

SCHEDULE 13

CONSTRUCTION REQUIREMENTS

Part 5

**Form of Collateral Warranty from
Critical Sub-Contractors**

DATED

200

[SUB-CONTRACTOR]

[BENEFICIARY]

DEED OF WARRANTY

relating to a project for
the construction of hospitals on
Grand Turk and Providenciales, Turks and Caicos Islands

DATED

PARTIES

1 Sub-Contractor [] (company no [])
whose registered office is at []

2 Beneficiary [] (company no [])
whose registered office is at []

[3 Agent]¹

[4 Contractor **JOHNSTON INTERNATIONAL LIMITED** (company no 2418) a company duly formed and subsisting under the Laws of the Turks and Caicos Islands with registered office situate at Govenor's Road, Leeward, Providenciales, Turks and Caicos Islands, British West Indies]²

RECITALS

A By the Contract, the Employer has employed the Contractor to carry out and complete the Works.

B Pursuant to the provisions of the Contract, the Contractor with the consent of the Employer has employed the Sub-Contractor under the Sub-Contract to carry out and complete the Sub-Contract Works.

C [The Beneficiary and the Provider have entered into an agreement dated [] for the provision of primary and secondary healthcare services for the Turks and Caicos Islands including the design and construction of the facilities.] [The Senior Finance Parties have entered into an agreement ("Credit Agreement") to make certain term loan facilities the Provider in relation inter alia to procuring construction of the Works.]

D The Provider and the Employer have entered into a contract for the design and construction of the Works.

E In consideration of the foregoing the Sub-Contractor has agreed to enter into this

¹ In Funder warranty only.

² Include Contractor as party in Employer & Funder Warranties only.

deed in favour of the Beneficiary.

In consideration of US\$10 paid by the Beneficiary to the Sub-Contractor, receipt of which is hereby acknowledged. It is agreed as follows:

OPERATIVE PROVISIONS

1 Definitions and interpretation

1.1 Unless the contrary intention appears, the following definitions apply:

<i>[Agent</i>	includes any person to whom the benefit of this deed and/or any rights under it have been validly assigned in accordance with clause 7.1;] ³
<i>Beneficiary</i>	includes any person to whom the benefit of this deed and/or any rights under it have been validly assigned in accordance with clause 7.1;
<i>Contract</i>	the contract dated [] between the Employer (1) and the Contractor (2) (and any further agreement varying or supplementing it) under which the Contractor has undertaken to carry out and complete the Works;
<i>Contractor - Funder Warranty</i>	a warranty dated on or about the date of the Contract provided by the Contractor in favour of FirstCaribbean International Bank (Bahamas) Limited;
<i>Employer</i>	Interhealth Canada Construction & Services (TCI) Limited (Registered No 11320) a company incorporated in the Turks and Caicos Islands and having its registered office at Richmond House, PO Box 127, Leeward Highway, Providenciales, Turks and Caicos Islands, British West Indies;
<i>[Employer Warranty</i>	a deed made or to be made between the Employer, the Sub-Contractor and the Contractor in respect of the Works under which the Employer has a similar right (with appropriate changes) to the right granted by clause 4.1 to the

³ In Funder warranty only.

	Beneficiary.] ⁴
<i>Project Agreement</i>	the project agreement entered into between The Crown (in right of its Government in the Turks and Caicos Islands) ("TCIG") and the Provider on or around the date of the Contract for the provision of primary and secondary healthcare services for TCIG;
<i>Property</i>	the property being the Site of the Works in Providenciales and Grand Turk as more specifically defined and described in the Contract;
<i>Proprietary Material</i>	all drawings, details, plans, specifications, schedules, calculations, software and other work (and the designs contained in them) prepared or to be prepared by or on behalf of the Sub-Contractor in connection with the Works;
<i>Provider</i>	Interhealth Canada Infrastructure (TCI) Limited a company incorporated in the Turks and Caicos Islands and having its registered office at Richmond House, PO Box 127, Leeward Highway, Providenciales, Turks and Caicos Islands, British West Indies;
<i>[Senior Finance Parties</i>	has the meaning given in the Credit Agreement.] ⁵
<i>Sub-Contract</i>	the sub-contract dated [] between the Contractor (1) and the Sub-Contractor (2) (and any further agreement varying or supplementing it) whereby the Sub-Contractor has undertaken to carry out and complete the Sub-Contract Works;
<i>Sub-Contractor</i>	the person named as the first party above;
<i>Sub-Contract Works</i>	those parts of the Works to be carried out by the Sub-Contractor as more particularly defined and described in the Sub-Contract; and

⁴ In Funder and Provider warranties only.

