

**EXCHANGE AGREEMENT**

**DATED 30<sup>th</sup> January, 2006**

**BETWEEN**

**THE ARGO FUND LIMITED**  
as Lender

**AND**

**THE DOMINICAN REPUBLIC**  
as the Government

THIS AGREEMENT is dated as of 30<sup>th</sup> January, 2006 BETWEEN:

- (1) THE ARGO FUND LIMITED (the "**Lender**") a company incorporated in the Cayman Islands; and
- (2) THE GOVERNMENT OF THE DOMINICAN REPUBLIC represented by the Secretario de Estado de Finanzas of the Dominican Republic (the "**Government**");

WHEREAS:

- (A) On 29<sup>th</sup> March, 2005, the Lender acquired debts owing by the Government more particularly described in Schedule A, Part 1 with an aggregate outstanding amount as at the date of this Agreement of US\$ 16,711,949 (the "**First Sun Land Debt**").
- (B) On 4<sup>th</sup> November, 2004, the Lender acquired debts owing by the Government more particularly described in Schedule A, Part 2 with an aggregate outstanding amount as at the date of this Agreement of US\$ 4,195,940 (the "**Second Sun Land Debt**").
- (C) On 30<sup>th</sup> November, 2004, the Lender acquired debts owing by the Government more particularly described in Schedule A, Part 3 with an aggregate outstanding amount as at the date of this Agreement of US\$ 4,429,235.21 (the "**Fortis Debt**").
- (D) On 30<sup>th</sup> November, 2004, the Lender acquired debts owing by the Government more particularly described in Schedule A, Part 4 with an aggregate outstanding principal amount as at the date of this Agreement of US\$708,000 and accrued and unpaid interest of US\$55,174.84, each as of the date of this Agreement (the "**Fortis B Debt**").
- (E) On 27<sup>th</sup> July, 2005, the Lender acquired debts owing by the Government more particularly described in Schedule A, Part 5 with an aggregate outstanding principal amount as at the date of this Agreement of US\$7,438,511 and accrued and unpaid interest of US\$157,891.44, each as of the date of this Agreement (the "**Child Safe Debt**").
- (F) As of the date of this Agreement, the Lender and the Government have agreed to capitalize the US\$213,066.28 aggregate accrued and unpaid interest under the Fortis B Debt and the Child Safe Debt, thereby increasing the amount of the Loan (as defined below) by such amount.
- (G) The Lender and the Government have agreed to reschedule the First Sun Land Debt, the Second Sun Land Debt, the Fortis Debt, the Fortis B Debt and the Child Safe Debt on the terms set out in this Agreement with effect from the Effective Date.

IT IS AGREED as follows:

1. **INTERPRETATION**

1.1 **Definitions**

In this Agreement:

**“Business Day”**

means a day (other than a Saturday or Sunday) on which banks are open for business in London, New York and Santo Domingo;

**“Child Safe Debt”**

means the debt owed by the Government to the Lender more particularly described in recital E above which is to be rescheduled in accordance with this Agreement;

**“Default”**

means (a) any Event of Default or (b) any event which with the giving of notice, expiry of time or the fulfilment of any other condition might result in an Event of Default;

**“Effective Date”**

means the date the Loan Agreement and the rescheduling of the Debt becomes effective in accordance with Clause 4;

**“Event of Default”**

means an event specified as such in Clause 9.1 (Events of Default) of the Loan Agreement;

**“First Sun Land Debt”**

means the debt owed by the Government to the Lender more particularly described in recital A above which is to be rescheduled in accordance with this Agreement;

**“Fortis Debt”**

means the debt owed by the Government to the Lender more particularly described in recital C above which is to be rescheduled in accordance with this Agreement;

**“Fortis B Debt”**

means the debt owed by the Government to the Lender more particularly described in recital D above which is to be rescheduled in accordance with this Agreement;

**“Loan”**

means the principal amount of the borrowing by the Government from the Lender under the Loan Agreement which will replace the Rescheduled Debts;

**“Loan Agreement”**

means the loan agreement in the form of Schedule D between the Government and the Lender to be delivered in accordance with Clause 3;

**“Rescheduled Debts”**

means each of the First Sun Land Debt, the Second Sun Land Debt, the Fortis Debt, the Fortis B Debt and the Child Safe Debt which are to be rescheduled in accordance with this Agreement;

**“Second Sun Land Debt”**

means the debt owed by the Government to the Lender more particularly described in recital B above which is to be rescheduled in accordance with this Agreement; and

**1.2 Construction**

- (a) In this Agreement, unless the contrary intention appears, a reference to:
- (i) a Clause or a Schedule is a reference to a clause or a schedule to this Agreement;
  - (ii) an **“amendment”** includes a supplement, novation or re-enactment and **“amended”** is construed accordingly;
  - (iii) an **“authorization”** includes an authorization, consent, approval, resolution, licence, exemption, filing or registration;
  - (iv) a **“regulation”** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
  - (v) a reference to this Agreement or another document is a reference to this Agreement or other document as amended, novated or supplemented; and
  - (vi) a person includes its permitted successors and assigns.
- (b) The index to and the headings in this Agreement are for convenience only and are to be ignored in construing this Agreement.

**2. EXCHANGE**

- (a) On the date of this Agreement, the Government acknowledges that the aggregate amount of the Rescheduled Debts outstanding in favour of the Lender is US\$ 33,696,701.65.
- (b) On the Effective Date:
- (i) the Rescheduled Debts will be cancelled;
  - (ii) the principal debt obligations and liabilities in the aggregate acknowledged amount set out in Clause 2 (a) above which comprised the cancelled Rescheduled Debts will be exchanged and replaced by obligations under the Loan Agreement in the same amount as the liabilities previously existing under the Rescheduled Debts; and

- (iii) The Lender will return all promissory notes evidencing the Rescheduled Debts to the Government marked "cancelled".

