately following the expiration date indicated in this original or preceding contract. If no agreement is reached, the lease is deemed terminated. The

LESSEE or LESSOR shall provide a Notice of Intention to renew or to cancel one (1) month prior to the renewal date.

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. **LEASE RATE.** The lease rate is Twenty Two Million Four Hundred Eighteen Thousand Four Hundred Sixty Five Pesos and 76/100 (Php22,418,465.76) for the first year, or One Million Eight Hundred Sixty Eight Thousand Two Hundred Five Pesos and 48/100 (Php1,868,205.48) PER MONTH, inclusive of all taxes, fees, charges, and other maintenance costs to be paid within the fifteenth (15th) day of the following month upon presentation of the billing or notice for payment by the LESSOR. Except as provided for under this contract of Lease, the LESSEE shall not be liable for any other costs, charges, dues fees, assessment and the like, including but not limited to Common Use of Service Area (CUSA). The rental payment shall be based on the actual area of the office spaces or leased premises as measured by the parties. In case the actual area being occupied by the LESSEE is less than the net rentable area of 1,802 sq. m. the payment shall be pro-rata. However, in excess of the 1,802 sq. m. offered by the LESSEE the excess space shall be free of charge.
5. **DEPOSIT.** The LESSEE shall make a deposit equivalent to three (3) months rental which shall be held by the LESSOR in trust for the LESSEE for the faithful compliance of the LESSEE of the covenants hereof. Said deposit shall answer for any unpaid bills for electricity, telephone and water or for any damages to the LEASED PREMISES at the end of the term of the lease, natural wear and tear excepted if any. This deposit shall be returned by the LESSOR to the LESSEE, without necessity of demand within thirty (30) calendar days from the date of the termination of this contract, less unpaid bills and other bills pertaining to damages, if there be any, there being no renewal of the contract of lease entered into by the parties. Said deposit shall not earn nor accrue any interest and shall be in accordance with Section 22 and 23 of this contract.
6. **USE OF THE PREMISES.** The leased premises shall be used by the LESSEE exclusively 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.
7. **PARKING.** The LESSOR must provide at least one (1) free parking slot for 4-wheel vehicle for every 100 sq.m. or part thereof rentable space for exclusive use of the LESSEE during the term of this Lease or any renewal thereof. The LESSEE however reserves the right to engage its own security guards to watch these parking slots from use by others including the authorized parked vehicles of the tenant.
8. **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. Provided further, that the LESSEE shall have the right to engage its own security guards at its own expenses to protect and guard its LEASED PREMISES, officers, employees, visitors and guest, and their property, valuables and belongings.
9. **INSURANCE COVERAGE.** The LESSOR shall secure insurance coverage for the building against fire and/or damages caused by man-made or natural calamities. LESSOR shall not be concerned against loss or losses or injuries sustained by any of its employees and its clients within the 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. However, the maintenance and/or repair after turn-over of the said units shall be the sole responsibility of the LESSEE. The LESSEE, shall have the option to install its own air-conditioning units if in its assessment this is more advantageous than the cost of maintaining and/or repairing the existing units of the LESSOR.

11. **IMPROVEMENTS.** The LESSOR, 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. LESSEE shall secure permits from any government agencies, on its renovation or repair of the premises if so required by law or ordinances.
12. **UTILITIES.** The subject building will be provided with electric power and water facilities. All electric and water bills incurred 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 of the LESSEE.
13. **TELEPHONE AND COMMUNICATION.** 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 LIGHTING FIXTURES.** The subject building is provided with light and lighting fixtures with fluorescent tubes and diffusers. These light and/or fixtures within the leased 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 fix, hang, inscribe or paint any notice, sign, streamer, or other advertising medium outside the leased premises, without prior written notice to the LESSOR.

The LESSOR, allows the LESSEE to put up and maintain, at its own expense, the vertical and horizontal signage in the specifications set by the LESSEE.

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 quarterly pest control services in the leased premises at the LESSOR'S expense with prior notice to the LESSEE.
- C. 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 conduct inspection of said items.
- D. The LESSEE shall have the right to take out at anytime from the building 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 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 violating party shall be liable for all claims for damages and any and all other actions arising therefrom.

Since a power generating set is installed in the leased premises, the diesel fuel and lubricating oil that it uses, shall not be covered by this prohibition and shall be considered as a mutually agreed upon and acceptable flammable fuels stored within the premises by both Lessor and Lessee.