⁵ In Funder warranty only.

<i>Taking Over</i>	taking over of the Works as certified or otherwise evidenced pursuant to the Contract;
<i>[TCIG Warranty</i>	a deed made or to be made between The Crown (in right of its Government in the Turks and Caicos Islands) ("TCIG"), the Contractor, the Employer and Oxford Ventures Limited under which TCIG has a similar right (with the appropriate changes) to the right granted to the Beneficiary by Clause 4.1; and] ⁶
<i>Works</i>	the works carried out or to be carried out by the Contractor at the Property as more particularly defined and described in the Contract.

2 **Sub-Contractor's warranties**

2.1 The Sub-Contractor warrants and undertakes to the Beneficiary as follows:

- 2.1.1 it has exercised and will continue to exercise in the performance of its obligations under the sub-contracts, all the skill, care and diligence which may reasonably be expected of a qualified and competent mechanical and electrical engineer and contractor experienced in carrying out work of a similar size, scope, nature and complexity to the Sub-Contract Works;
- 2.1.2 that the Sub-Contract Works have been and will be carried out and completed in a good, sound, substantial and workmanlike manner using good quality and appropriate materials and in all respects in accordance with the Sub-Contract;
- 2.1.3 that he has observed and performed and will continue to observe and perform all the terms and obligations on his part to be observed and performed under the Sub-Contract;
- 2.1.4 that he has not specified or authorised for use and will not specify or authorise for use in the construction of the Works:
- 2.1.4.1 any of the materials identified as potentially hazardous

⁶ In Funder and Provider warranties only.

in the BPF/BCO report Good Practice in the Selection of Construction Materials (current edition), other than in accordance with the recommendations as to good practice contained in section 2 of that report; and

2.1.4.2 any other material which is generally known to be deleterious to health and safety or to the durability of buildings and/or structures and/or finishes and/or plant and machinery at the date of installation.

2.2 The Sub-Contractor acknowledges that the Beneficiary shall be deemed to have relied and to continue to rely upon the warranties and undertakings given by the Sub-Contractor under this clause 2, provided always that:

2.2.1 the Sub-Contractor shall owe no greater [obligations]⁷ [liability]⁸ to the Beneficiary under this deed than it would owe had the Beneficiary been named as a joint employer with the Contractor under the Sub-Contract; and

2.2.2 no action or proceedings for any breach of this deed shall be commenced against the Sub-Contractor after the expiry of 12 years from the date of Taking Over.

3 **[Obligations prior to determination of the Subcontract]**

3.1 The Subcontractor shall not exercise nor seek to exercise any right to terminate the Subcontract for any reason, including any breach on the part of the Contractor, without giving to the Beneficiary [copied to the Agent]⁹ not less than 28 days' notice of its intention to do so and specifying the grounds for the proposed determination.

3.2 Any period stipulated in the Subcontract for the exercise by the Subcontractor of a right of determination shall be extended, as necessary, to take account of the period of notice required under clause 3.1 and 3.4.

3.3 Compliance by the Subcontractor with clause 3.1 shall not be treated as a waiver of any breach on the part of the Contractor giving rise to the right of determination, nor otherwise prevent the Subcontractor from exercising its rights after the

⁷ In TCIG warranty.

⁸ In Funder and Provider warranties only

⁹ In Funder warranty only.

expiration of the notice, unless the right of determination shall have ceased under the provisions of clause 4.

- 3.4 The period of time referred to in clause 3.1 shall be extended so that it shall not expire before the time period referred to in clause 3.1 (as the case may be extended in accordance with clause 3.3) both of the Contractor-Funder Warranty.

4 **"Step-in" right**

- 4.1 The right of the Subcontractor to terminate the Subcontract shall cease if, within the period of 28 days referred to in clause 3.1 (as may be extended in accordance with clause 3.4), the Beneficiary shall give notice to the Subcontractor:

- 4.1.1 requiring it to continue its obligations under the Subcontract;
- 4.1.2 acknowledging that the Beneficiary is assuming all the obligations of the Contractor under the Subcontract; and
- 4.1.3 undertaking [jointly and severally with the Employer]¹⁰ to the Subcontractor to discharge all payments which may subsequently become due to the Subcontractor under the terms of the Appointment and to pay to the Subcontractor within 7 days any sums which have become properly due and payable to it under the Subcontract but which remain unpaid [and which have been notified to the Beneficiary in the notice served under clause 3.1 or in accordance with clause 9]¹¹.

