

SERVICE CONTRACT

This Service Contract is entered into and executed by and between:

PHILIPPINE AMUSEMENT AND GAMING CORPORATION, a government-owned and controlled corporation, created and existing by virtue of *Presidential Decree No. 1869*, as amended, with office address at **PAGCOR** Executive Office, Hyatt Hotel and Casino Manila, 1588 M.H. Del Pilar cor. Pedro Gil Sts, Malate, Manila, represented in this act by its President and Chief Operating Officer, **JORGE V. SARMIENTO**, hereinafter referred to as "**PAGCOR**";

- and -

CAL-FIL APPRAISAL AND MANAGEMENT, INC., a corporation *duly organized and existing under the laws of the Republic of the Philippines*, with office address at Unit 1001, Bldg. 2B, Palmdale Heights, 8505 Sandoval Ave., Pinagbuhatan, Pasig City, represented in this act by its Marketing Director, **AURORA C. ENGO**, hereinafter referred to as the "**CONTRACTOR**".

RECITALS:

WHEREAS, **PAGCOR** requires the services of an appraisal company in order to determine the restoration cost of the areas leased by **PAGCOR** pursuant to a Contract of Lease dated December 23, 1999 at the Silahis International Hotel, Inc. (the "Services");

WHEREAS, considering all the requisites are present, **PAGCOR** resorted to *Negotiated Procurement (Small Value Procurement)*, pursuant to Sec. 53.9 of the revised *Implementing Rules and Regulations (IRR) of Republic Act (R.A.) No. 9184* in relation to the "*Guidelines for Shopping and Small Value procurement*", under ITB No.: 05-29-2013;

WHEREAS, the **CONTRACTOR** has submitted the lowest complying responsive proposal to undertake the said Services;

WHEREAS, **PAGCOR** has accepted the proposal of the **CONTRACTOR**, subject to the terms and conditions hereunder stipulated;

NOW, THEREFORE, for and in consideration of the foregoing premises, the Parties agree as follows:

ARTICLE I
SCOPE OF UNDERTAKING

The **CONTRACTOR** shall undertake to provide the Services, in accordance with the following technical specifications:

COVERAGE
<p>Conduct cost estimate work services to determine and appraise the fair and reasonable amount of the cost of restoration of certain areas of the Silahis International Hotel, Inc. previously leased by PAGCOR, under a Contract of Lease dated December 23, 1999, specifically, the areas at second and third floors of the building to its condition as of the date of effectivity of the aforementioned Contract of Lease.</p>
<p>The cost estimation process and appraisal shall be done jointly with the appraisal company representing or appointed by Silahis International Hotel Inc. (SIHI) for this purpose.</p>
CONTRACTOR'S QUALIFICATIONS
<p>The CONTRACTOR shall maintain the following qualifications during the existence of this Contract:</p>
<p>1.1. Duly registered with and accredited by the Securities and Exchange Commission.</p>
<p>1.2. A member in good standing of the Philippine Association of Realty Appraiser, Inc. or any of the Philippine Construction Industry players (CREBA, CPMAP, ACC, COFILCO, and other organizations recognized and authorized by the government).</p>
<p>1.3. The Company Head Office shall be located in Metro Manila for easy access and communication.</p>
SCOPE OF WORK
<p>1. The CONTRACTOR shall jointly inspect with the appraisal company representing or appointed by SIHI the sites to be restored using the floor plan lay-out of the building to be provided by PAGCOR covering the following areas:</p>
<p>1.1. Second Floor – Ballroom Function Rooms, Public and Service Areas, former site of Capricio's Restaurant and Lounge with a combined areas of 2,491.00 square meters</p>
<p>1.2. Third Floor – Cabaret, Gymnasium, Function Rooms with a combined area of 1,100.75 square meters</p>
<p>1.3. Blue Room – 118.80 square meters</p>






