

RENEWAL CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

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

HANCIT REALTY AND DEVELOPMENT CORPORATION, a corporation duly organized and existing under Philippine laws with business address at 9th Floor Unit 906 Golden Peak Tower Gorordo Avenue corner Escario St., Cebu City, Philippines, represented herein by its President, **LUCITA S. VILORIA**, hereinafter referred to as the **LESSOR**;

-AND-

PHILIPPINE HEALTH INSURANCE CORPORATION, a government-owned and controlled corporation duly registered, organized and existing by virtue of RA 7875 with principal office at City State Center, 209 Shaw Boulevard Barangay Oranbo, Pasig City, represented herein by its **WILLIAM O. CHAVEZ- OIC, AREA VICE PRESIDENT, VISAYAS, CONCURRENT, REGIONAL VICE PRESIDENT PRO- VII** hereinafter referred to as the **LESSEE**;

-WITNESSETH THAT-

WHEREAS, the LESSOR is the registered and absolute owner of Golden Peak Tower located at Gorordo Avenue corner Escario St., Cebu City and made available certain floors and areas therein for lease.

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 specified and the latter accepts the lease, subject to the following terms and conditions, to wit:

Section 1. OBJECT OF LEASE

That for, and in consideration of the payment of the rent and the faithful compliance with all the conditions hereinafter contained, the LESSOR has agreed to lease and let as it does hereby lease and let, unto the LESSEE and the latter has agreed to accept, as does hereby accept under lease the premises.

Golden Peak Tower	Units	Approximate Area
Ground Floor PMAC office	101,102	229.67 sqms.
4 th Floor	402	250.88 sqms.
	400	179.39 sqms.
5 th Floor	506	210.00 sqms.
6 th Floor	601,602,604,605	253.53 sqms.
	607,608	243.31 sqms.
	609	115.00 sqms.
7 th Floor	707,708	123.14 sqms.
8 th Floor	801,803,805	531.36 sqms.
	807,808	
9 th Floor	903,904,905	263.72 sqms.
	907 & 910	

An over all total area of 2, 400 square meters

Lucita S. Viloria

W. Chavez

W. Chavez

W. Chavez

It is understood that what is being leased is with vinyl tiles, acoustic ceiling, with lighting fixtures and painted walls. Additional improvements and interior shall be at LESSEE'S expense.

This lease does not extend to the outside portion of the building corresponding to or opposite the Premises, and the painting, putting or affixing of business notices, signs or other advertising media in accordance with Section 16 of this contract shall not be construed as an extension of this lease to the outside portion of the building.

Section 2. TERM

The lease shall commence from **April 16, 2012 to April 15, 2013**. The LESSOR and LESSEE must expressly agree upon any renewal or extension of this contract in writing and under no circumstances can such renewal or extension be considered as having been made impliedly. For this purpose, the LESSEE shall notify the LESSOR at the latter's office and in writing, of its intent to renew or extend the contract at least thirty (30) calendar days prior to the expiration of the Lease Period, or any extension or renewal thereof; provided, however, that the notice as aforesaid does not in any way vest unto the LESSEE the right to demand for such extension thereof. The possession of the Premises by the LESSEE or any persons claiming rights through the LESSEE after the expiration of the term hereof shall be deemed on a month to month basis unless sooner terminated by either party upon written notice to the other.

Should the LESSEE hold over and remain in possession of the Premises after the expiration of the term and after the five(5) days grace period extended by the LESSOR, it shall not be deemed or considered as a renewal or extension of this lease but the LESSEE shall be charged with the corresponding daily rentals of the premises to be affected from the terminal date when premises is totally vacated.

Section 3. RENT

For a period of one (1) year, from **April 16, 2012 to April 15, 2013** the monthly rental is **SIX HUNDRED EIGHTY – ONE THOUSAND NINETY SIX PESOS (P/681,096.00) ONLY** inclusive of VAT.

The withholding tax shall be paid by the LESSEE who shall provide the LESSOR the withholding tax certificate.