### 3. **CONDITIONS PRECEDENT**

The obligation of the Lender to reschedule the Rescheduled Debts and exchange the Rescheduled Debts for the Loan Agreement in accordance with this Agreement is subject to the conditions precedent that:

- (i) The Lender has received the documents set out in Schedule B in form and substance satisfactory to the Lender;
- (ii) The representations and warranties in Clause 5 of this Agreement and Clause 7 of the Loan Agreement are correct as of the date of this Agreement and the Loan Agreement respectively and will be correct as of the Effective Date;
- (iii) No Default is outstanding or might occur as a result of the Rescheduled Debts being cancelled or the Loan being made to the Government; and
- (iv) The Government shall have paid to the Lender US\$236,374 in respect of late interest under the First Sun Land Debt, Second Sun Land Debt, Fortis Debt, Fortis B Debt and the Child Safe Debt within five Business Days of the date on which this Agreement is signed. This amount shall accrue interest at a rate of 7.625% from 31<sup>st</sup> January, 2006 to the date of payment and this interest amount shall be paid on the date the first interest payment is due under the Loan Agreement.

### 4. **EFFECTIVE DATE**

- (a) The Loan Agreement will become effective and the Rescheduled Debts will be cancelled and replaced by the Loan due in accordance with the terms of the Loan Agreement on the date (the "**Effective Date**") specified in a certificate in the form of Schedule C sent by the Lender to the Government to confirm that it has received and is satisfied with each of the documentary conditions precedent referred to in Schedule B.
- (b) On the date the Lender sends to the Government a certificate in the form of Schedule C for the purposes of Clause 4 (a) above, it will also send to the Government a certificate in the form of schedule A of the Loan Agreement.
- (c) The Government will use its best endeavours to procure that the conditions precedent set out in Clause 3 are satisfied as soon as practicable. If the Effective Date has not occurred by 30<sup>th</sup> March, 2006, this Agreement shall be cancelled and of no further effect and the Rescheduled Debts shall continue to be outstanding in accordance with their terms without any amendment or waiver.

### 5. **REPRESENTATIONS AND WARRANTIES**

#### 5.1 **Representations and warranties**

The Government makes the representations and warranties set out in this Clause 5 to the Lender as of the date of this Agreement and as of the Effective Date provided that the

representations in Clauses 5.2 to 5.4, when made on the date of this Agreement are subject (i) to the issuance by the President of the Dominican Republic of a power ratifying the signature of this Agreement and (ii) to this Agreement being approved by the Congress of the Dominican Republic promulgated by the President of the Dominican Republic and these approvals have been officially published.

## **5.2 Powers and authority**

The Government has the power and authority to enter into and perform, and has taken all necessary action to authorize the entry into, performance and delivery of, this Agreement.

## **5.3 Legal validity**

This Agreement constitutes the legal, valid and binding obligation of the Government.

## **5.4 Authorizations**

All authorizations required in connection with the entry into, performance, validity and enforceability of this Agreement have been obtained or effected and are in full force and effect.

## **5.5 Non-conflict**

The entry into and performance by it of this Agreement do not and will not:

- (a) conflict with any provision of the constitution of the Dominican Republic, any law or regulation or judicial or official order in New York or the Dominican Republic binding on the Government; or
- (b) conflict with any agreement or treaty which is binding on the Government.

## **5.6 Jurisdiction**

### **(a) The Government's:**

- (i) irrevocable submission under Clause 11 (Jurisdiction) to the jurisdiction of the New York State or Federal court sitting in the Borough of Manhattan in New York City with respect to matters arising from this Agreement;
- (ii) agreement that this Agreement is governed by the law of the State of New York; and
- (iii) agreement not to claim any immunity to which it or its assets may be entitled,

are legal, valid and binding under the laws of the State of New York and the Dominican Republic; and

- (b) any judgment obtained in New York will be recognised and be enforceable by the courts of the Dominican Republic subject to the exequatur process established according to articles 423 and 424 of "Código Bustamante" published in the Official Gazette number 4042.

**6. CHANGES TO THE PARTIES**

- (a) The Government may not assign, transfer, novate, sub-participate or dispose of any of, or any interest in, its rights and/or obligations under this Agreement.
- (b) The Lender may assign, transfer, sub-participate or dispose of any of, or any interest in, its rights and or obligations under this Agreement in whole or in part without the consent of the Government provided that the Government shall continue to deal with the Lender and shall make all payments due under this Agreement to the Lender and receive good discharge for such payments until it receives notice from the Lender or a transferee of an assignment, transfer or other disposal of any interest in rights under this Agreement.

**7. SEVERABILITY**

If a provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect:

- (a) the validity or enforceability in that jurisdiction of any other provision of this Agreement; or
- (b) the validity or enforceability in other jurisdictions of that or any other provision of this Agreement.

**8. COUNTERPARTS**

This Agreement may be executed in any number of counterparts, each of which when so executed will be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument.

**9. AMENDMENTS**

- (a) Any term of this Agreement may be amended or waived with the agreement in writing of the Government and the Lender.
- (b) The rights of the Lender under this Agreement:
  - (i) may be exercised as often as necessary;
  - (ii) are cumulative and not exclusive of its rights under the general law; and
  - (iii) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any such right is not a waiver of that right.

**10. NOTICES**

**10.1 Giving of notices**

All notices or other communications under or in connection with this Agreement shall be given in writing and, unless otherwise stated, may be made by letter or facsimile. Any such notice will be deemed to be given as follows:

- (a) if by letter, when delivered personally or on actual receipt; and
- (b) if by facsimile, when received in legible form.

