CONTRACT OF LEASE

KNOW ALL MEN BY THIS CONTRACT:

This **CONTRACT** is made and entered into this _____ day of _____, 2020, by and between:

PHILIPPINE HEALTH INSURANCE CORPORATION, a government owned and controlled corporation created and existing by virtue of R.A. 7875 as amended, with office address at Valgosons Building Bolton Extension, Davao City, represented herein by its HECTOR ZENON LEONARDO P. MALATE, M.D., ACTING REGIONAL VICE PRESIDENT, hereinafter referred to as the "LESSEE";

-and-

ROCHE BUILDING, a private establishment duly registered, organized and existing under the laws of the Republic of the Philippines, with business address at Roche Building, Corner A. Mabini and Andravel Streets, Mati City, represented herein by its **OWNER/PROPRIETOR**, **RODOLFO C. SILVESTRE**, hereinafter referred to as the "LESSOR".

- witnesseth -

WHEREAS, the LESSOR is the registered and absolute owner of a two (2) storey concrete and commercial building with an area of Four Hundred Sixty Two and 00/100 square meters (462 sq.m.), more or less, situated along A. Mabini and Andravel Streets, Mati City;

WHEREAS, the LESSEE intended to lease an office space owned by the LESSOR, ROCHE BUILDING, for PRO XI Local Health Insurance Office (LHIO) in the City of Mati, with an area of 327.14 square meters more or less;

NOW THEREFORE, for and in consideration of the following premises, the **LESSOR** leases unto the **LESSEE** the subject property above-described, subject to the following **TERMS** and **CONDITIONS**:

- SUBJECT OF LEASE. Two (2) storey commercial building with an area of 327.14 square meters more or less, situated and located along A. Mabini and Andravel Streets, Mati City;
- TERM OF LEASE. This contract of lease commences from January 1, 2020 and ends on December 31, 2022;
- 3. DUTIES AND RESPONSBILITIES OF THE LESSEE. The total contract price for the lease of office space is THREE MILLION TWO HUNDRED FOURTY THOUSAND PESOS ONLY (P 3,240,000.00) for three (3) years;
- 4. RENTAL PAYMENTS the parties herein agreed that the rental payment of the LEASED PREMISES shall be:
 - 4.1 Ninety Thousand& 00/100 (P 90,000.00) Pesos only per month or One Million Eighty Thousand& 00/100 (P 1,080,000.00) Pesos only (for 1st year);
 - **4.2** Ninety Thousand & 00/100 (**P 90,000.00**) Pesos only per month or One Million Eighty Thousand & 00/100 (**P 1,080,000.00**) Pesos only (for **2nd year**);

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- **4.3** Ninety Thousand 00/100 (**P 90,000.00**) Pesos only per month or One Million Eighty Thousand & 00/100 (**P 1,080,000.00**) Pesos only (for **3rd year**);
- **4.4** All payments shall be inclusive of all government required fees and taxes, to be paid on or before the tenth (10th) day of the succeeding month upon presentation of a billing or notice for payment. As required by Revenue Law and Regulations, the applicable tax shall be withheld by the **LESSEE**, who shall provide the **LESSOR** with a withholding tax certificate.
- 5. DEPOSIT. Upon the execution of this Contract of Lease, the LESSEE shall pay to the LESSOR the sum of ONE HUNDRED EIGHTY THOUSAND& OO/100 (P 180,000.00) PESOS ONLY, Philippine Currency, as two (2) months security deposit. The security deposit shall answer for damages and for any of the LESSEE's obligation under this Contract of Lease subject to return without interest within ten (10) days upon termination of this contract should there be no renewal entered into by the parties and after the leased premises shall have been surrendered to the LESSOR less whatever account which the LESSEE might then be owing to the LESSOR. Said security deposit shall in no case be used or offset against any monthly rental due during the term of this Contract of Lease;
- 6. USE OF THE PREMISES. The leased area shall be used by the LESSEE for office purposes and shall not be converted into another use without prior authority from the LESSOR. The use of the premises shall be 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, and the common safety and welfare;
- 7. ELECTRIC SERVICES. All electrical components within the building shall meet the electrical load requirements of Philhealth. The LESSOR may make modifications thereof where correct tapping of electric service and other utilities is considered necessary. The LESSEE may avail of the building electrician and handyman for the purpose, with charges shouldered by it. Where portions or parts of the improvements affect portion or parts of the structure, the LESSOR will require necessary correction of submitted plans. Any subsequent alterations, addition or further improvements on the leased premises will require the submission of the plan and for the approval of the LESSOR;
- 8. UTILITIES. The subject building will be provided with electric power and water supply facilities. All bills for the power and water consumed by the LESSEE shall be paid by it;
- TELEPHONE AND COMMUNICATION. The subject building will be provided with telephone line facilities. All telephone bills for the lines used by LESSEE shall be paid by it;
- 10. LIGHT AND LIGHTING FIXTURES. The building shall be provided with lights, lighting fixtures with fluorescent tubes and diffusers by the LESSOR. However, the lighting supplies will be replaced when busted or damaged with cost shouldered by the LESSEE;