The monthly rental shall be paid by the LESSEE to the LESSOR on or before the 5th day of the succeeding month during the entire term of this lease without a need of demand or the services of a collector, at the office of the LESSOR. Should the last day of the payment period fall on Sunday, Saturday or the legal holiday, payment shall be made on the working day immediately preceding the Sunday, Saturday or legal holiday.

It is hereby understood that the LESSOR considers the rent under this contract to be strictly confidential matter and the LESSEE agrees that it shall not include in its invoices to customers any mention of such rent payable to the LESSOR and shall not discuss or reveal the terms and conditions of this lease contract to other tenants.

Section 4. SECURITY DEPOSIT AND ADVANCE RENTAL

The amount of **NINE HUNDRED SIXTY THOUSAND EIGHT HUNDRED EIGHTY ONE PESOS & 02/100 (P/960, 881.02)** Philippine Currency deposited by the LESSEE in the previous contract as Security Deposit shall remain as such.

This deposit shall serve as security for the full and faithful performance of each and every term, provision, covenant and condition of this lease and not as prepayment of any rent. Said deposit shall at all times be intact, thus (a) if there is any unpaid rent, the LESSEE shall add to said amount the equivalent of any unpaid rent and (b) if at any time during the effectivity of the term hereof, the monthly rent owing hereunder is increased, the LESSEE shall deposit with

Per

Salvador Joseph A. Main

✓

✓

the LESSOR, on demand, as additional security, such amount equal to the rental increase. The LESSOR shall not be required to keep the security deposit from its general funds and the LESSEE shall not be entitled, to interest on such deposit. The deposit shall remain intact during the entire term of this lease and shall not be applied as payment for any monetary obligations of the LESSEE under this contract. The security deposit shall be refunded to the LESSEE, without interest, only upon the expiration of this contract after the LESSEE shall have completely and satisfactorily vacated and delivered the leased premises to the LESSOR and upon LESSEE's satisfaction of all monetary obligations to the LESSOR, after subtracting there from amounts the LESSEE may have owed the LESSOR.

In the event the LESSEE terminates this contract without cause before the expiry date, said security deposit or any balance thereof shall be automatically forfeited by the LESSEE in favor of the LESSOR; however, the LESSEE's liability for any breach of contract or for any obligation for the leased premises shall not be limited to the amount of the said security deposit.

Section 5. **PENALTY FOR LATE PAYMENT**

LESSOR will grant a grace period of thirty (30) days to settle all arrearages. Upon expiration of the (30) days grace period, all arrearages shall be subject to penalty charge at the rate of three percent (3%) per month or equivalent to the maximum prevailing interest rate set by law or commercial practice, if any, whichever is higher, as determined by the LESSOR, from the first day of the month of delinquency until full payment thereof.

The preceding penalty charge shall apply to any and all arrearages in the amount herein provided to be paid by the LESSEE, including, but not limited to, rents, shares for common facility charges and charges for public service and utilities.

Section 6. **USE OF PREMISES**

The LESSEE shall not use the Premises for dwelling or sleeping purposes. The premises shall be exclusively used and occupied for as an office only. The LESSEE shall not divert the Premises to other uses without prior written approval of the LESSOR, it being expressly agreed that if, at anytime during the existence of this lease and without previous written approval of the LESSOR, the said premises are used for purposes other than what had been agreed upon, the LESSOR has the choice to (a) compel the LESSEE to stop the new activities, (b) increase the rent or (c) rescind this contract and exercise its right to eject the LESSEE from the leased premises without need of court action.

Any use of the Premises permitted to the LESSEE shall constitute a non-exclusive permission, subject to the terms of this lease, to maintain such use elsewhere within Golden Peak and the LESSOR reserves the right to permit identical or similar uses by other tenants of other spaces within Golden Peak Tower. In case of breach, the LESSEE agrees that the LESSOR shall have the right to compel the LESSEE to stop the new activities or to rescind the lease.