A notice given in accordance with the above but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

**10.2 Addresses for notices**

The address and facsimile number of each party to this Agreement are:

**Lender**

c/o Argonaftis Capital Management (Overseas) Limited  
Jackie Court, Suite 401  
10 Vasilissis Frederikis Street,  
Nicosia 1066  
Cyprus

Tel no.: +357 22 668900  
Fax no.: +357 22 445177  
Attn: Loucas Demetriou

**Government**

Mexico Ave #45  
Gazcue, Santo Domingo  
Dominican Republic

Tel no.: +1 809 6875131 (extn 2029/2030)  
Fax no.: +1 809 688 8838  
Attn: Secretaría de Estado de Finanzas, Departamento de Crédito Público

or such other as one party may notify to the other party by not less than five Business Days' notice.

**11. JURISDICTION AND SERVICE OF PROCESS**

**11.1 Submission**

For the benefit of the Lender, the Government agrees that any New York State court or Federal court sitting in the Borough of Manhattan in New York City has jurisdiction to



settle any disputes in connection with this Agreement and accordingly submits to the jurisdiction of those courts.

### **11.2 Service of process**

Without prejudice to any other mode of service, the Government:

- (a) irrevocably appoints the Consul General of the Dominican Republic in New York as its agent for service of process in relation to any proceedings before any courts in the State of New York in connection with this Agreement;
- (b) agrees that failure by the process agent to notify the Government of the process will not invalidate the proceedings concerned; and
- (c) agrees that if the appointment of any person mentioned in paragraph (a) above ceases to be effective, the Government shall immediately appoint a further person in New York, to accept service of process on its behalf in New York and, failing such appointment within 15 days, the Lender is entitled to appoint such person by notice to the Government.

### **11.3 Forum convenience and enforcement abroad**

Each Party:

- (a) waives objection to the New York courts on grounds of inconvenient forum or otherwise as regards proceedings in connection with this Agreement; and
- (b) agrees that a judgment or order of a New York court in connection with this Agreement is conclusive and binding on it and may be enforced, whether singly or concurrently, against it in the courts of any other jurisdiction.

### **11.4 Non-exclusivity**

Nothing in this Clause 11 limits the right of any Party to bring proceedings in connection with this Agreement in any other court of competent jurisdiction.

## **12. WAIVER OF IMMUNITY**

To the extent that the Government or any of its assets has or hereinafter may in any jurisdiction acquire any immunity (including sovereign immunity) from jurisdiction of any court, from set off or any legal process arising out of this Agreement (including without limitation, immunity from pre-judgment proceedings, freezing orders and attachment prior to judgment), the Government hereby irrevocably waives such immunity to the fullest extent permitted by the laws of such jurisdiction, (including, without limitation in relation to any jurisdiction which is part of the United States, the United States Foreign Sovereign Immunities Act of 1976, and in relation to the jurisdiction of the Dominican Republic, Article 45 of Law No. 1, 494 of August 2, 1947, of the Dominican Republic, which prohibits the Government from waiving immunity from attachment prior to judgment and attachment in aid of execution under Dominican law) and consents generally in respect of any such proceedings to the giving of any relief or the issue of any process in connection with those proceedings, including, without

limitation, the making, enforcement or execution against any assets whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in those proceedings.

**13. TRIAL BY JURY**

EACH PARTY HERETO WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ALL RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY) DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT, ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS CLAUSE.

**14. GOVERNING LAW**

THIS AGREEMENT IS GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ITS CONFLICTS OF LAWS PRINCIPLES.

THIS AGREEMENT has been entered into on the date stated at the beginning of this Agreement.

## SCHEDULE A

### Summary of promissory notes held by The Argo Fund Limited:

#### Part 1

Issuer: Dominican Republic  
Original beneficiary: Sun Land & RGITC Co.  
Current beneficiary: The Argo Fund Limited  
Aggregate amount: US\$ 16,711,949

Due Date	Payment amount/US\$
28/05/2005	2,314,539
28/11/2005	2,668,274
28/05/2006	2,668,274
28/11/2006	2,668,274
28/05/2007	1,598,147
28/11/2007	1,598,147
28/05/2008	1,598,147
28/11/2008	1,598,147
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	16,711,949

#### Part 2

Issuer: Dominican Republic  
Original beneficiary: Sun Land & RGITC Co.  
Current beneficiary: The Argo Fund Limited  
Aggregate amount: US\$ 4,195,940

Due Date	Payment amount/US\$
02/06/2005	1,141,788.00
02/12/2005	1,281,564.00
02/06/2006	443,147.00
02/12/2006	443,147.00
02/06/2007	443,147.00
02/12/2007	443,147.00
	<hr/>
	4,195,940

#### Part 3

Issuer: Dominican Republic  
Original beneficiary: Fortis S.A.  
Current beneficiary: The Argo Fund Limited  
Aggregate amount: US\$ 4,429,235.21

Due Date	Payment amount/US\$
13/12/2005	83,616.77
13/06/2006	83,159.84

13/06/2006	573,143.00
13/12/2006	71,671.51
13/12/2006	573,143.00
13/06/2007	59,399.88
13/06/2007	573,143.00
13/12/2007	47,781.00
13/12/2007	573,143.00
13/06/2008	35,835.76
13/06/2008	573,143.00
13/12/2008	23,890.49
13/12/2008	573,143.00
13/06/2009	11,879.96
13/06/2009	573,142.00
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	<b>4,429,235.21</b>

**Part 4**

Issuer: Dominican Republic  
Original beneficiary: Fortis S.A.  
Current beneficiary: The Argo Fund Limited  
Aggregate amount: US\$ 708,000

