

**RESOLUTION NO.****PARLIAMENT**

**WHEREAS** by virtue of section 3 of the *Barbados Agricultural Management Co. Ltd. (Sugar Bonds Guarantee) Act, Cap. 255*, the Minister may, with the approval of Parliament, guarantee in such manner and on such terms and conditions as the Minister thinks fit, the payment of the principal and interest necessary for the redemption of bonds issued by the Barbados Agricultural Management Co. Ltd., for the purpose of the financing of the sugar industry;

**AND WHEREAS** the company proposes to obtain a loan, of \$161 000 000 dollars in the currency of Barbados by way of an issue of bonds, from the Barbados National Bank Finance and Trust Corporation for the purpose of financing the sugar industry and on the terms and conditions set out in the *Schedule* to this Resolution;

**BE IT RESOLVED** that Parliament approve the guarantee by the Minister responsible for Finance of the payment of the principal and interest in respect of the bond issue in the sum of \$161 000 000 in the currency of Barbados.



## SCHEDULE

TERMS AND CONDITIONS OF BARBADOS  
AGRICULTURAL MANAGEMENT COMPANY LIMITED  
\$161,000,000 FINANCING FACILITY

Amount:	\$161,000,000.
Issuer:	Barbados Agricultural Management Company Ltd. ("BAMC").
Arranger: <sup>1</sup>	Barbados National Bank Finance & Trust Corporation.
Tenor:	Tranche 1 - Series 1: BBD\$50,000,000 / 5 years Tranche 1 - Series 2: US\$30,500,000 / 5 years Tranche 2 : BBD\$50,000,000 / 8 years.
Purpose:	To finance the company's working capital needs.
Type:	Public Issue [BBD tranches]; Private Placement [USD tranche].
Issue Price:	100%.
Instrument:	Fixed Rate Bonds.
Arrangement Fee:	0.45% of facility value upon first disbursement. (Value BBD \$724,500).
Paying Agent/ Registrar Fee:	\$15,000 per annum, payable quarterly in advance.
Trustee Fee:	\$7,500 per annum, payable quarterly in advance.
Legal Fees:	These fees will be for the Issuer's account.

<sup>1</sup> The financing will be arranged on a "best-efforts" basis only. Accordingly, the Issuer will receive the net proceeds only of the bonds that have been sold to investors.

**Out-of Pocket Expenses:**

These expenses will be for the Issuer's account, and will be capped at \$10,000. These include the following costs:

- (a) communication;
- (b) design and printing of certificates;
- (c) stationery

but do not include expenses related to the marketing of the issue to investors, nor any costs associated with SEC and other regulatory filings, and stock exchange listings, if required.

**Interest Rate:<sup>2</sup>**

Tranche 1 - Series 1: Fixed at 6.00%  
 Tranche 1 - Series 2: Fixed at 6.00%  
 Tranche 2 : Fixed at 6.50%

**Repayment:**

In accordance with the following options:  
 N.B. All costs associated with the offering will be deducted from the proceeds of the Issue.

**Tranche 1/ Series1 and Tranche 2 [BBD facilities]**

Interest only to be paid quarterly during the respective terms of the facility, with effect from the date of disbursement, with the principal being repaid at maturity.

**Tranche 1/ Series 2 [USD facility]**

- (a) Amortised payments of principal and interest to be paid quarterly during the respective terms of the facility, with effect from the drawdown date;
- (b) Interest will be calculated on the reducing principal balance.

<sup>2</sup> Final pricing is subject to prevailing market conditions at the time of issue, and will be based on a spread of 25 basis points above the comparable rates being offered for Government of Barbados debt of similar maturity.