Section 7. **SUBMISSION OF PLANS**

Before the execution of this Contract, LESSEE shall submit the floor plan of the proposed installations, improvements, lighting fixtures, floor covering and other installations required by the nature and purpose of its business, and only after receipt of LESSOR'S written approval of said floor plan may LESSEE install and maintain said installations and improvements at its own expense, provided the strength and general structure of the building or the Premises are not thereby impaired or otherwise adversely affected, and provided, further, that the other conditions of this contract are not thereby violated.

The LESSEE must make a declaration of its maximum electrical load and enumerate in the checklist provided by the LESSEE, the electrical fixtures, appliances, equipment, facilities, etc., which LESSEE intends to use in the Premises.

Dr

Joseph J. Quinn
Salvatore

[Signature]
[Signature]

The LESSEE shall at all times, cooperate with LESSOR'S agent/representative in LESSOR'S regular inspection of the LESSEE'S electrical load. Any violation of this provision shall make LESSEE liable to LESSOR for damages which may result directly or indirectly therefrom.

Any changes, additions or alterations on the said floor plan shall be made only upon written consent of the LESSOR not to be unreasonably withheld. It is further agreed that all such installations and improvements except the movable furnitures and fixtures installed at the expense of the LESSEE and removable without defacing or damaging the Premises, shall remain upon and be surrendered with the Premises as part thereof at the termination of the lease without compensation to the LESSEE. The LESSOR reserves the right to refuse any alterations, additions or improvements requested by the LESSEE if in LESSOR's opinion there is just cause to warrant such refusal.

The LESSEE shall provide for his/its own air-conditioning unit. Provided, however that prior to installation, the LESSEE, shall submit, for approval, the plan, layout type and specifications of the air conditioning unit that will be used.

Section 8. PUBLIC UTILITIES

The LESSEE shall pay for its actual consumption on gas, water, electricity, as well as telephone services, and other public services or utilities. Water and electrical consumption readings for the leased premises will be obtained by the LESSEE from the LESSOR through the separate meters for the LESSEE attached to general meter/s in the building and the LESSOR shall charge the LESSEE for the consumption at the usual rate charged by their respective public utility companies, plus a minimal maintenance service charge. Reimbursement for water and electrical consumption during any given month will be payable to the LESSOR within seven (7) calendar days from demand; and if not paid, the amount thereof shall bear interest and penalty as provided under Section 5 above.

The LESSOR will provide uniform rough-in of electrical fixtures and power supply lines up to the metering point of the tenant's outlet; however, extra fixtures like circuit breakers, electrical meters as well as starters, bulbs and lighting systems will be furnished by and shall be for the account of the LESSEE.

Section 9. BUSINESS PERMITS AND LICENSES

The LESSEE shall comply with any and all supplementary rules and regulations set down by LESSOR and those which may hereafter be promulgated from time to time by LESSOR, and with all the laws, ordinances, rules, and regulations promulgated by the duly constituted authorities of the national and/or local government regarding the use, occupancy, security, and sanitation of the Premises. Provided, that all work of temporary character which may be ordained by the national and/or local authorities to be placed or done on the Premises shall be for the account and expense of LESSEE.

Section 10. TAXES

The LESSEE shall likewise guarantee the faithful compliance with all government laws and regulations regarding payment of taxes. For the entire duration of this contract, the LESSEE shall solely pay all taxes related to its operation including Value Added Taxes if any local government taxes and other assessments on the improvement on the leased premises, its fixtures and appurtenances thereto, in addition to the monthly rental.

Consequently, the LESSEE undertakes to regularly submit to the LESSOR the Bureau of Internal Revenue (BIR) Certification of Withholding Tax Payments (Form 2307 and 2306) pertaining to rental paid to the LESSOR for the quarter, duly certified by the LESSEE's Accountant, within twenty (20) days after the end of each quarter. Failure to submit said Certification should not allow the LESSEE to deduct the expanded Withholding Tax on succeeding monthly rental payment.

