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LOAN NUMBER 4^B

LOAN AGREEMENT

(Jerusalem Hotel Project)

between

THE HASHEMITE KINGDOM OF JORDAN

and

KUWAIT FUND FOR ARAB ECONOMIC
DEVELOPMENT

Dated February 5, 1964

CENTRE FOR ARAB GULF STUDIES
UNIVERSITY OF EXETER

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Dated February 5, 1964

615609054

LOAN AGREEMENT

Agreement, dated February 5, 1964 between the Hashemite Kingdom of Jordan (hereinafter called the Borrower) and Kuwait Fund for Arab Economic Development (hereinafter called the Fund).

Whereas, the parties had agreed to in Article Five of the Loan Agreement between them dated April 3, 1962, to allocate an amount of half a million Kuwaiti dinars of the aggregate loan amount for financing such industrial projects of the Industrial Development Organization that may prove to be economically feasible. It was further agreed that allocation of such amount is to be made subject to separate Agreement for each project, that is subsequently concluded between the Borrower and the Fund. Each such agreement must specify the amount provided for the project and the conditions and terms of the loan ;

Whereas, the Borrower has requested the Fund to allocate part of this sum to assist in financing the Jerusalem Hotel Project owned by the Holy Lands Hotels Company (hereinafter called the Company); and whereas the Fund is convinced of the importance and usefulness of this project in developing the Borrower's economy;

Now, therefore, the parties hereto hereby agree as follows:

ARTICLE I

The sum allocated; Interest and Other Charges ; Repayment; Place of Payment.

SECTION 1.01. The Fund agrees to allocate, out of the half million dinars referred to above, on the terms and conditions set forth in this Agreement an amount equivalent to one hundred and seventy five thousand Kuwaiti dinars (KD 175,000).

SECTION 1.02. The Borrower shall pay interest at the rate of four per cent (4%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time. Interest shall accrue from the respective dates on which amounts shall be so withdrawn.

SECTION 1.03. Interest and other charges shall be computed on the basis of a 360-day year of twelve 30-day month for any period less than a full one half of a year.

SECTION 1.04. The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1 to this Agreement.

SECTION 1.05. Interest and other charges shall be payable semi-annually on May 1 and November 1 in each year.

SECTION 1.06. The Borrower shall have the right, upon payment of all accrued interest and all other charges, and upon not less than 45 days' notice to the Fund, to repay in advance of maturity:

(a) all of the principal amount of the Loan at the time outstanding or
(b) all of the principal amount of any one or more maturities, provided that on the date of such prepayment there shall not be outstanding any portion of the Loan maturing after the portion to be prepaid.

SECTION 1.07. The principal of, and interest and other charges on, the Loan shall be paid at such places as the Fund shall reasonably request.

ARTICLE II

Currency Provisions

SECTION 2.01. Withdrawal of the proceeds of the Loan, its repayment and all accounts of the financial transactions related to this Agreement, shall be in Kuwaiti dinars at a gold parity of 2.48828 grams of pure gold, which is the gold parity specified in the special agreement with the International Monetary Fund in force at the time of the signing of this Agreement.

SECTION 2.02. The Fund will, at the request of the Borrower and acting as its agent, purchase any currency needed by the Borrower for payment for, or reimbursement of, the cost of goods financed out of the Loan, in accordance with this Agreement. The amount considered as withdrawn from the Loan in such case shall be equal to the amount of Kuwaiti dinars required to purchase such foreign currency.

SECTION 2.03. The principal of the Loan shall be repayable, and the interest and all other charges shall be payable, in Kuwaiti dinars. The Fund will, at the request of the Borrower and acting as its agent, purchase the Kuwaiti dinars neces-

sary for the payment. In such case the Borrower shall pay to the Fund the amount needed to purchase the Kuwaiti dinars in any foreign currency or currencies acceptable to the Fund.

Payment shall be deemed to have been made in accordance with the terms of this Agreement only when and to the extent that Kuwaiti dinars have been actually transferred to the Fund.

SECTION 2.04. Whenever it shall be necessary for the purpose of this Agreement to determine the value of one currency in terms of another, such value shall be reasonably determined by the Fund.

ARTICLE III

Withdrawal and Use of Proceeds of the Loan

SECTION 3.01. The Borrower shall be entitled to withdraw from the Loan amounts necessary to finance the Project in accordance with the provisions of this Agreement and the conditions and procedures to be agreed upon between the two parties.

Except as the Fund may otherwise agree, no amount shall be withdrawn from the Loan on account of expenses prior to January 1, 1962, or to finance goods which were purchased in the Borrower's currency.