1.4. Office Space – 50.00 square meters
1.5. Three (3) Rooms Office space – 90.27 square meters
Total Area: 3,850.82 square meters
<p>2. The CONTRACTOR shall conduct a joint ocular inspection with the appraisal company representing or appointed by SIHI and jointly determine the restoration cost of the areas previously occupied by PAGCOR.</p> <p>A joint final report shall be submitted detailing the result of the joint ocular inspection – bearing signature and concurrence of both appraisal companies.</p> <p>If a joint final report is not arrived at, the CONTRACTOR shall submit an independent final report.</p>
<p>3. The CONTRACTOR shall conduct valuation procedures in accordance with Philippines Valuation Standard (First Edition 2009), adopt the International Valuation Standards Committee (IVSC) valuation standards to the Philippine setting and utilize the accepted or the best practices in the valuation profession, also known as Generally Accepted Valuation Principle (GAVP).</p>
<p>4. The CONTRACTOR shall participate in a joint deliberation with the appraisal company represented or appointed by SIHI to come up with a Joint Complete Cost of Restoration Report - prepared and submitted in three (3) copies using:</p> <p>4.1. Market Data Approach; 4.2. Valuation Standard Procedures and Reporting under Philippine setting; and 4.3. Specifying all references and considerations thereto.</p> <p>The said report shall bear the signature of the authorized representative of the appraisal company representing or appointed by SIHI– signifying their conformity with all the data and figures presented in the report.</p>
<p>5. The CONTRACTOR shall be monitored by PAGCOR at all times during the conduct of its work under this contract.</p> <p>The CONTRACTOR shall provide PAGCOR with copies of all documentations relative to or arising out of this Service Contract.</p>
EXTENDED SCOPE OF CONTRACT
<p>The contract shall include all such items, although not specifically mentioned, that can be reasonably inferred as being required for its completion, as if such items were expressly mentioned herein. Any additional requirements orally agreed upon and/or also required for its completion shall be included and required under this Service Contract.</p>
ADDITIONAL DELIVERABLES
<p>In addition to the documents/reports specified above, the CONTRACTOR shall furnish PAGCOR with a Restoration Cost Report (the "Report") of the subject areas based on the appraisal tools and instruments used, such as, but not limited to, the valuation standard, cost estimate computation using market data approach based on three comparative Five</p>

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Quina Cabogay
Jingulob
[Signature]
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(5)-star hotel in Manila area.

Cost computation can be inferred from the submitted detailed estimated cost reflecting cost of electrical fixtures, civil, architectural, aesthetics and other cost components used where cost computation are based.

The **CONTRACTOR** shall submit a Certificate of Performance ("Certificate") upon the performance of the Service.

ARTICLE II **CONTRACT AMOUNT**

The contract price for the Services shall be in the total amount of **Seventy-Nine Thousand Pesos (PhP 79,000.00)**, VAT-Exclusive, Zero-Rated transaction.

Both **PARTIES** agree that the total price stated herein already includes all applicable taxes, fees and charges required by the Philippine government. The **CONTRACTOR** holds **PAGCOR** free from liability for any or all taxes arising out of this transaction.

The Contract Amount shall not be subject to any increase or upward adjustment for any reason or cause whatsoever for the duration of the Service Contract.

ARTICLE III **SCHEDULE OF PAYMENT**

The cost of the total contract amount shall be payable within thirty (30) calendar days upon receipt of Billing/Sales Invoice provided all terms and conditions imposed under the contract have been fully met and subject to **PAGCOR's** formal acceptance in writing of the Services as described in Article I.

PAGCOR's undertaking to pay the **CONTRACTOR** shall be confined to the aforestated schedule.

ARTICLE IV **CONTRACT TIME**

The Services, all reports/documents and such other reports/documents required by **PAGCOR** relative to this contract, shall be completed and submitted to **PAGCOR** by the **CONTRACTOR** within thirty (30) calendar days from the effectivity date provided in the Notice to Proceed. Within this period, **PAGCOR** may terminate this Contract with or without cause, without need for judicial intervention, upon five (5) days written notice to the **CONTRACTOR**.