Br

Joseph J. Jimin
Salazar

Section 11. **INSURANCE**

LESSEE shall obtain an insurance coverage for its improvements, merchandise and all other properties inside the Premises against fire, lighting and/or other perils, and an adequate public liability insurance policy with an insurance company approved by LESSOR and shall furnish the LESSOR copies hereof and every renewal thereof.

Section 12. **PARKING AND OTHER JOINT-USE AREAS**

The LESSOR will grant seven(7) parking slots for cars marked reserved for the LESSEE and 5 parking slots for motorcycles. However, it is expressly understood that the LESSEE's privilege to use the parking and other areas dedicated to the common use is not exclusive. The right to use said spaces by the LESSEE, its employees and clients or customers is not an integral part of the Premises and it may be restricted or regulated by the LESSOR at its own discretion.

Such use shall be subject to the restrictions and regulations and such other conditions as may be promulgated from time to time by the LESSOR. The LESSOR shall have the sole and exclusive jurisdiction and the right to police, control traffic, regulate, collect parking fees and promulgate reasonable rules and regulations governing the use of the parking areas, sidewalks, common driveways, entrances, exits and other common use areas not included within the boundaries of the Premises.

Section 13. **SUBLEASE, TRANSFER OF RIGHTS**

The LESSEE shall not directly or indirectly assign, sublease, sell, transfer, convey, mortgage, or in any manner dispose of or encumber its right under this contract in whole or in part or any interest thereto to be conferred on anyone; and LESSEE shall not enter directly or indirectly into any contract or agreement with any third persons, associations or corporations in joint venture, partnership or corporation, business of any kind whatsoever whereby said third party will be allowed to occupancy and transact business in the Premises under any capacity or guise whatsoever; and that any such contract or agreement made in violation of this paragraph shall be void as regards the LESSOR and shall be a cause for termination of this Contract.

LESSEE hereby declares and acknowledged that it possesses no goodwill, patronage or incentive rights over the Premises and that such rights exclusively belong to LESSOR and are inherent in the Premises, and such LESSEE has no right to sell, transfer, assign, encumber, nor mortgage such goodwill to another person.

Section 14. **ADVERTISING / SIGNS AND ADVERTISING MEDIA**

The LESSEE shall not affix, hang, inscribe or paint any notice, sign, streamer, or other advertising medium within or outside the Premises, without prior written approval of the LESSOR and even then they shall be only of such size and style as the latter may determine.

LESSEE shall put up and maintain at its own expense the required business sign(s), the size, color, and design of which shall be reduced in writing and submitted to the LESSOR for approval, the same determined by the LESSOR upon the commencement date of LESSEE's business.

The LESSEE shall use as its advertised business address, the name and address of the Golden Peak Tower, Gorordo Avenue corner N. Escario St., Cebu City. The LESSEE agrees that the LESSOR's name or the name of Golden Peak Tower shall not be used in any confusing, detrimental or misleading manner and upon termination of this Lease, the LESSEE shall cease to use the LESSOR's name or the name of the building or any part thereof, in any manner whatsoever.

The LESSOR shall remove upon due notice to the LESSEE any such authorized sign or any

For

Quack J. Main

Salazar



print materials which may be within or outside the Premises in violation of this provision without incurring any criminal or civil liability or any liability for reimbursement of costs.

Section 15. LEASE EXCLUDES PORTIONS OF BUILDING

This lease does not extend to the outside portions of the building corresponding to or opposite the leased premises and the painting, putting or affixing of business notices, signs or other advertising medium in accordance with Section 15 of this contract or otherwise shall not be construed as an extension of this lease to the outside portion of the building.

The corridors and hallways within the building are likewise not part of the leased premises, and no merchandise or other property of the LESSEE shall be placed therein. The LESSOR has the right to remove such merchandise or other property within the corridors and hallways and charge the cost of removal, handling and storage to the LESSEE.