SECTION 3.02. The Borrower shall apply the proceeds of the Loan exclusively to financing the reasonable cost of goods required to carry out the Project described in Schedule 2 to this Agreement. The specific goods to be financed out of the proceeds of the Loan and the methods and procedures for procurement of such goods shall be determined by agreement between the Borrower and the Fund, subject to modification by further agreement between them.

SECTION 3.03. The Borrower shall cause all goods financed out of the proceeds of the Loan to be used exclusively in the carrying out of the Project.

SECTION 3.04. The right of the Borrower to make withdrawals from the Loan shall terminate on September 30, 1964, or such other date as may from time to time be agreed between the Borrower and the Fund.

ARTICLE IV

Particular Covenants

SECTION 4.01. The Borrower agrees to make available to the Company, on terms and conditions to be agreed upon between the Borrower and the Fund, the proceeds of the Loan, for the purpose of financing the goods required for the Project. All sums which the Company withdraws from the Loan for such purpose shall be considered participation by the Borrower to the Company's capital to the extent of such sums and on the basis of nominal value of the shares.

SECTION 4.02. The Borrower shall retain at all times, until the principal of the Loan and the interest are fully repaid, shares of stock having a nominal value or market value, whichever is lower, equal to the amount of the loan or the outstanding portion thereof. Should the Borrower dispose - by sale or in any other manner - of the shares of stock which he is supposed to retain fully or in part, the Fund may at that time or at any subsequent time as long as this situation continues to exist, and subject to the Fund's discretion, declare the principal of the loan (in the event that the shares to be retained have been disposed off in their entirety) or part of the principal of the loan (equal in amount to that part of the shares disposed of which should have been retained) to be due and payable immediately, anything in this Agreement to the contrary notwithstanding. Any part of the loan which is repaid under this provision shall be applied against the repayment installments in reverse order as to their maturity dates.

SECTION 4.03. The agreement between the Borrower and the Company by which the Borrower shall make the proceeds of the loan available to the Company, shall be made on terms whereby the interests of the Borrower and the Fund are adequately protected, including an undertaking from the Company to carry out the Project or cause it to be carried out with due diligence and efficiency and in conformity with sound engineering and financial practices; an undertaking from the Company to furnish to the Borrower and the Fund, promptly upon their preparation, the studies of, and the plans and specifications for, the Project, the schedules of its execution and any material modifications subsequently made therein, in such detail as the Fund shall from time to time request; an undertaking from the Company to maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the loan, to disclose the use thereof in the

Project, to record the progress of the Project (including the cost thereof), and to reflect in accordance with consistently maintained sound accounting practices the operations and financial position of the Company; an undertaking to afford all reasonable opportunity for accredited representatives of the Borrower and the Fund to make visits for purposes related to the Loan, and to inspect the Project, the goods and any relevant records and documents; an undertaking to furnish to the Borrower and the Fund all such information as the Fund shall reasonably request concerning the expenditure of the proceeds of the Loan, the Project, the goods and the operations and financial position of the Company; an undertaking that the Company shall operate and maintain the Project, or cause it to be operated and maintained, and also to operate and maintain structures and other works and facilities not included in the Project but necessary to the proper and efficient operation thereof, in accordance with sound engineering and financial practices; an undertaking from the Company to insure or cause to be insured with responsible insurers all goods financed out of the proceeds of the Loan. Such insurance shall cover such marine, transit and other hazards incident to purchase, and transportation of the goods to the site of the Project, and shall be for such amounts, as shall be consistent with sound commercial practices and shall be payable in the currency in which the cost of the goods insured thereunder shall be payable, or in freely convertible currency; and an undertaking by the Company to take out and maintain or cause to be taken out and maintained, with responsible insurers, insurance against risks related to the Project in such amounts as shall be consistent with sound commercial practices.

The loan agreement between the Borrower and the Company shall include a provision permitting the Borrower to cancel the loan and also to suspend withdrawals of its proceeds if the Company shall fail to meet its obligations.

SECTION 4.04. The Borrower shall make or cause to be made available promptly as needed all other sums which shall be required for the carrying out of the Project, all such sums to be made available on terms and conditions satisfactory to the Fund.

SECTION 4.05. The Borrower and the Fund shall Cooperate fully to assure that the purposes of the Loan will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan.

The Borrower and the Fund shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof. The Borrower shall promptly inform the Fund of any condition which interferes or threatens to interfere with, the accomplishment of the purposes of the Loan (including substantial increase in the cost of the Project) or the maintenance of the service thereof.