Due Date	Payment amount/US\$
13/06/2006	708,000
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	<b>708,000</b>

**Part 5**

Issuer: Dominican Republic  
Original beneficiary: Child Safe Products Inc.  
Current beneficiary: The Argo Fund Limited  
Aggregate amount: US\$7,438,511

Due Date	Payment amount/US\$
25/09/2005	531,322.23
25/03/2006	531,322.23
25/09/2006	531,322.23
25/03/2007	531,322.23
25/09/2007	531,322.23
25/03/2008	531,322.23
25/09/2008	531,322.23
25/03/2009	531,322.23
25/09/2009	531,322.23
25/03/2010	531,322.23
25/09/2010	531,322.23
25/03/2011	531,322.23
25/09/2011	531,322.23
25/03/2012	531,322.17
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	<b>7,438,511.16</b>

## Capitalized Interest

### Part 6

Issuer: Dominican Republic  
Original beneficiary: Fortis S.A.  
Current beneficiary: The Argo Fund Limited  
Aggregate amount: US\$55,175

Due Date	Payment amount/US\$
13/06/2005	22,048.69
13/12/2005	25,444.93
30/01/2006	7,681.21
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	55,174.84

### Part 7

Issuer: Dominican Republic  
Original beneficiary: Fortis S.A.  
Current beneficiary: The Argo Fund Limited  
Aggregate amount: US\$157,891

Due Date	Payment amount/US\$
30/01/2006	157,891.44
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	157,891.44

**Total** 33,696,701.65

## SCHEDULE B

### CONDITIONS PRECEDENT DOCUMENTS

1. A signed original of the Loan Agreement duly executed by the Government.
2. A copy of (i) the publication of the law which authorizes the Dominican Republic to enter into this Agreement and the Loan Agreement in accordance with Article 37 of the Constitution of the Dominican Republic, and (ii) the special power of attorney, granted by the President of the Dominican Republic ratifying the signature of this Agreement and the Loan Agreement on behalf of the Government in accordance with law 1,486 of 1938 and (iii) any other appropriate approvals of the Government confirming its power to enter into this Agreement and the Loan Agreement and the authorization of the signatory of this Agreement and the Loan Agreement.
3. A certificate signed by the Government confirming that all the representations and warranties made in this Agreement and the Loan Agreement are true and accurate at a date no earlier than the date of the Loan Agreement and confirming that no Default (as defined in the Loan Agreement) is outstanding or would result from the cancellation of the Rescheduled Debts and the Loan being made available in accordance with the terms of the Loan Agreement.
4. A copy of a letter from each person appointed as agent for service of process for this Agreement and the Loan Agreement confirming its acceptance of its appointment.
5. A copy of any other authorization or other document, opinion or assurance which the Lender reasonably considers necessary in connection with the entry into and performance of, and the transactions contemplated by, this Agreement or the Loan Agreement or the validity or enforceability of this Agreement or the Loan Agreement.
6. A legal opinion of the Legal Counsel to the Executive Branch (Consultor Jurídico del Poder Ejecutivo) of the Government addressed to the Lender in form and substance satisfactory to the Lender relating to the Loan Agreement.
7. A legal opinion of Squire, Sanders & Dempsey Peña Prieto Gamundi, legal advisers in the Dominican Republic to the Lender in form and substance satisfactory to the Lender relating to the Loan Agreement.

**SCHEDULE C**

**EFFECTIVE DATE NOTICE**

To: THE GOVERNMENT OF THE DOMINICAN REPUBLIC  
Fax no: +1 809 688 8838  
Attn: Secretaría de Estado de Finanzas, Departamento de Crédito Público

From: The Argo Fund Limited

[DATE], 2006

**EXCHANGE AGREEMENT between the Argo Fund Limited  
and the Dominican Republic dated as of 30<sup>th</sup> January, 2006**

We refer to the above exchange agreement. We hereby notify you that we have received in a form satisfactory to us or waived each of the documentary conditions precedent set out in Schedule B of that agreement.

Please be advised that for the purposes of the above agreement, the Effective Date as defined therein and the Loan Agreement has occurred and is [ ], 2006.

By:

For and on behalf of  
The Argo Fund Limited

**SCHEDULE D**  
**FORM OF LOAN AGREEMENT**

**LOAN AGREEMENT**

**DATED 30<sup>th</sup> January, 2006**

**BETWEEN**

**THE ARGO FUND LIMITED**  
**as Lender**

**AND**

**THE DOMINICAN REPUBLIC**  
**as Borrower**



THIS AGREEMENT is dated as of 30<sup>th</sup> January, 2006 BETWEEN:

- (1) THE ARGO FUND LIMITED (the “**Lender**”) a company incorporated in the Cayman Islands; and
- (2) THE GOVERNMENT OF THE DOMINICAN REPUBLIC represented by the Secretario de Estado de Finanzas of the Dominican Republic (the “**Borrower**”);

WHEREAS the Lender and the Borrower have entered into an Exchange Agreement dated as of the date hereof whereby the Lender has cancelled certain promissory notes of the Borrower in exchange for the obligations of the Borrower hereunder;

IT IS AGREED as follows:

## 1. INTERPRETATION

### 1.1 Definitions

In this Agreement:

#### “**Business Day**”

means a day (other than a Saturday or Sunday) on which banks are open for business in London, New York and Santo Domingo;

#### “**Default**”

means (a) any Event of Default or (b) any event which with the giving of notice, expiry of time or the fulfilment of any other condition might result in an Event of Default;

#### “**Effective Date**”

means the date the Borrower receives a notice from the Lender in the form of Schedule A;

#### “**Event of Default**”

means an event specified as such in Clause 9.1 (Events of Default);

#### “**External Indebtedness**”

means all indebtedness or other obligations for borrowed money which are denominated or may be payable in a currency other than Pesos;

#### “**Lien**”

means any lien, pledge, mortgage, security interest, deed of trust, charge or other encumbrance or preferential arrangement which has the practical effect of constituting a security interest with respect to the payment of any obligations with or from the proceeds of any assets or revenues of any kind.