Section 16. ALTERATIONS, ADDITIONS, IMPROVEMENTS, ETC.

The LESSEE shall not make any alterations, additions, or improvements without the prior written consent of the LESSOR; provided, however, that all such alterations, additions, or improvements made by either party in or upon the leased premises, except the movable furniture and fixtures put in at the expense of the LESSEE and removable without defacing or injuring the building or the leased premises, shall become the property of the LESSOR and shall remain upon and be surrendered with the premises as part thereof in case of termination of this lease without compensation to the LESSEE. No shades, awnings, blinds, curtains or window guards shall be installed or used in the Premises without the prior written consent of the LESSOR.

Section 17. LESSEE'S INSTALLATIONS

The LESSEE may install the necessary installations required by the strength and general structure of the building or the leased premises are not thereby impaired or otherwise adversely affected and provided further that it has submitted the necessary plans and if the installation of electrical appliances, such as water coolers, refrigerators, fans, etc. wherein extra outlets will be needed the LESSEE shall first submit to the LESSOR for its approval a plan showing such additional outlets, and the LESSEE shall employ only the services of a licensed electrician or otherwise hire the licensed electrician of the LESSOR so that any resulting additional load of current shall be within the capacity of the emergency power generator and the main switch of the panel on the corresponding floor, thereby minimizing fire hazards; and shall further comply with the requirements of the Fire Department and/or the Government Electrician.

Section 18. PROHIBITIONS

The LESSEE is subject to the following prohibitions and restrictions:

(a) The LESSEE agrees that it will not do or permit to be done in or about the Premises anything or any act which will be illegal or unlawful, or which will be dangerous to life, limb, or property.

(b) LESSEE shall not permit, allow or cause any public or private auction sales or adopt or use any sales promotion devices or practices which shall tend to mislead or deceive the public or which directly or indirectly would tend to detract from or impair the reputation or dignity of said business and consequently the prestige and good business reputation of Golden Peak Tower.

(c) LESSEE's shall not bring into or store in the Premises anything highly inflammable or explosive in nature or any apparatus, machinery or equipment which may cause obnoxious odors, tremors or noises, or which may expose the Premises to fire or increase the fire hazard of the building or insurance rate or any other article which the LESSOR may reasonably prohibit. It

is understood that should the LESSEE do so, not only shall the LESSEE be responsible for all damages which the said violation may cause to the LESSOR and/or its tenants, but the LESSOR shall, in addition thereto, have the right to cancel this contract and immediately charge to the LESSEE for any increase in the rate of insurance premiums payable by the LESSOR on the entire building due to the violation committed by LESSEE.

Section 19. **RIGHT OF ENTRY**

The LESSOR or its representatives shall have the right to enter the Premises at all times in order to examine it, to show it to PROSPECTIVE PURCHASERS or LESSEES, or to make such decorations, repairs, alterations, improvements, or additions as the LESSOR may deem necessary or desirable. The LESSOR shall be allowed to take all materials into and upon the Premises that may be required therefore. If the LESSEE is not personally present to open and permit an entry into the Premises at anytime when for any reason an entry therein shall be necessary or permissible, the LESSOR or its representatives may enter the Premises without rendering the LESSOR or such representatives liable therefore, and without in any manner affecting the obligations and covenants of the LESSEE under this lease. The LESSOR's right of reentry shall not be deemed to impose upon the LESSOR any obligations, responsibility or liability for the care, supervision or repair of the Premises other than herein otherwise provided.

Section 20. **INSPECTION OF OFFICE FURNITURE, ETC.**

For the better security of the tenants of the building, no office furniture, equipment, fixtures, etc., of any kind will be allowed to be brought into or out of the building without the LESSEE's having previously secured written authority from the LESSOR.