SECTION 4.06. The principal of, and interest on the Loan and all other charges shall be paid without deduction for, and free from any tax in force under the laws of the Borrower or laws in effect in its territories (or shall be in effect in the future).

SECTION 4.07. This Agreement shall be free from any taxes, imposts, levies, fees and dues of any nature that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, issue, delivery or registration thereof and the Borrower shall pay or cause to be paid all such taxes, imposts, levies and dues, if any, imposed under the laws of the country or countries in whose currency the Loan is payable or laws in effect in the territories of such country or countries.

SECTION 4.08. The principal of, and interest and other charges on, the Loan shall be paid free from all restrictions imposed under the laws of the Borrower or laws in effect in its territories.

SECTION 4.09. The Borrower shall take or cause to be taken all action which shall be necessary on its part to execute the Project and shall not take, or permit to be taken, any action which would prevent or interfere with the execution or operation of the Project or the performance of any of the provisions of this Agreement.

SECTION 4.10. All Fund documents, records, correspondence and similar material shall be considered by the Borrower as confidential matters. The Borrower shall accord the Fund full immunity from censorship and inspection of publications, and shall afford all reasonable opportunity for accredited representatives of the Fund to make visits for purposes related to the Loan.

SECTION 4.11. All Fund assets and income shall be exonerated from nationalization, confiscation and seizure.

ARTICLE V

Cancellation and Suspension

SECTION 5.01. The Borrower may by notice to the Fund cancel any amount of the Loan which the Borrower shall not have withdrawn prior to the giving of such notice.

SECTION 5.02. If any of the following events shall have happened and be continuing, the Fund may by notice to the Borrower suspend in whole or in part the right of the Borrower to make withdrawals from the Loan:

- (a) A default shall have occurred in the payment of principal or interest or any other payment required under this Agreement or any other Loan Agreement between the Borrower and the Fund.
- (b) A default shall have occurred in the performance of any other covenant or agreement on the part of the Borrower under this Agreement.
- (c) The Fund shall have suspended in whole or in part the right of the Borrower to make withdrawals under any other loan agreement between the Borrower and the Fund because of a default on the part of the Borrower.
- (d) An extraordinary situation shall have arisen which shall make it improbable that the Borrower will be able to perform its obligations under this Agreement.
- (e) An order has been issued or a decision has been taken to liquidate the Company or terminate it in any way.
- (f) The agreement between the Borrower and the Company referred to in Section 4.03 of this Agreement has been dissolved, repudiated, terminated, or suspended.

Any event occurring after the date of this Agreement and prior to the effective date which would have entitled the Fund to suspend the Borrower's right to make withdrawals if this Agree-

ment had been effective on the date such event occurred, will entitle the Fund to suspend withdrawals under the Loan exactly as if it had occurred after the effective date.

The right of the Borrower to make withdrawals under the Loan shall continue to be suspended in whole or in part, as the case may be, until the event or events which gave rise to such suspension shall have ceased to exist or until the Fund shall have notified the Borrower that the right to make withdrawals has been restored; provided, however, that in the case of any such notice of restoration the right to make withdrawals shall be restored only to the extent and subject to the conditions specified in such notice, and no such notice shall affect or impair any right, power or remedy of the Fund in respect of any other subsequent event described in this Section.

SECTION 5.03. If any event specified in paragraph (a) of Section 5.02 shall occur and shall continue for a period of thirty days after notice thereof shall have been given by the Fund to the Borrower, or if any event specified in paragraphs (b), (c), (d), (e) and (f) of Section 5.02 shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Fund to the Borrower, then at any subsequent time during the continuance thereof, the Fund at its option, may declare the principal of the Loan to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement to the contrary notwithstanding.

SECTION 5.04. If (a) the right of the Borrower to make withdrawals from the Loan shall have been suspended with respect to any amount of Loan for a continuous period of thirty days, or (b) by the date specified in Section 3.04 as the Closing Date an amount of the Loan shall remain unwithdrawn, the Fund may by notice to the Borrower terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice such amount of the Loan shall be cancelled.

SECTION 5.05. Any cancellation shall be applied pro rata to the several maturities of the principal amount of the Loan as set forth in the amortization schedule to this Agreement.

SECTION 5.06. Notwithstanding any cancellation or suspension, all the provisions of this Agreement shall be continued

in full force and effect except as in this Article specifically provided.