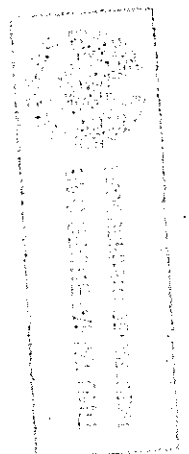
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Service Contract

Procurement of Service of an Appraisal Company in order to determine the Restoration Cost of **PAGCOR**

Leased Areas at Silahis International Hotel

ITB No. 05-29-2013



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ARTICLE V
CONTRACTOR'S WARRANTIES

The **CONTRACTOR** hereby warrants that:

1. It is an entity duly organized, validly existing and in good standing under the laws of the Republic of the Philippines, and it has the requisite power and authority to enter into and perform its obligations under this Contract.
2. There are no actions, suits or proceedings pending or, to the best of its knowledge, threatened, which may have a material adverse effect on its ability to fulfill its obligations under this Contract or on its operations, business, properties, assets or business condition.
3. That the Services to be rendered herein shall be as described under Article I of this Contract. The **CONTRACTOR** warrants that it has secured all the necessary government licenses and permits to allow it to render the Services agreed upon and that it is free from any liability or adverse claims, of every nature and description that would prevent or hinder it from rendering the said Service.
4. The **CONTRACTOR** will defend, protect, indemnify, and hold **PAGCOR** harmless from any and all adverse claims that may be made by any party in connection with the rendition of the Services in Article I herein.
5. The **CONTRACTOR** hereby represents and warrants that it has sufficiently experienced and competent personnel able to perform the Services under this Contract. It is understood that the **CONTRACTOR** shall exercise complete and unequivocal control and supervision over its staff in the performance of their respective functions and duties.
6. The **CONTRACTOR** shall pay taxes in full and on time, failure to do so will entitle **PAGCOR** to suspend payment for any services rendered by the **CONTRACTOR**.
7. All amounts, claims, and expenses pertaining to licenses, permits, registrations or renewals thereof, required by the appropriate government entities for the services performed under Contract shall be for the exclusive account of **CONTRACTOR**.

ARTICLE VI
CLAIMS AND DISPUTES

All claims and disputes relating to or arising out of this Contract shall, as much as possible, be settled amicably by the **PARTIES** before resorting to any judicial action.

If the **PARTIES** fail to settle their differences or disputes, the **PARTIES** waiving for the purpose any other venue, hereby agree that the courts of the City of Manila shall be the exclusive venue of any or all actions or suits between the **PARTIES** to the exclusion of all other courts and venues. This exclusive venue provision shall apply even in cases for declaration of nullity of this Contract in its entirety or in part and in cases arising after or by reason of the declaration of nullity of this Contract in its entirety or in part.

ARTICLE VII
DAMAGES FOR DELAY

The **CONTRACTOR** shall complete the implementation of the Services within the time prescribed in Article IV hereof. Should **CONTRACTOR** incur delay in its performance, **CONTRACTOR** shall pay a penalty of one-tenth of one percent (1/10 of 1%) of the total cost of the unperformed portion for each day of delay, including Sundays and Holidays, beyond the specific period. The maximum deduction shall be ten percent (10%) of the amount of the Contract. Once the cumulative amount of liquidated damages reaches ten percent (10%) of the amount of the Contract, **PAGCOR** shall have the option to rescind the Contract, without prejudice to other courses of action and remedies.

In case the **CONTRACTOR** still fails to deliver the item after the lapse of 15 days from the supposed date of implementation as provided for in Article IV, **PAGCOR** shall likewise have the option to terminate the Contract, without prejudice to other courses of action and remedies open to it.