Section 21. **INDEMNITIES**

The LESSEE shall indemnify and hold the LESSOR free and harmless from any claim or demand by third persons for injury, loss or damage, including claims for property damage resulting from any accident on the Premises or occasioned by any nuisance made or suffered on the Premises, or by any fire herein or growing out of or caused by any failure on the part of the LESSEE's to maintain the Premises in a safe, sanitary and secure condition or by reason of the LESSEE's violation, non-observance or non-performance of the rules, regulations, ordinances, laws and other conditions of this contract concerning or affecting the Premises or the improvements thereon.

Section 22. **DAMAGE TO OR DESTRUCTION OF PREMISES**

(a) In case the improvements placed on the Premises shall be partially damaged or destroyed whether by any cause covered or not covered by insurance, LESSEE shall immediately repair, restore, or reconstruct or cause to be repaired, restored or reconstructed said damage or destroyed improvements to the condition thereof. The failure of the LESSEE to complete the repair, reconstruction or restoration to its original condition within thirty (30) calendar days from the date of destruction shall be a material breach of this contract which will entitle the LESSOR to terminate this lease. Provided that the LESSEE shall not be responsible for any damage is caused by a fortuitous event.

(b) If the damage is so extensive as to amount virtually to total destruction of the Premises of the building, the lease shall be deemed terminated after occurrence of the damage, the rent to be apportioned to the time already consumed prior to the damage. Notwithstanding the above provisions, if the Premises or the building is damaged by fire or other casualty due to the fault or negligence of the LESSEE or its servants, employees, agents, visitors or licensees, then without prejudice to any other rights, remedies or cause (s) of action the LESSOR may have against the LESSEE, the LESSOR may opt to repair said damage chargeable to the account of LESSEE, but the latter in any case shall be liable to pay the basic rent.

For

J. J. J. J.

Quip

Salvador

2

Handwritten signature/initials

Section 23. EXPROPRIATION AND CONDEMNATION

If at anytime during the term of this lease, the Government or any of its instrumentalities or political subdivision or any public service company, shall expropriate or condemn the Premises or any part thereof or interest therein for any public use or purpose, then and in every case the LESSEE shall whenever requested by the LESSOR, deliver and surrender peaceful possession of the Premises to the LESSOR as may be affected or taken by such expropriation, and the LESSEE shall not, by reason for compensation or indemnity, without prejudice to the rights of the LESSEE to claim for whatever damage it may be entitled to from the expropriating or condemning authority.

Section 24. STRIKES AND LOCK-OUTS

In case there is strike, lock-out or other labor dispute n the Premises and there is a substantial interference with the operation of the LESSEE's business by reason thereof requiring the LESSEE to temporarily close its business to the public or if as a result thereof the business of other LESSEES or TENANTS on Golden Peak Tower are likewise affected, then the LESSOR shall have the option to terminate this lease to protect its business and business of the other LESSEES or TENANTS. On the other hand, in case of strikes, lock – out or other labor dipute by the LESSOR, the LESSEE can enter the building and will continue business transactions within the leased premises.

Section 25. ABANDONMENT OF LEASED PREMISES

If the LESSEE shall abandon, or vacate the Premises or, if it remains unoccupied for a continuod period of thirty (30) days at anytime during the term of this lease, without the LESSOR's prior written consent, the LESSOR may lease out the Premises to other persons or entities; and in any event, the LESSEE shall continue to be liable for the monthly basic rent for the period of and during LESSEE's abandonment, or the unexpired portion of the term of the lease. The LESSOR shall also forfeit in its favor, the deposit made by way of damages. Likewise, the LESSOR shall have the right to enter the Premises and remove LESSEE's properties as may be deposited therein and have them deposited elsewhere at the expense of the LESSEE. However, the LESSOR shall have the right to retain said properties as security for the payment of LESSEE's obligation under this contract which properties the LESSOR may, as LESSEE's duly constituted attorney-in-fact, dispose of at public auction and the proceeds applied to satisfy LESSEE's unpaid obligations without prejudice to any action as may be appropriate for the recovery of any deficiency or other damages provided on this Contract.