**“Loan”**

means the principal amount of the borrowing by the Borrower from the Lender under this Agreement;

**"Permitted Liens"**

mean:

- (i) any Lien on property to secure External Indebtedness arising in the ordinary course to finance export, import or other trade transactions, which External Indebtedness matures (after giving effect to all renewals and refinancing thereof) not more than one year after the date on which such External Indebtedness was originally incurred;
- (ii) any Lien on property to secure External Indebtedness existing on such property at the time of its acquisition or incurred solely for the purpose of financing any acquisition by the Borrower of such property, and any renewal or extension of any such Lien which is limited to the original property covered thereby and which secures any renewal or extension of the original financing without any increase in the amount thereof;
- (iii) any Lien securing External Indebtedness incurred for the purpose of financing all or part of the costs of the acquisition, construction or development of a project, provided that the holders of such External Indebtedness agree to limit their recourse to the assets and revenues of such project as the principal source of repayment of such External Indebtedness and the property over which such Lien is granted consists solely of such assets and revenues;
- (iv) any Lien in existence as of the date of this Agreement; and
- (v) any Lien securing External Indebtedness which, together with all other External Indebtedness secured by Liens (excluding External Indebtedness secured by other Permitted Liens), does not exceed US\$25,000,000 principal amount (or its equivalent in other currencies) in the aggregate.

**“Pesos”**

means the lawful currency of the Dominican Republic;

**1.2 Construction**

- (a) In this Agreement, unless the contrary intention appears, a reference to:
  - (i) a Clause or a Schedule is a reference to a clause or a schedule to this Agreement;
  - (ii) an **“amendment”** includes a supplement, novation or re-enactment and **“amended”** is construed accordingly;
  - (iii) an **“authorization”** includes an authorization, consent, approval, resolution, licence, exemption, filing or registration;

- (iv) a “**regulation**” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
  - (v) a reference to this Agreement or another document is a reference to this Agreement or other document as amended, novated or supplemented; and
  - (vi) a person includes its permitted successors and assigns.
- (b) The index to and the headings in this Agreement are for convenience only and are to be ignored in construing this Agreement.

## 2. **LOAN AMOUNT**

The amount of the Loan that will be made by the Lender to the Borrower in accordance with the terms of this Agreement is US\$ 33,696,701.65.

## 3. **CONDITIONS PRECEDENT**

The obligation of the Lender to make the Loan in accordance with this Agreement is subject to the condition precedent that the representations and warranties in Clause 7 are correct on the date of this Agreement and will be correct as of the Effective Date;

## 4. **DRAWDOWN**

The Loan will be made by the Lender to the Borrower in full on the Effective Date.

## 5. **REPAYMENT**

- (a) The Borrower will repay the Loan in full on the date falling ten years after the date of this Agreement.
- (b) The Borrower may not prepay the Loan at any time in whole or in part prior to its scheduled maturity without the consent of the Lender.
- (c) A repayment or payment under this Agreement is payable in US Dollars.
- (d) The Borrower will make all payments under this Agreement to such account as the Lender shall have communicated to the Borrower at least five Business Days prior to the payment date. Any change to such payment instructions shall be provided to the Borrower at least five Business Days prior to the payment date on which such instructions are to be effective. All communications under this paragraph shall be made in accordance with Clause 16 hereof.
- (e) If a payment is due under this Agreement on a day which is not a Business Day, the due date shall be extended to the next Business Day.
- (f) If the Lender receives a payment insufficient to discharge all the amounts due and payable by the Borrower under this Agreement, such payment shall be applied first to any

sum then due under this Agreement other than interest or principal, second, to the payment of interest and third to the payment of principal.

- 6
- (g) Each payment by the Borrower under this Agreement shall, except as required by law, be made without set off or counterclaim and without withholding or deduction for or on account of any taxes imposed by the Dominican Republic or any political subdivision or taxing authority thereof or therein. If any taxes are required to be withheld or deducted from any such payment, the Borrower shall pay such additional amounts as may be necessary to ensure that the net amount actually received by the Lender after such withholding or deduction is equal to the amount that the Lender would have received had no such withholding or deduction been required, provided, however, that no such additional amounts shall be payable in respect of (i) any taxes that are of general application and that are imposed on the Lender because of any connection between the Lender and the taxing jurisdiction that causes the Lender to be otherwise subject to tax in the taxing jurisdiction; provided however, that additional amounts shall be payable in respect of any tax that is imposed on such Lender because it enters into this Agreement and receives payment hereunder without regard to such connection, or (ii) any taxes imposed by reason of the Lender's failure to comply with any identification, information, documentation or other reporting requirement that is required by law, regulation, administrative practice or an applicable treaty as a precondition to exemption from, or reduction in the rate of, deduction or withholding of any taxes for which the Borrower is required to pay additional amounts pursuant to this paragraph.
  - (h) If as a result of a change in or introduction of any law, regulation or treaty (including without limitation, the laws, regulations or treaties relating to reserves, cash ratio, liquidity or capital adequacy requirements or other forms of regulatory or monetary controls) the Lender incurs an increased cost or suffers a reduction in any amount payable under this Agreement or its effective return as a result of its performing, maintaining or funding its obligations under this Agreement, the Borrower shall promptly after receipt of a demand from the Lender specifying the nature of the increased cost, reimburse the Lender with the amount of such increased cost.
  - (i) If as a result of a change in or introduction of any law, regulation or treaty, in the opinion of legal counsel to the Lender, it becomes or will become unlawful for the Lender to maintain its advances under this Agreement, the Borrower shall repay all amounts outstanding under this Agreement on the earlier of (i) the date that is 30 days after the date on which the Lender notifies the Borrower that it will become unlawful for the Lender to continue to lend to the Borrower and (ii) the date on which it has become unlawful for the Lender to continue to lend to the Borrower, provided, however, that if it is lawful for the Lender to maintain the Loan through the last interest payment date before the Loan becomes unlawful, such repayment shall be made on such date, and in all cases payment shall be due no sooner than the fifth Business Day after the date the Lender notifies the Borrower.