11. RESPONSIBILITIES OF BOTH PARTIES:

A. The LESSEE hereby agrees to keep the leased premises in clean, good and in sanitary condition at all times in accordance with quality standards of the building;

- B. The LESSOR shall not be liable for the presence in the leased premises of bugs, vermin, rats, ant, termites, insects and other pest of any kind or nature whatsoever. However, upon request by the LESSEE or the LESSOR'S own volition, regular pest control service shall be undertaken by the LESSOR of the leased premises;
- C. The LESSOR reserves the right to prescribe or limit the weight of any machinery, equipment and similar article that may be brought and placed in the leased premises;
- **D.** 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;
- E. 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;
- **F.** The **LESSEE** shall not cause the emission of obnoxious odor and other nuisances, and that it be used in a manner that will not disturb the peace and tranquility of the other building occupants;
- G. The LESSOR shall see to it that the premises are rendered in a tenable condition. In the event that destruction is caused by the occurrence of natural events, immediate repair or restoration shall be undertaken by the LESSOR, granting moratorium or waiver of rental payment for the period of time needed for such repair or restoration;
- H. The LESSEE shall undertake all ordinary repairs on the leased premises at its own cost. Repair on the electric outlets, telephone, switchboxes, air conditioning facilities, electrical wiring and other similar ordinary repairs shall likewise be for the account of the LESSEE;
- I. 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;
- J. The LESSOR warrants that the LESSEE shall have the 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 LESSOR'S control;
- **K.** The Lessor shall **APPLY PEST CONTROL** and **RODENT CONTROL** on all the areas occupied by PhilHealth LHIO Mati at least once every year;
- L. The Lessor shall provide sufficient number of portable, CYLINDRICAL FIRE EXTINGUISHER at ten (10) lbs. per cylinder, dry chemical type for Roche Building;
- 12. LAWS AND ORDINANCES. The LESSEE shall comply and abide with the ordinance of the city regarding the use of the premises, comply with health regulations and secure permits or license business operations;
- 13. INJURY TO THIRD PERSON. The LESSEE shall be solely responsible for any harm or injury as may be suffered by its employee or third person

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while within the leased premises, when the acts complained of were caused by its negligence;

- 14. INSPECTION OF PREMISES. The LESSOR or his/its representatives, with the proper notice to the LESSEE and at a 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 in order to lessen inconvenience to the employee and clients, or avoid disruption of office work or activities;
- 15. **REALTY TAX**. The real estate taxes and other payment imposed on the leased property shall be for the exclusive account of the **LESSOR**;
- 16. The LESSEE agrees to pay the DOCUMENTARY STAMP TAX (DST) which shall be affixed on this Contract pursuant to Section 194 of the National Internal Revenue Code as amended by R.A 7660 which took effect on January 13, 1994;
- 17. SUB-LEASE. The LESSEE shall not sublet, allow, or permit the leased premises to be occupied in whole or in part by any person, form or corporation, neither shall the LESSEE assign its rights hereunder to any other person or entity and no right of interest thereto or therein shall be conferred on or vested in anyone by the LESSEE without the LESSOR'S approval;
- 18. MORTGAGE, ENCUMBRANCE AND/OR DISPOSITION OF THE PROPERTY BY THE LESSOR. In the event that the LESSOR should sell, mortgage, or encumber the subject property, without prior notice to the LESSEE, the LESSOR warrants that the rights of the LESSEE under the contract are protected and upheld;
- 19. VIOLATION. A violation by one of the parties of any of the terms and conditions set forth herein will give the aggrieved party a right or basis for the termination of this contract. In such event, the aggrieved party will make a formal notice to terminate the contract;

20. TERMINATION

- A. This contract of lease shall end on the terminal date agreed upon there being no renewal or contract agreement 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 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, 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 any injury to the leased premises caused by the removal of articles or improvements by the **LESSEE** shall be allowed by the **LESSOR**, without cost/expenses to the former. Within ten (10) calendar days after the leased premises are vacated, the deposit constituted shall be returned by the **LESSOR** to the **LESSEE**

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without need of demand in accordance with **Paragraph 5**. In case the termination occurs as a result of the **LESSEE'S** breach or violation of any of the terms or condition agreed upon, the **LESSEE** shall peacefully remove its effect and improvements. Except for ordinary wear and tear, any damage or injury to the leased premises shall be restored by the **LESSEE**. A moving out period of five (5) 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 for by the law;

If termination is due to 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 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. 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 thirty (30) days written notice of termination prior to the intended date without incurring any liability as to the damages, subject to the terms and conditions set forth in the proceeding sub paragraphs;
- 21. **DELAY IN VACATION OF THE PREMISES**. Except as provided for in the immediately preceding paragraph, if the premises is not vacated within 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 when the premises is totally vacated;
- 22. NON-WAIVER. The failure of the LESSOR to insist upon the strict performances 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;
- 23. 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 (10,000.00) as attorney's fees, aside from the cost of litigation and other expenses which the law entitles the aggrieved party to recover. The parties agree the venue of court action is in the proper courts of Davao City;
- 24. SEPARABILITY CLAUSE. If any paragraph, sub-paragraph or part of this contract is declared invalid, such shall not affect the other paragraph, sub-paragraphs or parts of this contract;
- 25. 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 incorporated 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 ha	
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PHILIPPINE HEALTH INSURANCE CORPORATION LESSEE	ROCHE BUILDING LESSOR
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TTY. BANTE A GIERRAN, SR., CPA	RODOLFO C. SILVESTRE
President and Chief Executive Officer (CEO)	Owner, Roche Building
Signed in the presence of	of:
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ARNEL F. DE JESUS	DR. FRANCISCO Z. SORIA, JR.
EVP and Chief Operating Officer	Vice President
r	Concurrent, AVP for Mindanao
4	JON D
HECTOR ZENON LEONARDO P. MALATE, M.D.	GARY S. VELAYO
Acting Regional Vice President	AO IV / OIC-MSD
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CSIO / Head, LHIO Mati	Witness for Roche Building

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President Health Insur NO. known to k she/he ack and deed. IN TESTI	and rance Cor a pe the sar nowledge	Chief Execution Regional is competent process on who executed to me that the	Office XI, exhor of of identity, executed the same is her/	of Philippine ibiting her/his EMPLOYEE ID known to me and to me foregoing instrument, and his free and voluntary act
			ATT	Y. ALNESSA THEA V. REPOLLO-UY, REB
Doc. No Page No Book No Series of 2020	1	; ; ;	MARKET HEAV REPORTE	Notary Public for Davao City Serial No. 2019-195-2020 until December 31, 2020 Roll of Attorneys No. 61854 PTR No. 359396/12-20-2019(for 2020)/Davao City IBP No. 1075/1/01.10.2020/IBP Pasig City MCLE Compliance No. VI-0024130 BIR TIN 226-716-202-000 ATRU LAW, REALTY AND ACCOUNTING OFFICE Mezzanine Floor, Veterans Bank Bldg., C.M. Recto Street, Davao City
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BEFORE ME, a Notary Public for and in the City of Mati, Philippines, this FEB 11 2020, 2020 appeared RODOLFO C. SILVESTRE, Owner/Proprietor of Roche Building, exhibiting his B.I.R T.I.R. 114-488-438-000 as competent proof of identity, known to me and to me known to be the same person who executed the foregoing instrument, and he acknowledged to me that the same is his free and voluntary act and deed.

This Instrument consists of \underline{Z} pages including the page hereof whereon this Acknowledgement is written, is signed by the parties and the witnesses.

IN TESTIMONY WHEREOF, I have hereunto signed and affixed my notarial seal on the date and the place first above written.

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Page No. 2
Book No. 103
Series of 2020

ATTY. KAREEN SILVER P. M. AZAN-MANLUYANG Notary Public for Dalao Oriontal until Dec. 31, 2021 Room 201, 24, Magdison Building, Burgos St., City of Mati, Davao Oriontal PTR No. 0663797/01-02-20/Davao Oriontal IBP No. 095461 /11-21-19/Pasig City Roil No. 57583

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	REPUBLIC OF THE PHILIPPINES) CITY OF DAVAO) S.S X/
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Buil Mosty	BEFORE ME, a Notary Public for and in the City of Davao, Philippines, this, 2020 appeared HECTOR ZENON LEONARDO P. MALATE, M.D., Acting Regional Vice President of Philippine Health Insurance Corporation Regional Office XI, exhibiting her/his EMPLOYEE ID NO as competent proof of identity, known to me and to me known to be the same person who executed the foregoing instrument, and she/he acknowledged to me that the same is her/his free and voluntary act and deed. This Instrument consists of 7 pages including the page hereof whereon this
AR_	Acknowledgement is written, is signed by the parties and the witnesses. IN TESTIMONY WHEREOF, I have hereunto signed and affixed my notarial
The state of the s	Seal on the date and the place first above written. ATTY. ALNESSA THEA V. REPOLLO-UY, REB Notary Public for Davao City Serial No. 2019-795-2020 until December 31, 2020 Rollof Attorneys No. 61854 PTR No. 3593/69/12.20.2019(for 2020)/Davao City Series of 2020 Rollof Compliance No. VI-0024130 BIR TIN 226-716-202-000 ATRU LAW, REALTY AND ACCOUNTING OFFICE Mezzanine Floor, Veterans Bank Bldg. C.M. Recto Street, Davao City
^	REPUBLIC OF THE PHILIPPINES) CITY OF MATI) S.S X/
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