Section 26. NON-WAIVER

The failure on Lessor's part to insist in one or more instances upon the strict performance of any of the covenants and conditions of this lease, or exercise any right or option herein contained, shall not be construed as a waiver of covenant, condition or option, but same shall continue to full force and effect the acceptance by the LESSOR of arrears in rent or extension of time of payments shall not be deemed a waiver by the LESSOR of any breach by the LESSEE of any other covenant or condition contained in this contract. Likewise, the acceptance of payment or performance of one or more obligations by the LESSEE shall not be deemed a waiver by the LESSOR of any breach by the LESSEE of any other covenant or condition contained herein. Silence on the part of the LESSOR shall not be considered as condonation or waiver of any breach or default by the LESSEE of any covenant or condition herein provided. No waiver shall be deemed to have been made by the LESSOR unless reduced in writing.

Section 27. DEFAULT/TERMINATION

(a) In the fulfillment of all obligations wherein the payment of money is involved, including but not limited to taxes, assessments, insurance premiums, reimbursements, fees costs and other charges herein before mentioned(except as to rental which is governed by Section 5 of this contract of Lease), the LESSEE is hereby given a period of thirty(30) calendar days from date

GGV

Joseph J. Vitor

Salvador

✓

✓

✓

of default within which to make necessary payment before the LESSOR can exercise its right to recover against LESSEE and/ or exercise its right to rescind the contract.

(b) In the fulfillment of obligations contained in this contract which involve the performance of an act or construction of a certain work or an obligation to do, the LESSEE may cure or remedy any such breach or failure by complying therewith within thirty (30) calendar days of such breach, except in the case provided for in Section 4 hereof.

(c) Default shall automatically take place upon the failure of the LESSEE to pay or perform its obligation during the time fixed therein for such obligation without necessity of demand or, if no time is fixed, after ten (10) calendar days from receipt of notice or demand from the LESSOR. For purposes of default where demand or notice is required of the LESSOR, the parties hereby expressly agree that notice addressed to the LESSEE delivered at its address in the Premises or in its last known address shall be considered sufficient compliance of notice or demand.

(d) In the event of default or breach, non-performance or non-observance, of any of the terms and conditions of this contract, or even without such breach or default, if the LESSEE shall become dissolved, bankrupt, insolvent or be under a receiver or make an assignment for the benefit of creditors or file any proceeding seeking any readjustment, arrangement, postponement, condonation, or reduction of LESSEE's debts, liabilities, or obligations, or if the LESSEE abandons the Premises and the improvements thereon as specified in Section 22, the LESSOR may, in its absolute discretion, declare this contract, its extension or renewal, canceled or terminated and require the LESSEE to vacate the Premises. In which event, the LESSOR shall demand the LESSEE immediately vacate the Premises, and LESSOR shall forfeit in its favor, the deposit tendered without prejudice to any such other appropriate action as may be legally authorized.

Provided, however, that in case the LESSOR terminates this contract for any provided reason/s herein, or should the LESSEE continue occupying the premises after the expiration of the lease period, or should the LESSEE abandon, sublease or assign wholly or in part the premises, the LESSEE hereby gives authority to the LESSOR or to any of its authorized representatives to enter and/or break open the premises and take immediate possession of the premises including the improvements, inventories or stock-in-trade found therein to answer for any unpaid rent, penalty, damages or any outstanding obligation, without the necessity of resorting to any court action the LESSEE hereby waiving any cause of action, civil or criminal, LESSOR shall conduct an inventory of the same in the presence of a Notary Public and, at its sole option, sell or store the same in a warehouse with the LESSEE being liable for reasonable storage fees. LESSEE hereby constitutes the LESSOR or its duly appointed attorney-in-fact with authority to enter and break open the premises and to sell the inventories and stock-in-trade found therein, LESSEE hereby ratifying any and all acts which the attorney-in-fact may do pursuant to said authority. Any excess, after sale of the inventories and the stock-in-trade and application of the proceeds to all outstanding liabilities of LESSEE to LESSOR shall be given to the LESSEE. Nothing in this provision shall constitute a bar to the LESSOR's right to sue the LESSEE for damages, unpaid rentals and/or other outstanding monetary obligation.