ARTICLE VI

Enforceability of this Agreement; Failure to Exercise Rights ; Arbitration

SECTION 6.01. The rights and obligations of the Fund and the Borrower under this Agreement shall be valid and enforceable in accordance with their terms notwithstanding any local law to the contrary. Neither the Borrower nor the Fund shall be entitled under any circumstances to assert any claim that any provision of this Agreement is invalid or unenforceable for any reason.

SECTION 6.02. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under this Agreement upon any default shall impair any such right, power or remedy, or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

SECTION 6.03. Any controversy between the parties to this Agreement and any claim by either such party against the other arising under this Agreement shall be determined by agreement of the parties.

If no agreement is reached the controversy or claim shall be submitted to reconciliation by a committee consisting of three members appointed as follows: one member shall be appointed by the Borrower; a second member shall be appointed by the Fund; and a Chairman shall be appointed by the Secretary General of the League of Arab States upon the request of either the Borrower or the Fund. Such committee shall render its award within three months from the date it is constituted.

If a reconciliation committee shall fail to render an award in the prescribed period or if either of the parties shall fail to appoint a member, the controversy or claim shall be submitted to arbitration by an Arbitral Tribunal as provided in the following section.

SECTION 6.04. The Arbitral Tribunal shall consist of three arbitrators appointed as follows : one arbitrator shall be appointed by the Borrower; the second arbitrator shall be appointed by the Fund; and the third arbitrator (hereinafter sometime called the Umpire) shall be appointed by agreement of the parties or, if they shall not agree, by the President of the International Court of Justice at the request of either party. If either of the parties shall fail to appoint an arbitrator, such arbitrator shall be appointed by the Umpire. In case any arbitrator appointed in accordance with this Section shall resign, die or become unable to act, a successor arbitrator shall be appointed in the same manner as hereinafter prescribed for the appointment of the original arbitrator and such successor shall have all the powers and duties of such original arbitrator.

An arbitration proceeding may be instituted under this Section upon notice by the party instituting such proceeding to the other party. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration, the nature and extent of the relief sought, and the name of the arbitrator appointed by the party instituting such proceeding. Within thirty days after the giving of such notice, the adverse party shall notify the party instituting the proceeding of the name of the arbitrator appointed by such adverse party.

If within sixty days after the giving of such notice instituting the arbitration proceeding the parties shall not have agreed upon an Umpire, either party may request the appointment of an Umpire as provided in the first paragraph of this Section.

The Arbitral Tribunal shall convene at such time and place as shall be fixed by the Umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.

Subject to the provisions of this Section and except as the parties shall otherwise agree, the Arbitral Tribunal shall decide all questions relating to its competence and shall determine its procedure. All decisions of the Arbitral Tribunal shall be by majority vote. The Arbitral Tribunal shall afford all parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of such Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties

to this Agreement. Each party shall abide by and comply with any such award rendered by the Arbitral Tribunal.

The parties shall fix the amount of remuneration or fees of the arbitrators and such other persons as shall be required for the conduct of the arbitration proceedings. If the parties shall not agree on such amount before the Arbitral Tribunal shall convene, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. Each party shall defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided between and borne equally by the parties. Any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.

The Arbitral Tribunal shall apply the general principles common under the current laws of the Borrower and the State of Kuwait, as well as the principles of justice.

SECTION 6.05. The provisions for arbitration set forth in the previous Section shall be in lieu of any other procedure for the determination of controversies between the parties to this Agreement and any claim by either party against the other party arising thereunder.

SECTION 6.06. Service of any notice or process in connection with any proceeding under this Article may be made in the manner provided in Section 7.01. The parties to this Agreement waive any and all other requirements for the service of any such notice or process.

ARTICLE VII

Miscellaneous Provisions

SECTION 7.01. Any notice or request required or permitted to be given or made under this Agreement shall be in writing. Except as otherwise provided in Section 8.03, such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable or radiogram to the party to which it is required or permitted to be given or made at such party's address specified in this Agreement, or at such other address as such party shall have designated by notice to the party giving such notice or making such request.

SECTION 7.02. The Borrower shall furnish to the Fund sufficient evidence of the authority of the person or persons who will sign the applications provided for in Article III or who will, on behalf of the Borrower, take any other action or execute any other documents required or permitted to be taken or executed by the Borrower under this Agreement, and the authenticated specimen signature of each such person.

SECTION 7.03. Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Agreement on behalf of the Borrower may be taken or executed by the Minister of Finance & Economy or any person thereunto authorized in writing by him. Any modification or amplification of the provisions of this Agreement may be agreed to on behalf of the Borrower by written instrument executed on behalf of the Borrower by his aforementioned representative or any person thereunto authorized in writing by him; provided that, in the opinion of such representative, such modification or amplification is reasonable in the circumstances and will not substantially increase the obligations of the Borrower under this Agreement. The Fund may accept the execution by such representative or other person of any such instrument as conclusive evidence that in the opinion of such representative any modification or amplification of the provisions of this Agreement effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of the Borrower thereunder.

ARTICLE VIII

Effective Date : Termination

SECTION 8.01. This Agreement shall not become effective until evidence satisfactory to the Fund shall have been furnished to the Fund that (a) the execution and delivery of this Agreement on behalf of the Borrower have been duly authorized or ratified by all necessary governmental action, and (b) the execution and delivery of the agreement between the Borrower and the Company mentioned in Section 4.03 of this Agreement have been duly authorized or ratified by all necessary governmental action.

SECTION 8.02. As part of the evidence to be furnished pursuant to Section 8.01, the Borrower shall furnish to the Fund an opinion or opinions of competent authority showing that this Agreement, as well as, the agreement between the Borrower and the

Company mentioned in Section 4.03 of this Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and constitutes a valid and binding obligation of the Borrower and the Company in accordance with its terms.

SECTION 8.03. Except as shall be otherwise agreed by the Fund and the Borrower, this Agreement shall come into force and effect on the date upon which the Fund dispatches by cable to the Borrower notice of its acceptance of the evidence required by Section 8.01.

SECTION 8.04. If all acts required to be performed pursuant to Section 8.01 shall not have been performed before sixty days or such other period as shall be agreed upon by the Fund and the Borrower, the Fund may at any time thereafter at its option terminate this Agreement by notice to the Borrower. Upon the giving of such notice this Agreement and all obligations of the parties thereunder shall forthwith terminate.

SECTION 8.05. If and when the entire principal amount of the Loan and all interest and other charges which shall have accrued on the Loan shall have been paid, this Agreement and all obligations of the parties thereunder shall forthwith terminate.

ARTICLE IX

Definitions

SECTION 9.01. Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement or any schedule thereto :

- (1) The term "Project" means the project or projects or programme or programmes for which the Loan is granted, as described in Schedule 2 to this Agreement and as the description thereof shall be amended from time to time by agreement between the Fund and the Borrower.
- (2) The term "goods" means equipment, supplies and services which are required for the Project. Wherever reference is made to the cost of any goods such cost shall be deemed to include the cost of importing such goods into the territories of the Borrower.

The following addresses are specified for the purposes of Section 7.01.

For the Borrower :

The Development Board
P. O. Box 555
Amman

The Hashemite Kingdom of Jordan.

Alternative address for cablegrams and radiograms :

Development Board
Amman

For the Fund :

Kuwait Fund for Arab Economic Development

P. O. Box 2921
Kuwait, Kuwait

Alternative address for cablegrams and radiograms :

Al-Sunduk
Kuwait

IN WITNESSETH WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and delivered in the State of Kuwait, in five copies, each considered an original and all to the same and one effect , as of the day and year first above written.

The Hashemite Kingdom of Jordan
By Mohamed Salem Al-Junaidi
Authorized Representative

Kuwait Fund for Arab Economic Development
By Jaber Al-Ahmed Al-Jaber Al-Sabah
Chairman

SCHEDULE I

Amortization Schedule

Date	Payment Due	Payment of Principal (expressed in Kuwaiti dinars)
May 1, 1966		8,750
November 1, 1966		8,750
May 1, 1967		8,750
November 1, 1967		8,750
May 1, 1968		8,750
November 1, 1968		8,750
May 1, 1969		8,750
November 1, 1969		8,750
May 1, 1970		8,750
November 1, 1970		8,750
May 1, 1971		8,750
November 1, 1971		8,750
May 1, 1972		8,750
November 1, 1972		8,750
May 1, 1973		8,750
November 1, 1973		8,750
May 1, 1974		8,750
November 1, 1974		8,750
May 1, 1975		8,750
November 1, 1975		8,750
Total :		175,000

SCHEDULE 2

Description of Project

The Project consists of constructing and equipping a firstclass hotel on the southern side of the Mount of Olives. It will have 204 double guestrooms that can be transformed into singles. The public area of the hotel includes a coffee shop, a dining room to accommodate 350 persons, a supper club for 100 persons, a lounge, and a lobby. The hotel will be completely airconditioned and centrally heated.

The Project is expected to be completed by March 1964.

Introduction

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