ARTICLE VIII
DEFAULTS

In the event that any of the **PARTIES** fail to comply in good faith with their undertakings, as set forth in this Contract, within the periods provided herein, the non-defaulting party shall be released from its obligations under this Contract, without prejudice to the rights of restitution, recovery and damages.

In the event of breach by either party, the **PARTIES** agree to amicably settle the same under the provisions of Article VI hereof prior to judicial action.

In the event settlement cannot be made, the **PARTIES** shall abide by the provisions of law with respect to default.

ARTICLE IX
INDEMNIFICATION

The **CONTRACTOR** shall indemnify and shall hold **PAGCOR**, its directors, officers, employees and agents (each of the foregoing, being hereinafter referred to individually as the "Indemnified Party") free and harmless against any and all liabilities (other than liability solely the fault of the indemnified party) arising from this Service Contract.

The indemnification is limited to the services delivered to **PAGCOR** by the **CONTRACTOR** and does not cover third party claims not authorized by the **CONTRACTOR**.

ARTICLE X
CONFIDENTIALITY

All Information disclosed to the **CONTRACTOR** arising out of or as a result of this Contract shall be confidential in nature and shall be used only for purposes specifically related to this contract and shall not be used for any other purpose. The

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CONTRACTOR will not, at any time, disclose such confidential information to any third party without **PAGCOR**'s prior written consent. The **CONTRACTOR** shall be solidarity liable to **PAGCOR** for unauthorized disclosures made by its directors, officers, employees, agents and other persons acting on the **CONTRACTOR**'s behalf.

The obligations stated in this Confidentiality Clause shall also apply to confidential information negligently, unintentionally or inadvertently disclosed by **PAGCOR** (its directors, officers, employees, agents, and any other persons acting on its behalf) and to disclosures made by a **PAGCOR** director, officer, employee, agent, and other persons ordinarily acting on its behalf, in breach of his/her obligation or duty to **PAGCOR**.

ARTICLE XI
INTELLECTUAL PROPERTY

1. All ideas, plans, and materials prepared by the **CONTRACTOR** are "works-made-for-hire" and shall be the sole and exclusive property of **PAGCOR**. The **CONTRACTOR** hereby assigns all right, title and interest to said "works-made-for-hire" to **PAGCOR**. It is specifically understood and agreed that the **CONTRACTOR** shall retain no ownership rights whatsoever in or to said "works-made-for-hire".
2. The **CONTRACTOR** warrants and represents that the said "works-made-for-hire" it will furnish hereunder will be original, or duly licensed, and no part of the same will infringe upon or violate the rights of any person or entity, including without limitation, any copyrights, trademarks or rights of privacy or publicity. For this purpose, the **CONTRACTOR** shall hold **PAGCOR** free and harmless from any claim, liability and against any cost for defending any action, suit or proceedings, including legal fees or other expenses, relating to any infringement or violation of the rights of any person or entity, including without limitation, any copyrights, trademarks or rights of privacy or publicity relative to the said "works-made-for-hire".

ARTICLE XII
CONTRACTUAL RELATIONSHIP

1. There shall be no employer-employee relationship between **PAGCOR** and the employees of the **CONTRACTOR**. The **CONTRACTOR** shall have the entire charge, control and supervision of the performance of the Services herein agreed upon. Any damage, accident, injury, or sickness of any kind, or death that may occur to any employee of the **CONTRACTOR** during the time and consequent to the performance of the work under this Contract shall likewise be the **CONTRACTOR**'s responsibility.

The **CONTRACTOR** further binds itself to hold **PAGCOR** free and harmless from any claim on account of the aforementioned injury or damage.

2. The relationship between the parties shall be limited to the performance of the terms and conditions of the Contract. Nothing in this Contract shall be construed to create a general partnership between the parties, or to authorize any party to bind the other except as set forth in this Contract, or to borrow money on behalf

Adriana Calugay
Jorge Luis
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of another party, or to use the credit of any party for any purpose other than what has been set forth herein.