## 6. INTEREST

- (a) The Borrower will pay interest as from the date of this Agreement on the outstanding amount of the Loan at the rate of 7.625 per cent. per annum.
- (b) Accrued interest on the Loan is payable on the date falling six months after the date of this Agreement and thereafter semi-annually until the date that the Loan is repayable in

accordance with this Agreement. If the Loan is repaid on a date other than an interest payment date, the Loan shall be repaid together with all accrued interest to that date.

- (c) If the Borrower fails to pay any amount payable by it under this Agreement, it shall forthwith on demand pay interest on the overdue amount from the due date up to the date of actual payment, as well after as before judgment, at a rate of 8.625 per cent. per annum. Unpaid default interest will compound at the end of each period of one month.
- (d) Interest shall accrue from day to day and is calculated on the actual number of days elapsed and a year of 360 days.

## **7. REPRESENTATIONS AND WARRANTIES**

### **7.1 Representations and warranties**

The Borrower makes the representations and warranties set out in this Clause 7 to the Lender as of the date of this Agreement and as of the Effective Date provided that the representations in Clauses 7.2 to 7.4, when made on the date of this Agreement are subject (i) to the issuance by the President of the Dominican Republic of a power ratifying the signature of this Agreement and (ii) to this Agreement being approved by the Congress of the Dominican Republic promulgated by the President of the Dominican Republic and officially published.

### **7.2 Powers and authority**

The Borrower has the power and authority to enter into and perform, and has taken all necessary action to authorize the entry into, performance and delivery of, this Agreement.

### **7.3 Legal validity**

This Agreement constitutes the legal, valid and binding obligation of the Borrower.

### **7.4 Authorizations**

All authorizations required in connection with the entry into, performance, validity and enforceability of this Agreement have been obtained or effected and are in full force and effect.

### **7.5 Non-conflict**

The entry into and performance by it of this Agreement do not and will not:

- (a) conflict with any provision of the Constitution of the Dominican Republic, any law or regulation or judicial or official order in New York or the Dominican Republic binding on the Borrower;
- (b) conflict with any agreement or treaty which is binding on the Borrower.

### **7.6 Pari passu ranking**

The Borrower's obligations under this Agreement rank and will rank at least pari passu in priority of payment with all its other unsecured External Indebtedness and any other unsecured payments in a currency other than Pesos.

**7.7 Taxes on payments**

All amounts payable by the Borrower under this Agreement may be made free and clear of and without deduction for or on account of any Dominican Republic tax.

**7.8 Stamp duties**

No stamp or registration duty or similar taxes or charges are payable in the Dominican Republic in respect of this Agreement.

**7.9 Litigation**

No litigation, arbitration or administrative proceedings are current or, to its knowledge, pending or threatened, which might, if adversely determined, have a material adverse effect on the ability of the Borrower to perform any of its obligations under this Agreement.

**7.10 Immunity**

- b*
- (a) The execution by the Lender of this Agreement constitutes, and its exercise of its rights and performance of its obligations under this Agreement will constitute, private and commercial acts done and performed for private and commercial purposes; and
  - (b) The Borrower will not be entitled to claim immunity from suit, execution, attachment or other legal process in any proceedings taken in New York State or the Dominican Republic (except as otherwise provided in Article 45 of Law 1,494 of August 2, 1947) in relation to this Agreement.

**7.11 Jurisdiction**

- (a) The Borrower's:
  - (i) irrevocable submission under Clause 17 (Jurisdiction) to the jurisdiction of the New York State or Federal court sitting in the Borough of Manhattan in New York City;
  - (ii) agreement that this Agreement is governed by the law of the State of New York; and
  - (iii) agreement not to claim any immunity to which it or its assets may be entitled,are legal, valid and binding under the laws of the State of New York and the Dominican Republic; and
- (b) any judgment obtained in New York will be recognised and be enforceable by the courts of the Dominican Republic subject to the exequatur process established according to

articles 423 and 424 of “Código Bustamante” published in the Official Gazette number 4042.

#### **7.12 No event of default**

No Default is outstanding or would result from the making of the Loan contemplated by this Agreement.

### **8. UNDERTAKINGS**

#### **8.1 Duration**

The undertakings in this Clause 8 remain in force until the Loan and all other amounts due under this Agreement have been irrevocably paid in full.

#### **8.2 Financial and other information**

- (a) The Borrower shall promptly supply to the Lender as soon as the same become available, information that it makes available to its creditors generally together with details of any defaulted debts in excess of US\$3,000,000 on a monthly basis after the date of this Agreement.
- (b) The Borrower shall promptly supply to the Lender such other financial information as the Lender may reasonably request.
- (c) The Borrower shall supply to the Lender promptly upon becoming aware of them, details of any litigation, arbitration or administrative proceedings which are current, threatened or pending, and which might, if adversely determined, have a material adverse effect on the ability of the Borrower to perform its obligations under this Agreement.
- (d) The Borrower shall notify the Lender of any Default promptly upon its occurrence.