(e) The LESSEE shall further hold the LESSOR free and harmless from any liability in aspect of any and all claims made by any succeeding tenant against the LESSOR in delivering possession of the Premises to such succeeding TENANT by the failure of the LESSEE to surrender the Premises on time. In case, the succeeding TENANT or LESSEE cancels the lease by reason of such delay the LESSEE shall indemnify the LESSOR for whatever damage it may suffer by reason thereof.

Finally, the LESSEE certifies that it read, or its duly authorized representative has read or caused to be read all the provisions of the foregoing contract, receipt of a complete and signed copy of which is hereby expressly acknowledged by the LESSEE and it, or its aforesaid representative has fully understood the contents of the same.

Bar

Lucha J. Marin

Salinas

[Signature]

Section 28. **ARBITRATION CLAUSE**

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 whom 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 be 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 of appealable on the grounds provided for in Section 24 of the Arbitration Law or Republic Act 876.

Section 29. **SEPARABILITY CLAUSE**

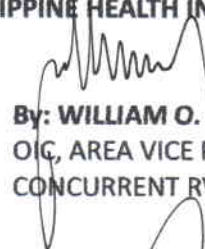
Should any provision of this Contract be held invalid by any competent court, the same shall apply only to the provision involved and the remainder hereof remains valid and enforceable.

IN WITNESS WHEREOF, the parties hereto have caused this contract to be executed by them or their duly authorized representative on the ____ day of **JUN 18 2012**, 2012 at Cebu City.

LESSOR
HANCIT REALTY & DEV'T. CORP.


By: **LUCITA S. VILORIA**
President


LESSEE
PHILIPPINE HEALTH INSURANCE CORP.


By: **WILLIAM O. CHAVEZ**
OIC, AREA VICE PRESIDENT, VISAYAS
CONCURRENT RVP, PRO VII



Approved by: **ATTY. ALEXANDER A. PADILLA**
EVP/COO

Signed In the Presence of


HARRY JOHN VILORIA
Managing Director


ATTY. GERARDO S. ORTIZ
Division Chief IV, MSD
PRO VII, Cebu City


MA. NORELI ALMAZAN
Sales Director


JOSETTE E. BACALSO
Fiscal Controller IV, PhRO VII

ACKNOWLEDGEMENT

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

CEBU CITY **JUN 18 2012**
At CEBU CITY, Philippines on this 18 day of JUNE personally appeared before me the following persons with their respective Community Tax Certificates, to wit:

Name	C.T.C. Number	Date/Place Issued
LUCITA S. VILORIA	<u>00036320</u>	<u>Jan. 17, 2012 / Cebu City</u>
WILLIAM O. CHAVEZ	<u>00113249</u>	<u>January 31, 2012/Cebu City</u>

known to me and to me known to be same persons who executed the foregoing instruments, and they acknowledged to me that the same is their free and voluntary act and deed, in the capacity in which they appeared.

This document refers to a contract of lease which consists of eleven (11) pages including this page where the acknowledgment is written and signed by the parties and their instrumental witnesses at the left hand margin of each and every page thereof.

WITNESS MY NOTARIAL SEAL on the date and place first herein above written.

Doc. No. 419
Page No. 85
Book No. 77
Series of 2012

JUAN B. ASTETE, JR.
Notarial Commission No. 60-08 until Dec. 31, 2013
Cebu City and Municipalities
3rd Fl. GMA Plaza Bldg. Legaspi Ext. cor.
M. J. Cuenco Ave. Cebu City
PTR No. 2189852 (1-10-2012) Cebu City
IBP No. 882076 (1-17-2012) Cebu City
Roll No. 16699
MCLE No. I-0017090/MCLE No. II-0617171
MCLE No. III-0019391
NOTARIAL COMM. No. 60-08

[Handwritten signatures and initials on the right margin]