ARTICLE XIII
MISCELLANEOUS PROVISIONS

1. In the event that the facts and circumstances arise or are discovered which render this agreement disadvantageous to the Government, the parties hereto agree immediately to re-negotiate its terms and conditions, or at the option of **PAGCOR**, terminate the same.
2. This Contract, and all the rights and interests herein, may not be assigned or sub-contracted to another without the consent of the other party.
3. Any right or remedy conferred by this Contract upon the parties shall not be exclusive of any other right or remedy, whether under this Contract or provided or permitted to the parties at law or in equity, but each right or remedy shall be cumulative of every other right or remedy available to them.
4. Except as provided under Article I, this Contract constitutes the entire agreement between the parties pertaining to the subject matter contained in it, and supersedes all prior and contemporaneous agreements, representations, warranties and understandings of the parties. No supplement, variation or amendment of this Contract shall be binding unless executed in writing by all the parties thereto.
5. No waiver of any of the provisions of this Contract shall be deemed, or shall constitute a waiver of any other provision, whether similar or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless in writing and signed by the party making the waiver.

IN WITNESS WHEREOF, the **PARTIES** hereto have signed these presents on this ____ day of _____, 2013 at the City of Manila, Philippines.

**PHILIPPINE AMUSEMENT AND
GAMING CORPORATION**

TIN: 033-000-887-972

Represented by:



JORGE V. SARMIENTO *President and Chief Operating Officer*

TIN: 122-841-833

**CAL-FIL APPRAISAL AND
MANAGEMENT, INC.**

TIN: 234-772-424-000

Represented by:

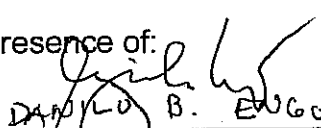

AURORA C. ENGO
Marketing Director

TIN: 115-241-111

Signed in the presence of:



NORBERTO S. OSIAC



DANILLO B. ENGO

ACKNOWLEDGMENT

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

BEFORE ME, a Notary Public for and in the City of CITY OF MANILA, on this SEP 12 2013 day of _____, 2013, personally appeared:

NAME

GOVERNMENT ID NO.

JORGE V. SARMIENTO

PASSPORT NO. EB1763201

Issue Date: January 20, 2011

Place of Issue: DFA-Manila

Validity Period: January 19, 2016

Known to me to be the same person who executed the foregoing Service Contract consisting of _____ () pages, and who acknowledged to me that the same is his own free and voluntary act and deed as well as the free and voluntary act and deed of the entity he represents, he being duly authorized for this purpose.

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

Doc. No.: 168
Page No.: 35
Book No.: III
Series of 2013

[Signature]
ATTY. ERWIN F.V. ZAGALA
NOTARY PUBLIC
6TH FLR. HYATT HOTEL & CASINO
M.H. DEL PILAR ST., MALATE, MANILA
APPT. NO. 2013-024, UNTIL DEC. 31, 2014
ROLL NO. 54166, IBP LIFETIME NO. 08436
QUEZON CITY CHAPTER
PTR NO. 1404919/01-05-13/MANILA

ACKNOWLEDGMENT

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

BEFORE ME, a Notary Public for and in the City of MANILA on this 27 AUG 2013, 2013, personally appeared:

NAME

GOVERNMENT ID NO.

AURORA C. ENGO

DL No. N02 - 85 - 025483

Known to me to be the same person who executed the foregoing Service Contract consisting of ____ () pages, and who acknowledged to me that the same is her own free and voluntary act and deed as well as the free and voluntary act and deed of the entity she represents, she being duly authorized for such purpose.

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

Doc. No. 200
Page No. 77
Book No. _____
Series of 2013.

[Signature]
ATTY. DELFIN R. AGONKI, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2013
PTR NO. 0285334 / 2013/2013 MLA.
IBP NO. 873692 / 2013 MLA.
ROLL NO. 24655 / TIN - 044-519-066
MCLE III - 0018920
Comm. No. 2013 - 023

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