#### **8.3 Authorizations**

The Borrower shall obtain, maintain and comply with the terms of any authorization required under any law or regulation to enable it to perform its obligations under, or for the validity or enforceability of, this Agreement.

#### **8.4 Pari passu ranking**

The Borrower shall procure that its obligations under this Agreement do and will rank at least pari passu in priority of payment with all its other present and future unsecured External Indebtedness and other unsecured payment obligations due in a currency other than Pesos.

#### **8.5 Negative pledge**

The Borrower shall not create or permit to subsist any Lien over any of its assets other than Permitted Liens or Liens created with the prior written consent of the Lender.

#### **8.6 Transactions similar to security**

The Borrower shall not:

- (a) sell, transfer or otherwise dispose of any of its assets on terms whereby it is or may be leased or re-acquired or acquired by it; or
- (b) sell, transfer or otherwise dispose of any of its receivables on recourse terms, in circumstances where the transaction is entered into primarily as a method of raising finance or of financing the acquisition of an asset other than transactions which create Permitted Liens.

**8.7 Budget**

The Borrower shall procure that sufficient allocation is made in its annual budgets for the payments contemplated by this Agreement.

**9. EVENTS OF DEFAULT**

**9.1 Events of Default**

Each of the events set out in this Clause 9 is an Event of Default.

**9.2 Non-payment**

The Borrower does not pay on the due date (or within fifteen days of the due date where a payment is delayed for technical or administrative reasons) any amount payable by it under this Agreement.

**9.3 Breach of other obligations**

The Borrower does not comply with any provision of this Agreement, other than the one referred to in Clause 9.2 (Non-payment), within thirty days of it discovering or being notified of the non-compliance.

**9.4 Misrepresentation**

A representation, warranty or statement made in this Agreement is incorrect in any material respect when made.

**9.5 Other borrowings and cross default**



- (a) Any External Indebtedness of the Borrower in excess of US\$5,000,000 in aggregate are not paid when due;
- (b) An event of default howsoever described (or any event which with the giving of notice, lapse of time, determination of materiality or fulfilment of any other applicable condition or any combination of the foregoing would constitute such an event of default) occurs under any document relating to External Indebtedness of the Borrower which aggregate more than US\$5,000,000; or
- (c) Any External Indebtedness of the Borrower in an aggregate amount in excess of US\$5,000,000 become prematurely due and payable or are placed on demand as a result of an event of default (howsoever described) under the document relating to those borrowings.

#### **9.6 Insolvency**

- (a) The Borrower is unable to pay its External Indebtedness when due or admits inability to pay External Indebtedness when due where such External Indebtedness exceeds an aggregate amount of US\$5,000,000;
- (b) The Borrower suspends making payments on all or a class of its debts or announces an intention to do so, or a moratorium is declared in respect of any of its indebtedness where such indebtedness exceeds US\$5,000,000; or
- (c) The Borrower, by reason of financial difficulties, begins negotiations with one or more of its creditors with a view to the readjustment or the rescheduling of any of its External Indebtedness which in aggregate exceeds US\$5,000,000 other than negotiations with Paris Club creditors.

#### **9.7 Creditors' process**

- (a) Any attachment, sequestration, distress or execution affects any material asset of the Borrower and is not discharged within 90 days; or
- (b) Any steps are taken to enforce any security over all or any material part of the assets of the Borrower.

#### **9.8 Analogous proceedings**

There occurs, in relation to the Borrower, any event anywhere which, in the opinion of the Lender, appears to correspond with any of those mentioned in Clauses 9.6 and 9.7 (inclusive).

#### **9.9 Unlawfulness**

It is or becomes unlawful for the Borrower to perform any of its obligations under this Agreement.

#### **9.10 Material adverse change**

Any event or series of events occurs which, in the opinion of the Lender, might have a material and adverse effect on the ability of the Borrower to comply with its obligations under this Agreement.

**9.11 Acceleration**

On and at any time after the occurrence of an Event of Default, the Lender may by notice to the Borrower demand that all or part of the Loan becomes repayable on demand or be immediately due and payable, whereupon it shall become immediately due and payable.

**10. SET OFF**

The Lender may set off any obligation owed by the Borrower under this Agreement against any obligation (whether or not matured) owed by the Lender to the Borrower, regardless of the place of payment or currency of either obligation. If the obligations are in different currencies, the Lender may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. If either obligation is unliquidated or unascertained, the Lender may set off in any amount estimated by it in good faith to be the amount of the obligation.

**11. EXPENSES**

- B*
- (a) Each party to this Agreement shall bear its own costs and expenses incurred by them in connection with the negotiation, preparation and execution of this Agreement.
  - (b) The Borrower shall forthwith on demand pay the Lender the amount of all costs and expenses (including legal fees) incurred by it in connection with the enforcement of, or the preservation of any rights under, this Agreement.
  - (c) The Borrower shall pay, and forthwith on demand indemnify the Lender against any liability it incurs:
    - (i) in respect of, any stamp, registration and similar tax which is or becomes payable in the Dominican Republic and New York in connection with the entry into, performance or enforcement of this Agreement; or
    - (ii) as a consequence of the occurrence of a Default or the operation of Clause 9.11.

**12. CHANGES TO THE PARTIES**

- (a) The Borrower may not assign, transfer, novate, sub-participate or dispose of any of, or any interest in, its rights and/or obligations under this Agreement.
- (b) The Lender may assign, transfer, sub-participate or dispose of any of, or any interest in, its rights and or obligations under this Agreement in whole or in part without the consent of the Borrower provided that the Borrower shall continue to deal with the Lender and shall make all payments due under this Agreement to the Lender and receive good discharge for such payments until it receives notice from the Lender or a transferee of an assignment, transfer or other disposal of any interest in rights under this Agreement.