Prepayment:	No prepayment will be permitted on Tranches 1 or 2.
Status:	The Bonds will constitute unconditional, secured and unsubordinated general obligations of the Issuer and will rank <i>pari passu</i> among themselves and with all other present and future secured and unsubordinated obligations of the Issuer.
Security:	Unconditional and irrevocable guarantee of the Government of Barbados to repay all outstanding principal, interest and any other amounts in respect of this issue.
Eligibility:	<ol style="list-style-type: none"><li>1. The Bonds will qualify as eligible investments in the statutory funds of insurance companies and pension funds in Barbados and Trinidad &amp; Tobago.</li><li>2. An application will be made to seek approval from the Central Bank of Barbados for the US dollar bond issue.</li></ol>
Covenants:	The Bond will be subject to covenants which are customary for a transaction of this nature.
Taxation:	All payments to be made by Government to the Arranger under this Agreement shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or

governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Island of Barbados or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In the event that any such withholdings would otherwise be required for bonds held by persons over the age of 60 years and in receipt of a pension, Government shall either exempt such Bondholders from the payment of such taxes, duties, assessments or governmental charges or shall pay such additional amounts as will result in receipt by the Arranger of such amounts as would have been received by it had no such withholding or deduction been required.

- Events of Default:** Customary events of default for a transaction of this nature including, but not limited to, failure to pay interest or principal when due, *force majeure*, cross default in respect of other indebtedness or obligations guaranteed by the Issuer.
- Expenses:** All costs and expenses incurred in connection with the issue including, but not limited to, the fees and out of pocket expenses incurred by the Arranger in connection with the engagement will be for the account of the Issuer regardless of whether the transaction is successfully concluded.
- Exclusivity:** Between the date of issue and 90 days after the closing, the Issuer will not, without the Arranger's prior written consent, (which shall not be unreasonably withheld), offer or sell, or enter into any agreement to sell, within Barbados, debt securities which are to be issued or guaranteed by the Issuer.

**Indemnity:**

The Issuer agrees to indemnify and hold harmless the Arranger, its affiliates and the respective directors, officers, agents and employees of each of them or of the Arranger (each an "indemnified person"), from and against any and all losses, claims, demands, damages, costs, charges, expenses or liabilities (or actions, proceedings or investigations in respect thereof) (together, "Claims") which any indemnified person may suffer or incur or which may be made against any indemnified person relating to or arising directly or indirectly out of, or in connection with, the issue or the Arranger's engagement hereunder or arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any marketing material or any financial or other information furnished or approved by the Issuer.

**Governing Law:**

Laws of Barbados.

**Conditions Precedent:** The arranging of the issue of the Bonds is subject to the fulfilment of certain conditions precedent, including, but not limited to the following:

- Receipt by the Arranger of all necessary internal approvals;
- Receipt by the Issuer of all necessary governmental and regulatory approvals;
- Satisfactory completion in the opinion of the Arranger of a due diligence review;
- Production of an Information Memorandum and any supplements for distribution to potential investors;
- Execution of documentation to the satisfaction of the Arranger and to an international standard usual in transactions of this nature (including, without limitation, legal opinions in form and substance satisfactory to the Arranger); and
- Absence of any material adverse change in
  - (i) the economic and financial condition, operations or ownership of the Issuer; or
  - (ii) the domestic or regional capital markets; or



(iii) the political, economic or financial condition of Barbados;

(iv) which in the sole opinion of the Arranger would affect the successful placement of the Bonds.

Documentation: As required by the Laws of Barbados, but to include *inter alia*:

- (a) Information Memorandum
- (b) Trust Deed
- (c) Paying Agency Agreement
- (d) Subscription Agreement
- (e) Form of Guarantee.

**ADDENDUM**

The Barbados Agricultural Management Co. Ltd. entered into an agreement with the Barbados National Bank Finance and Trust Corporation for the issuance of a bond in the sum of \$161,000,000. Security was given to the Arranger by the Government by an undertaking that the Government would provide security by way of a guarantee authorized by the *Barbados Agricultural Management Co. Ltd. (Sugar Bonds Guarantee) Act, Cap. 255*.

The proceeds of the bond issue are to be used for the financing of the sugar industry for the financial years 2008-2009, 2009-2010 and 2010-2011.

In accordance with section 3 of the *Barbados Agricultural Management Co. Ltd. (Sugar Bonds Guarantee) Act, Cap. 255*, the approval of Parliament is being sought for the payment by the Government of the principal and interest necessary for the redemption of the bonds by the Barbados Agricultural Management Co. Ltd.