

## CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

This **CONTRACT OF LEASE** made and entered into in Cebu City, by and between:

**MR. LESTER TO CHIP** and **MR. LESLEY TO CHIP**, both of legal ages, property owners with address in Leon Kilat St. Cebu City, Philippines, herein referred to as the **LESSOR**;

and

**PHILIPPINE HEALTH INSURANCE CORPORATION**, a government owned and controlled corporation organized under the laws of the Philippines with address in Gorordo Ave., Cebu City duly represented herein by the Regional Vice President, **MR. WILLIAM O CHAVEZ**, herein after referred to as the **LESSEE**;

WITNESSETH

WHEREAS, the **LESSOR** is the owner of a lot with commercial building named Wireless Plaza with a commercial space described as follows : approximately 120 square meters in the first floor and approximately 200 square meters and 80 square meters walkway on the second floor situated in H. Cortes Avenue corner Hi-way Seno, Mandaue City;

WHEREAS, the **LESSOR** is offering for lease a portion of the ground floor and entire second floor of the said commercial building and the **LESSEE** hereby accepts the offer subject to the terms and conditions herein stated;

NOW, THEREFORE, for and in consideration of the foregoing premises, the parties have mutually agreed to the following:

1. **TERMS OF CONTRACT.** That the term of this contract of lease shall be for a period of one (1) year commencing August 1, 2012 to July 31, 2013 which may be renewed upon the mutual agreement of both parties;
2. **MONTHLY RENTAL.** That the **LESSEE** hereby agrees to pay a monthly rental, of a total of ONE HUNDRED THIRTY TWO THOUSAND PESOS (PHP 132,000.00), inclusive of Value Added Tax (VAT), to be due and payable on or before the fifth (5<sup>th</sup>) day of the month and every month after.
3. **ELECTRIC AND OTHER UTILITIES and SECURITY GUARDS.** All charges for electric, water and other utilities used during the contract shall be for the account of the **LESSEE**. When the **LESSEE** needs security guards to watch their office the same shall be for its own account.
4. **IMPROVEMENTS, ALTERATIONS AND RENOVATIONS.** The **LESSEE** with the drawing plans conformed to by the **LESSOR** consents in the construction, alterations and renovations in the leased premises, which the **LESSEE** may deem necessary for its use without affecting the structural integrity of the building and the durability of the roof.

Expenses for such improvements, alterations and renovations shall be for the account of the **LESSEE** without need of any reimbursement by the **LESSOR** in the event that the **LESSEE** will not remove the same at the expiration of the lease contract.

It is hereby agreed that the floor tiles, ceiling, aluminium glass door shall be put-up by the **LESSOR** who retains ownership.

The **LESSEE** shall be allowed to display signages only in designated area in the facade of the commercial space. The dimension of which shall comply with the local ordinances and the rules and regulations of the building owner.

5. **GOVERNMENT LICENSES/PERMITS.** That the **LESSEE** shall apply for the necessary City and Mayor's permit for their business and shall be responsible for the observance of sanitary regulations required or imposed by the government regarding the use of the leased premises, as may be applicable.
6. **LIABILITIES.** The **LESSOR** shall not be held liable for any loss/losses without fault on the part of the **LESSOR**, that may be suffered by the **LESSEE** in the leased premises by reason of theft, robbery, or any other crimes, or for any fortuitous event.

In case of lawsuits filed by its clients or patrons, the **LESSEE** shall discharge and hold free and harmless from any liability the **LESSOR**; herein any damages or liabilities shall be the sole responsibility of the **LESSEE**. Similarly, the **LESSOR** shall not be liable for any untoward incident or accident that may happen to the clients, visitors or guests of the **LESSEE**.

7. **REALTY TAX.** Realty taxes for the lot and building shall be for the **LESSOR**'s account. Lease improvements and mechanical machinery that may be charged realty taxes shall be for the account of the **LESSEE**, if any. The **LESSEE** shall abide by any laws or ordinance in relation to the business which the **LESSEE** conducts on the leased premises;
8. **RETURN OF THE LEASED PREMISES.** Upon expiration of the leased period or upon the termination as herein provided the **LESSEE** shall immediately and peacefully return to the **LESSOR** the possession of the leased premises in as good, clean, sanitary and tenantable condition as when the **LESSEE** received it from the **LESSOR**, save reasonable and ordinary wear and tear.
9. **DEFAULT.** The **LESSEE** shall be deemed in default within the meaning of the Contract in any of the following instances: (1) The **LESSEE** fails to fully pay on the time the monthly rentals or the utility charges or any other financial obligation of the **LESSEE** stipulated herein: (2) The **LESSEE** violates any terms and conditions hereof. If such violation/s persist/s or remains unresolved after thirty days from date of written notice, the same shall entitle the **LESSOR** to terminate this contract and forfeit the necessary deposits made.
10. **PRE-TERMINATION.** The **LESSEE** may, pre-terminate this CONTRACT of LEASE and vacate the leased premises by giving notice in advance at least sixty (60) days, PROVIDED, that notice shall be deemed sufficient upon receipt at **LESSOR's** address mentioned above; however, the **LESSEE** shall be liable to pay the used portion of the monthly rentals of the lease contract or an amount equivalent to one-year's rental whichever is lower.
11. **SALE, TRANSFER AND MORTGAGE.** In the event of sale, transfer, mortgage or an other encumbrance of the leased premises, the **LESSOR** hereby grants that it shall include in the contract a provision which shall insure that the purchasee, mortgagee or encumbrance holder shall respect all the terms and conditions of this lease agreement until its cancellation, termination or expiration.

12. **BANKRUPTCY, RECEIVERSHIP, SUSPENSION OF PAYMENTS, ETC.** In case the **LESSEE** is bankrupt, applies for bankruptcy, receivership, or suspension of payments or has abandoned the leased premises for two weeks without notification, this lease contract shall be terminated without any court order and the LESSOR shall have the right to re-possess the leased premises without need of any court order and to avail of the remedy of the extra-judicial repossession provided herein.

13. **NON-LIABILITY.** The **LESSOR** shall not be liable for any presence in the leased premises of vermin, rats, ants termites, insects and other pests of any kind or nature whatsoever. However, upon request by the **LESSEE** or at the **LESSORS'S** own violation, regular pest control service will be undertaken by the LESSOR of the leased premises at the latter's expense. Should the **LESSOR** refuse to undertake or fails to undertake pest control despite the request of the **LESSEE**, the **LESSEE** shall undertake the same for the account of LESSOR which may be deducted from monthly rental


14. **WARRANTY.** The **LESSEE** hereby warrants that he has the full authority to enter into this Contract of Lease.

15. **ARBITRATION.** Pursuant to Section 59 on The Settlement of Disputes (Rule XVIII) of the Rives IRR of R.A 9184 ("An Act Providing for the Modernization, Standardization and Regulation of the Procurement Activities of the Government and for Other Purposes").

Any dispute, controversy or claim arising out of or relating to this contract, or the breach or invalidity thereof, shall be settled by arbitration before a panel of three (3) arbitrators, one of who shall be selected by **LESSOR**, one of whom shall be selected by LESSEE, and third of whom shall be selected by the two other members of the panel and shall have relevant experience in the industry.

The Arbitration shall be conducted in Cebu City. The award shall be made in writing and (shall be final and binding and the parties shall undertake to carry out the arbitral award without delay OR appeal on the grounds provided for in Section 24 of Republic Act 876 or the Domestic Arbitration Law.

IN WITNESS WHEREOF, the parties have hereunto enter into this contract of lease this SEP 25 2012 at Cebu City, Philippines.

  
LESTER TO CHIP  
LESSOR

  
LESLEY TO CHIP  
LESSOR

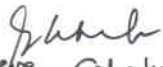
PHILIPPINE HEALTH INSURANCE CORP.

**LESSEE**

BY:

  
**WILLIAM O. CHAVEZ**

SIGNED IN THE PRESENCE OF:

  
Genevieve Caballuna  
Cebu City

  
**JOSETTE E. BACALSO**  
Fiscal Controller IV

#### ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)  
CEBU CITY ) S.S

BEFORE ME, a Notary Public for and in Cebu City, this SEP 25 2012  
personally appeared:

#### NAME

LESTER TO CHIP DL# H01-37-004109

Expires on 2015-03-07

LESLEY TO CHIP DL# H01-39-006498

Expires on 2013-04-09

WILLIAM O. CHAVEZ **00113249**

**January 31, 2012**

All known to me to be the same persons who executed the foregoing contract of lease, consisting of FIVE (5) pages inclusive herein acknowledgement signed by them and their instrumental witnesses on each and every page thereof, which they acknowledged to me that the same is their free and voluntary act and deed, as well as the free act and voluntary deed of the person it purports to represent.

IN WITNESS THEREOF, I have hereunto set my hand on the date and place first mentioned above.

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Series of 2012

  
**DAVE L. VILLATIN**  
NOTARY PUBLIC  
UNTIL DECEMBER 31 2013  
8-3 UNIT ARCADE, 16 CASINO ST.  
6000 CEBU CITY  
PTR No. 2189624/1.9.12/66  
IBP No. 872304/1.6.12/66  
Roll No. 51754