**13. SEVERABILITY**

If a provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect:

- (a) the validity or enforceability in that jurisdiction of any other provision of this Agreement; or
- (b) the validity or enforceability in other jurisdictions of that or any other provision of this Agreement.

**14. COUNTERPARTS**

This Agreement may be executed in any number of counterparts, each of which when so executed will be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument.

**15. AMENDMENTS**

- (a) Any term of this Agreement may be amended or waived with the agreement in writing of the Borrower and the Lender.
- (b) The rights of the Lender under this Agreement:
  - (i) may be exercised as often as necessary;
  - (ii) are cumulative and not exclusive of its rights under the general law; and
  - (iii) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any such right is not a waiver of that right.

**16. NOTICES**

**16.1 Giving of notices**

All notices or other communications under or in connection with this Agreement shall be given in writing and, unless otherwise stated, may be made by letter or facsimile. Any such notice will be deemed to be given as follows:

- (a) if by letter, when delivered personally or on actual receipt; and
- (b) if by facsimile, when received in legible form.

A notice given in accordance with the above but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

**16.2 Addresses for notices**

The address and facsimile number of each party to this Agreement are:

**Lender**

c/o Argonaftis Capital Management (Overseas) Limited  
Jackie Court, Suite 401  
10 Vasilissis Frederikis Street,  
Nicosia 1066  
Cyprus

Tel no.: +357 22 668900  
Fax no.: +357 22 445177  
Attn: Loucas Demetriou

**Borrower**

Mexico Ave #45  
Gazcue, Santo Domingo  
Dominican Republic

Tel no.: +1 809 6875131 (extn 2029/2030)  
Fax no.: +1 809 688 8838  
Attn: Secretaria de Estado de Finanzas, Departamento de Crédito Público

or such other as one party may notify to the other party by not less than five Business Days' notice.

*B*  
**17. Jurisdiction and Service of Process**

**17.1 Submission**

For the benefit of the Lender, the Borrower agrees that any New York State court or Federal court sitting in the Borough of Manhattan in New York City has jurisdiction to settle any disputes in connection with this Agreement and accordingly submits to the jurisdiction of those courts.

**17.2 Service of process**

Without prejudice to any other mode of service, the Borrower:

- (a) irrevocably appoints the Consul General of the Dominican Republic in New York as its agent for service of process in relation to any proceedings before any courts in the State of New York in connection with this Agreement;
- (b) agrees that failure by the process agent to notify the Borrower of the process will not invalidate the proceedings concerned; and
- (c) agrees that if the appointment of any person mentioned in paragraph (a) above ceases to be effective, the Borrower shall immediately appoint a further person in New York to accept service of process on its behalf in New York and, failing such appointment within 15 days, the Lender is entitled to appoint such person by notice to the Borrower.

### **17.3 Forum convenience and enforcement abroad**

Each Party:

- (a) waives objection to the New York courts on grounds of inconvenient forum or otherwise as regards proceedings in connection with this Agreement; and
- (b) agrees that a judgement or order of a New York court in connection with this Agreement is conclusive and binding on it and may be enforced, whether singly or concurrently, against it in the courts of any other jurisdiction.

### **17.4 Non-exclusivity**

Nothing in this Clause 17 limits the right of any Party to bring proceedings in connection with this Agreement in any other court of competent jurisdiction.

## **18. WAIVER OF IMMUNITY**

To the extent that the Borrower or any of its assets has or hereinafter may in any jurisdiction acquire any immunity (including sovereign immunity) from jurisdiction of any court, from set off or any legal process arising out of this Agreement (including without limitation, immunity from pre-judgment proceedings, freezing orders and attachment prior to judgment), the Borrower hereby irrevocably waives such immunity to the fullest extent permitted by the laws of such jurisdiction, (including, without limitation in relation to any jurisdiction which is part of the United States, the United States Foreign Sovereign Immunities Act of 1976, and in relation to the jurisdiction of the Dominican Republic, Article 45 of Law No. 1, 494 of August 2, 1947, of the Dominican Republic, which prohibits the Government from waiving immunity from attachment prior to judgment and attachment in aid of execution under Dominican law) and consents generally in respect of any such proceedings to the giving of any relief or the issue of any process in connection with those proceedings, including, without limitation, the making, enforcement or execution against any assets whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in those proceedings.

## **19. TRIAL BY JURY**

EACH PARTY HERETO WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ALL RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY) DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT, ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS CLAUSE.

**20. GOVERNING LAW**

THIS AGREEMENT IS GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ITS CONFLICTS OF LAWS PRINCIPLES.

THIS AGREEMENT has been entered into on the date stated at the beginning of this Agreement.

**SCHEDULE A**

**EFFECTIVE DATE NOTICE**

To: THE GOVERNMENT OF THE DOMINICAN REPUBLIC  
Fax no: +1 809 688 8838  
Attn: Secretaría de Estado de Finanzas, Departamento de Crédito Público

From: The Argo Fund Limited

[DATE], 2006

**LOAN AGREEMENT between the Argo Fund Limited  
and the Dominican Republic dated as of 30<sup>th</sup> January, 2006**

We refer to the above loan agreement.

Please be advised that for the purposes of the above agreement, the Effective Date as defined therein has occurred and is [                      ], 2006.

By:

For and on behalf of  
The Argo Fund Limited

## SIGNATORIES

### **Lender**

THE ARGO FUND LIMITED

By:

### **Borrower**

THE DOMINICAN REPUBLIC

By:




SIGNATORIES

Lender

THE ARGO FUND LIMITED

By:

  
**Kyriakos Rialas**  
Director  
Government

  
**Loucas Demetriou**  
Authorized Signatory

THE DOMINICAN REPUBLIC

By:

