

CONTRACT OF LEASE

KNOWN ALL MEN BY THESE PRESENTS:

This **Contract of Lease**, made and executed by and between:

ERT CORPORATION, a corporation existing under and by virtue of Philippine laws, with address at Candelaria Ave., Ecoland, Matina, Davao City, represented herein by its President, **ATTY. MARIE DINAH S. TOLENTINO-FUENTES**, hereinafter referred to as the "**LESSOR**;

- and -

The **DEPARTMENT OF ENERGY (DOE)**, a government agency created by virtue of RA 7638, as amended, with office address at Energy Center, Rizal Drive, Bonifacio Global City, Taguig City represented herein by its Undersecretary, **GIOVANNI CARLO J. BACORDO**, hereinafter referred to as "**LESSEE**";

The **LESSOR** and the **LESSEE** are hereinafter collectively referred to as "**PARTIES**" and individually as "**PARTY**".

WITNESSETH: That-

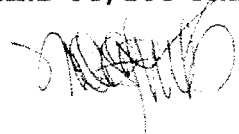
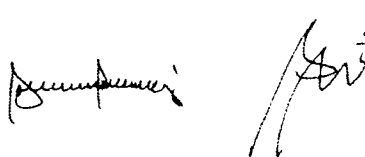
WHEREAS, the **LESSOR** is the registered owner of the subject property for lease at **TOLENTINO 2020 BUILDING**, consisting of five (5) storeys, located at Candelaria Ave., Davao City;

WHEREAS, the **LESSOR** agrees to lease-out the entire third storey and part of the fourth storey with a total floor area of **SEVEN HUNDRED FIFTEEN (715) square meters** to the **LESSEE** and the **LESSEE** is willing to lease the same;

WHEREAS, the **LESSEE**, pursuant to Sections **48.1, 53** and **53.10** of the Implementing Rules and Regulations of the Republic Act (RA) No. 9184, hereby adopts and authorizes the conduct of Negotiated Procurement under the Alternative Method of Procurement relative to this Contract in lieu of the requirements for public bidding;

NOW, THEREFORE, for and inconsideration of the foregoing premises, the **LESSOR** hereby agrees to lease its property unto the **LESSEE** and the **LESSEE** hereby accepts from the **LESSOR** the leased property, subject to the following:

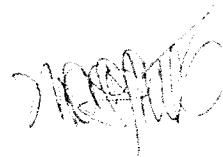

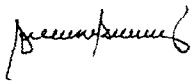
1. The leased premises shall be used exclusively by the **LESSEE** for office use by the DOE-Mindanao Field Office (MFO) and shall not be diverted to other uses.
2. That the monthly rental shall be **FOUR HUNDRED EIGHTY FIVE THOUSAND FIVE HUNDRED EIGHTY FIVE PESOS AND 10/100 ONLY (P 485,585.10)** inclusive of 12% VAT (**P 679.14 per sq.m x 715 sq.m**) for the month of **June 2023** and **FIVE HUNDRED NINE THOUSAND EIGHT HUNDRED SIXTY FOUR PESOS AND 56/100 ONLY**



(Php 509,864.56) inclusive of 12% VAT (P713.10 per sq.m x 715 sq.m) for the month of **July to December 2023** or a total amount of **THREE MILLION FIVE HUNDRED FORTY FOUR THOUSAND SEVEN HUNDRED SEVENTY TWO PESOS AND 46/100 ONLY (Php 3,544,772.46)** covering the period from June 1, 2023 to December 31, 2023. It is expressly agreed and understood that the payment of the rental herein stipulated shall be made without necessity of express demand and without delay.

In case of an extraordinary inflation or devaluation of the currency stipulated herein should supervene and be officially declared by the Central Bank of the Philippines during the effectivity of this contract the value of the currency at the time of the establishment of the obligation shall be the basis of payment, subject to negotiation and agreement of both parties hereto.

3. That the term of this lease is for **seven (7) months**, commencing on **1 June**, and expiring on **31 December 2023**. The lease term is mutually renewable and extendible, written notice of intention to renew the Lease shall be served to the **LESSOR** not later than ninety (90) days prior to the expiry date of the period herein agreed upon and the **LESSOR** shall inform the **LESSEE** whether or not the former desires to extend the Lease, within one (1) week after receipt of such written notice. In case of failure to give such written notice of intention to renew within the reglementary period, the **LESSOR** shall have the freedom to offer the Leased premises for Lease to third parties.
4. A rental increase of five percent (5%) every year is hereby implemented, regardless if a new contract is signed, starting on the second year of this Lease, based on the Last monthly rental rate of the immediately preceding year.
5. The **LESSEE** agrees to pay to **LESSOR** a penalty on any amount due under this Contract which remains unpaid on due date thereof at the rate of two percent (2%) per month, compounded monthly, to be computed from the date of delinquency until such amount is paid in full. A fraction of a month shall be considered as one (1) month for purposes of computing said penalty.
6. The (a) taxes other than the **LESSOR'S** income taxes or taxes required to be withheld from the rentals due to the **LESSOR**, but which shall be credited against the **LESSOR'S** income taxes; (b) all taxes due by reason of the receipt of rentals by the **LESSOR**, including the VAT; (c) all other amounts which the **LESSEE** is required to pay the **LESSOR** as provided thereunder; and (d) the documentary stamp taxes or other taxes accruing by reason of this Contract, if deemed applicable, shall be for the account of the **LESSEE**.
7. Basement Parking Slots composed of five (5) spaces for the exclusive use of the **LESSEE** shall be available as part of the Lease.
8. In case of pre-termination by the **LESSEE** of this Lease without any justifiable reason whatsoever, the **LESSOR** has the right to collect the remaining rentals corresponding to the unexpired portions of the lease period.



9. That the **LESSEE** hereby expressly agrees and warrants that the Leased premises shall be used by it exclusively for office use by the DOE-Mindanao Field Office (MFO) and the LESSEE is strictly prohibited from using said premises for any other purpose or business without the prior written consent of the LESSOR. The LESSEE shall not use the premises in such a way as to increase the insurance rates on the building or endanger the safety or disturb the peace and convenience of the building.
10. The **LESSEE** shall at its expense, maintain the Leased premises in a clean and sanitary condition, free from all obnoxious or unpleasant odors or other nuisances.
11. That the **LESSEE** shall not directly or indirectly sublease, assign, transfer, convey, mortgage or in any way encumber its rights of Lease over the Leased premises or any portion thereof under any circumstances, whatsoever. Any contract that may be made in violation of this clause shall be null and void.
12. That after this lease is terminated for any reason whatsoever, if the **LESSEE** continues the occupation of the premises with the consent of the **LESSOR**, said extension of lease shall be understood as running from month to month only, under the same terms and conditions herein stipulated, and may be terminated by either party by means of a written notice served upon the other party at least thirty (30) days in advance prior to the date of such termination.
13. That the **LESSEE** hereby expressly acknowledges that the leased premises are in good and tenantable condition and agrees to keep the same in such good and tenantable condition. Any provision of law, present or future, or any stipulation in this agreement to the contrary notwithstanding, the LESSEE hereby agrees and binds himself/itself to undertake at its exclusive expense, all repairs, necessary or otherwise, such as may be required to maintain the same in good state or repair.

It is expressly agreed and understood, however, that the **LESSEE** shall not start or proceed with any repair work nor in any case introduce improvements or make any alterations in the leased premises without the prior written consent of the **LESSOR**; and the parties agree that all permanent improvements or alterations of whatever nature as may be made thereon shall, upon completion thereof, form integral parts of the leased premises and shall not be removed therefrom but shall belong to and become the exclusive property of the **LESSOR** without any right on the part of the **LESSEE** to the reimbursement of the cost or value thereof.

Upon termination of the lease, the **LESSEE** shall restore all modified or altered portions of the building, such as the patching up of the openings for air-conditioning units, re-welding of grills and other parts of the building, which were modified and required by the **LESSOR** to be restored to the original design thereon.

14. The **LESSEE** shall report to the **LESSOR** such parts, installations and wirings within the leased premises that need repairs but such repairs shall be for the account of the **LESSEE**.

R. V. ...

D. ...

[Signature]

or floods, expropriation, civil disturbances, war, insurrection or any other calamity nor for the negligence of the **LESSEE** or his agents, employees, servants, or authorized representatives. Neither shall **LESSOR** be liable for the loss or damage to goods or property or for injuries to persons in, upon or about the leased premises, including the acts of the **LESSEE** therein, for any cause not attributable to **LESSOR**, or its agents, employees, servants or authorized representatives. The **LESSEE** agrees to indemnify and hold **LESSOR** harmless from any damages and/or responsibility that may be charged against **LESSOR** under the foregoing circumstances.

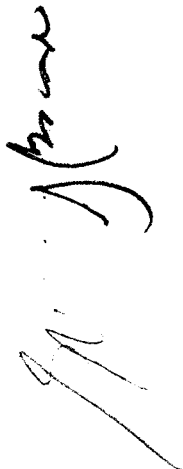
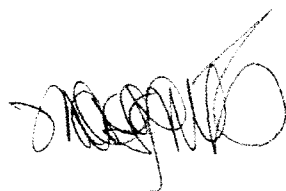
If the lease premises should be totally destroyed by fortuitous event, such as earthquake, flood, typhoons and other causes beyond the control of both parties, this Agreement shall be deemed automatically terminated. However, if the destruction is partial, **LESSOR** shall have the option to either terminate this Agreement or renegotiate a new Agreement.

During the effectivity of this contract or any renewal thereof, should the entire leased premises or any substantial part thereof be destroyed by any cause independent of the will and without the fault of **LESSOR**, the latter may, upon reasonable notice to the **LESSEE**, rescind this contract without liability to the **LESSEE** for any damage or claim, with respect to such destruction or rescission. The **LESSEE** shall be liable to **LESSOR** for any rental due up to the date of the destruction, which may be deducted from **LESSEE'S** deposit. However, **LESSOR** may elect to repair or rehabilitate the premises in the condition it was in immediately before the destruction and during such period, the rental shall be suspended. That the **LESSEE** shall pay for and defray at its exclusive expense, the consumption of water, electricity, light, telephone, cable, internet or other public utility services in the leased premises.

- [Handwritten signature]*
15. That only ONE (1) type of signage is allowed, with specifications to be supplied by the **LESSOR**. No other advertising material shall be posted on any other place without the prior approval of the **LESSOR**.
 16. That the **LESSEE** shall not claim any loss or damage on account of necessary work that the **LESSOR** may order to be done in the building and which, in any way, may interrupt its use of the leased premises, provided a notice of interruption shall have been provided by **LESSOR** to the **LESSEE** at least fifteen (15) days prior to the work interruption.
 17. That the **LESSEE** shall comply with any and all laws, ordinances, regulations or orders of the National or City Government authorities arising from regarding the use, occupation and sanitation of the leased premises. Failure to comply with said laws, ordinances, regulations or orders shall be at the exclusive risk and expense of the **LESSEE**.
- [Handwritten signature]*

In the spirit of camaraderie among tenants, it is agreed that areas immediately outside of the rentable spaces be free from litter, including trash containers, cleaning rags and other implements, and pieces of clothing. Plants and other botanical items are allowed within the express approval of the **LESSOR**. Additionally, excessive noise that may disrupt fellow tenant's personal and commercial activities is prohibited.

18. The **LESSOR** is not liable to any occupant, customer or guest for injury, damage, or loss to person or property, from any cause not attributable to its negligence or fault.
19. That the **LESSOR** or its duly authorized representatives shall have the right to inspect the leased premises at any reasonable hour of the day, in the presence of the **LESSEE** or its authorized representative, in order to inspect the same, undertake maintenance or repairs and/or to verify the **LESSEE'S** compliance with the terms and conditions of this lease of for any other lawful purpose which it may deem necessary.
20. That the **LESSEE** shall not use the leased premises for dwelling or sleeping purposes.
21. The **LESSEE** or its designated representatives shall not bring into or store in the premises any inflammable or explosive goods or materials nor any article which may be expose the premises to fire or increase the fire hazard
of the building or increase the rate of insurance of the building, nor any banned, smuggled or illegal goods or articles which the **LESSOR** may prohibit, without prejudice of the right of the **LESSOR** to terminate this Contract for valid cause.
22. The **LESSEE** shall be responsible for all acts and omissions of any of its agents, employees, authorized representatives or all other persons allowed access by the **LESSEE** to the common areas of the building and/or its leased premises. The **LESSOR** has already insured the building, of which the leased premises for a part, against fire, theft, *force majeure*. The **LESSEE** shall therefore not participate in any insurance proceeds on the insurance taken by the **LESSOR**, *provided that* the **LESSEE** may take out its own insurance on the improvements, facilities, appliances, equipment, furniture, materials and other items on which it has insurable interest, in which case, the **LESSOR** shall not also participate in such insurance proceeds taken out by the **LESSEE**.
23. That if rental herein stipulated or any part thereof, at any time, shall be in arrears or unpaid, or if the **LESSEE** shall at any time fail or neglect to perform or comply with any of the covenants, conditions or restrictions herein stipulated, the **LESSOR** has the right to do any and/or all of the following, to wit:
- a) cause the cessation of utility services;
 - b) impound/quarantine assets commensurate to LESSEE'S financial obligations;
 - c) terminate this contract for cause; and
 - d) commence legal eviction proceedings.



24. That upon the expiration of the term of this lease or earlier termination thereof as above-provided, the **LESSEE** hereby expressly authorize, in advance, the **LESSOR** to enter the leased premises, remove all personal properties that may be found in the leased premises and deposit the same in a bodega and the **LESSEE** further agrees to pay all costs for transfer and storage. The **LESSEE** further agrees to pay all costs for transfer and storage in the event that **LESSOR** chooses to exercise this action, in addition to other rights granted to it under this Agreement. After seven (7) days of storage, and without communications/arrangements from the **LESSEE** for the retrieval and/or disposal of its goods/articles/property and payment of its obligations, the **LESSEE** hereby expressly authorizes in advance the **LESSOR** to dispose, sell, barter, trade, utilize the said goods/articles/property. In case of sale of the goods/articles/property of the **LESSEE**, **LESSOR** shall deduct the proceeds from all the outstanding obligations of the **LESSEE** including the storage fee.
25. That deposit in the leased premises of a note to vacate the premises shall constitute due and sufficient notice to the **LESSEE** as provided by law.
26. That in the event that the **LESSEE** decides to voluntarily vacate without just cause the premises during the lifetime of this contract, the **LESSOR** has the right to collect what is due it for the entire duration of this agreement and furthermore, the deposit of the **LESSEE** as herein required shall be forfeited in favor of the **LESSOR**. This is without prejudice to the right of the **LESSOR** to the remedies available under Par. 26 above.
27. The penalties imposed in Par. 26 above shall likewise be imposed in case the **LESSEE** shall refuse to leave the premises after its right under this Contract shall have expired or terminated for any reason whatsoever.
28. That the failure of the **LESSOR** to insist upon a strict performance of any of the terms, conditions and covenants hereof shall not be deemed a relinquishment or waiver of any right or remedy that said **LESSOR** may have, nor shall it be construed as a waiver of any subsequent breach or default of the terms, conditions and covenants herein contained, which shall be deemed in full force and effect. No waiver by the **LESSOR** shall be deemed to have been made unless expressed in writing and signed by the **LESSOR**. The **LESSOR** is aware that the **LESSEE** is a government agency and as such, is subject to certain legal requirements and procedures not normally required for private corporations. The **LESSOR** nonetheless agrees that whenever such legal requirements and procedures apply to this Contract and affect its validity and/or implementation, this Contract and allied undertakings shall be considered amended accordingly so as to enable the **LESSEE** to comply with such requirements, provided the **LESSOR** is informed in writing of such legal requirements and procedures at least seven (7) days prior to the implementation/effectivity of such requirements and/or procedures. For its part, the **LESSEE** undertakes to exert its best efforts to immediately comply with the requirements in a most equitable manner consistent with good faith.

29. **LESSOR** is aware that **LESSEE** is a government agency and as such is subject to certain legal requirements and procedures not normally required of private corporations. **LESSOR**, nevertheless, agrees that whenever such legal requirements and procedures apply to this Contract and affect its validity, effectivity or implementation, this Contract shall be considered amended accordingly so as to enable **LESSEE** to comply with such requirements. For its part, **LESSEE** undertakes to exert its best efforts to immediately comply with the requirements in a most equitable manner consistent with good faith.
30. All disputes arising between the **PARTIES** as to the interpretation, operation or effect of any clause in the Agreement or any other difference between the **PARTIES** shall first resolved amicably. In case of failure, Rules on Alternative Dispute Resolution (ADR) under R.A. No. 9285 shall apply.
31. As much as possible, disputes shall be settled amicably between the **PARTIES**. However, in the event either **PARTY** to this Contract shall take judicial action, the **PARTIES** agree that venue for purposes thereof shall be laid exclusively with the proper courts in Taguig City, Metro Manila or Davao City to the exclusion of other courts and that writs of attachment, injunction, replevin, seizure, etc. issued thereby may be served and enforced anywhere in the Philippines;
32. If anyone or more of the provisions or this Contract is declared invalid or unenforceable in any respect under any applicable law, the validity, legality or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired.
33. This Contract shall be valid and binding between the **PARTIES**, their heirs, executors, administrators, principals, successors-in-interest and assigns.

IN WITNESS WHEREOF, the **PARTIES** hereto and their principal witness set their hands on the date and place indicated below.

**ERT CORPORATION
(LESSOR)**

**DEPARTMENT OF ENERGY
(LESSEE)**

By:


By:


ATTY. MARIE DINAH S. TOLENTINO-FUENTES
President


GIOVANNI CARLO J. BACORDO
Undersecretary

SIGNED IN THE PRESENCE OF


BRENDEN


NILO J. GEORCHE
Director


HELEN C. ROLDAN
OIC, DOE Accounting

CAF No. 01-27-08-205

CAF-DAC: Aug. 17, 2027

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Regular Agency Fund

3, 544, 772.46

ACKNOWLEDGMENT

(REPUBLIC OF THE PHILIPPINES
___ CITY) S.S

BEFORE ME, in the City of Manila, Philippines, this ^{SEP 13 2023} ___ day of _____, 20___ personally appeared _____, with Passport No. _____ issued in _____ on and will expire on _____ in his capacity as _____ of the **DEPARTMENT OF ENERGY**, known to me to be the person who executed the foregoing instrument and who acknowledged to me that the same is his free and voluntary act and deed of the government agency which she represents.

This instrument consists of nine (9) pages, including this page where the acknowledgement is written and signed by the parties and their instrumental witnesses on each and every page, refers to a Contract of Lease.

WITNESS MY HAND AND SEAL on the date above written.

Doc No. 176 ;
Page No. 33 ;
Book No. 4 ;
Series of 2023.