- I. The LESSOR shall see to it that premises are rendered in a tenantable condition. In the event certain damage and/or destruction is caused by the occurrence of natural events, or force majeure, immediate repair and/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.
- 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. For each incidence, any repair (labor and material) costing over Five Thousand Pesos (Php5,000.00) shall be for the account of the LESSOR. Any repair cost below this amount, shall be for the account of the LESSEE.
- K. The LESSOR shall undertake all major 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 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 the LESSOR's control without fault and/or negligence on its part.
- M. The LESSEE shall be given one (1) month moving in period free of charge after the issuance of Notice to Proceed (NTP).
17. **LAWS AND ORDINANCES.** The LESSEE shall comply and abide with pertinent city ordinances pertaining to the use of the premises and shall comply with existing health regulations and secure permits and/or license for its business operations. On the otherhand, the LESSOR shall comply with pertinent laws and regulations governing buildings and structures, such as but not limited to provisions on accessibility for PWD and Senior Citizens.
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 LESSEE, however, may designate the time when such repair and/or improvement will be undertaken in order to lessen inconvenience to its employees and clients or to avoid disruption of office work or activities.
19. **REALTY TAX.** The real estate taxes and other payments such as documentary tax 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 but warrants the protection of the LESSEE's rights arising from this Contract.
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 and allow the offending party to make amend or correct such violation in a reasonable time.
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. The LESSEE may terminate the Contract, in whole or in part, at anytime for the convenience of the Government if it has determined the existence of conditions that will make the lease premises economically, financially or technically impractical and/or unnecessary, such as, but not limited to, fortuitous event(s) or changes in laws and national government policies.
 - C. 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.
 - D. 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 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 article or improvements by the LESSEE shall be allowed by the LESSOR, without cost/expense to the former. Within thirty (30) calendar days after the leased premises are vacated, the deposit constituted shall be returned by the LESSOR to the LESSEE without need of demand and after deducting the amount mentioned in Section 23, 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, minor repairs to the leased premises shall be for the account of 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.

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) 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 are actually vacated.
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. **ARBITRATION.** If any dispute or difference of any kind whatsoever shall arise between the parties in connection with the implementation of this contract, the parties shall make every effort to resolve amicably such dispute or difference by mutual consultation; otherwise the same shall be submitted to arbitration in the Philippines according to the provisions of RA 876, otherwise known as the "Arbitration Law" and RA 9285, otherwise known as the "Alternative Dispute Resolution Act of 2004".
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 not declared invalid.
28. **NO GIFT POLICY.** The contracting parties undertake to comply with Office Order No. 0018-2015 entitled "Reiteration of PhilHealth No Gift Policy (Revision 1)" which is deemed incorporated into this contract. No PhilHealth personnel shall solicit, demand, or accept, directly or indirectly, any gift from any person, group, association, or juridical entity, whether from the public or private sector, at anytime, on or off the work premises where such gift is given in the course of official duties or in connection with any transaction which may affect the functions of their office or influence the actions of directors or employees, or create the appearance of a conflict of interest.
29. **SUPERCEDING CLAUSE.** This Contract of Lease supersedes and renders void any and 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 alteration in this contract shall be valid if made in writing and duly signed by the parties herein.
30. The Bidding Documents as well as the Technical Specifications for the project, attached herein as Annexes A and B shall form part, and be read and construed as part of the contract.

IN WITNESS WHEREOF, the parties have signed this contract in the representation of their respective corporation on this ____ day of _____, 2019, at _____, Republic of the Philippines.

**PHILIPPINE HEALTH INSURANCE
CORPORATION**
(LESSEE)


MGEN. RICARDO C. MORALES,
AFP (RET) FICD

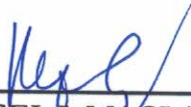
President and Chief Executive Officer, PhilHealth

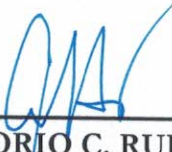
CROMAGEN LAND CORPORATION
(LESSOR)


BONIFACIO CORNILLEZ-TY
President & General Manager

Recommending Approval:



GILDA SALVACION A. DIAZ
Vice-President, PhilHealth Regional Office NCR


MARICEL J. MAGLALANG
OIC - Management Services Division
PhilHealth Regional Office NCR


GREGORIO C. RULLODA
Area Vice President – Area II


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

Signed in the Presence of:


WILLIE M. BUMACOD
OIC-Section Chief, Fund Management Section
PhilHealth Regional Office NCR



RODRIGO DELA PEÑA
Executive Staff Officer


CAP # 2019-06-0007

ACKNOWLEDGMENT

REPUBLIC OF THE)
PHILIPPINES)
QUEZON CITY)
S.S.

BEFORE ME, this 31 day of JULY, 2019, personally appeared the following persons exhibiting to me their respective government-issued IDs, to wit:


MGEN. RICARDO C. MORALES,
AFP (RET) FICDA
Philippine Health Insurance Corp.


BONIFACIO CORNILLEZ-TY
Cromagen Land Corporation


Identification Card and
Number

Date/Place of Issue

Known to me to be the same persons who executed the foregoing Agreement consisting of pages including the annexes and this page on which the acknowledgement is written and they acknowledged that the same is their free act and deed and that of the corporations being represented.

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

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Series of 2019 2/19


GAUDENCIO A. BARBOZA, JR.
NOTARY PUBLIC
Cities of Pasig, San Juan and
in the Municipality of Pateros, Metro Manila
Until December 31, 2020
PTR No. A-4252429 / 01 / 03 / 2019 Taguig City
IEP No. 053715 / 11 / 06 / 18-For Year 2019 / RSM
Roll No. 41969
MCLE Comp. VI-0021812 / March 29, 2019
No. 11, Unit J Freemont Arcade Bldg.
Shaw Blvd. Brgy. San Antonio, Pasig City
Appointment No. 32 (2019-2020)