[provided that:

- 4.1.4 in this proviso and in clause 4.7 *Funder Warranty* means a deed made or to be made between the Sub-Contractor, the Funder and the Contractor in respect of the Sub-Contract Works under which the Funder has a right equivalent (with the appropriate changes) in all material respects to the right granted by clause 4.1 to the Beneficiary, save that the period for the exercise of that right by the Funder shall expire 14 days after service of the Sub-Contractor's simultaneous notices on the Beneficiary and the Fund of its intention to terminate the Sub-Contract;

¹⁰ In Funder and Provider warranties only.

¹¹ In Funder and Provider warranties only.

- 4.1.5 any notice served by the Sub-Contractor on the Beneficiary pursuant to clause 3.1 shall be invalid unless a similar notice has been simultaneously served upon the Funder;
- 4.1.6 the Beneficiary shall have no power to give notice to the Sub-Contractor under clause 4.1 within the period of 14 days referred to in clause 4.1.4 unless the Funder shall previously have notified the Beneficiary that it will not exercise its equivalent right under the Funder Warranty;
- 4.1.7 the Beneficiary shall have no power to give notice to the Sub-Contractor under clause 4.1 in response to a notice under clause 3.1 if the Funder has already exercised its equivalent right under the Funder Warranty in response to the Sub-Contractor's simultaneous notice to the Funder; and
- 4.1.8 any notice given by the Beneficiary which is in breach of clause 4.1.6 or clause 4.1.7 shall be invalid.]¹²
- 4.2 Upon compliance by the Beneficiary with the requirements of clause 4.1, the Subcontract shall continue as if the right of determination on the part of the Subcontractor had not arisen and as if the Subcontract had been entered into between the Subcontractor and the Beneficiary to the exclusion of the Contractor.
- 4.3 Notwithstanding that as between the Contractor and the Subcontractor the Subcontractor's right of determination of the Subcontract may not have arisen, the provisions of clause 4.2 shall apply if the Beneficiary gives notice to the Subcontractor and the Contractor to that effect and the Beneficiary complies with the requirements on its part under clause 4.1.
- 4.4 The Subcontractor shall be bound to assume that, as between the Contractor and the Beneficiary, circumstances have occurred which permit the Beneficiary to give notice under clause 4.3.
- 4.5 The Subcontractor, acting in accordance with the provisions of this clause 4, shall not incur any liability to the Contractor.]¹³

5 **Use of Proprietary Material**

¹² In Employer Warranty only.

¹³ Include clauses 3 and 4 in Employer & Funder warranties only.

- 5.1 The copyright in the Proprietary Material shall remain vested in the Sub-Contractor, but the Sub-Contractor grants to the Beneficiary an irrevocable royalty-free non-exclusive licence to use and to reproduce any or all of the Proprietary Material for any purpose whatsoever connected with the Works and/or the Property, including (without limitation) the execution and completion of the Works and the subsequent maintenance, letting, occupation, management, sale, advertisement, extension, alteration, reinstatement and repair of the Property.
- 5.2 The licence referred to in clause 5.1 carries the right to grant sub-licences and shall be transferable to third parties and shall subsist notwithstanding the determination (for any reason) of the Sub-Contractor's employment under the Sub-Contract.
- 5.3 The Sub-Contractor shall not be liable for the consequences of any use of the Proprietary Material for any purpose other than that for which it was prepared.

6 Insurance

- 6.1 The Sub-Contractor undertakes to the Beneficiary to maintain with a reputable insurance company, from the date hereof and for a period expiring no earlier than 12 years after Taking Over and notwithstanding the determination for any reason of the Sub-Contractor's employment under the Sub-Contract, professional indemnity insurance with a limit of indemnity of not less than USD [\$] [in respect of each and every claim/in the aggregate in any period of insurance], provided always that such insurance continues to be available in the European Union market upon reasonable terms and at commercially reasonable premium rates.
- 6.2 As and when he is reasonably required to do so by the Beneficiary, the Sub-Contractor shall produce for inspection by the Beneficiary documentary evidence that such insurance is being properly maintained.
- 6.3 The Sub-Contractor shall forthwith notify the Beneficiary if such insurance ceases to be available upon reasonable terms and at commercially reasonable premium rates or if for any other reason the Sub-Contractor is unable to continue to maintain such insurance.

7 Assignment and Third Parties

- 7.1 [This deed or the benefit hereof may be assigned by the Beneficiary without consent to any Successor (as defined in the Project Agreement) in relation to the

Works or the completed Works and to any other person with the consent of the Contractor, such consent not to be unreasonably withheld or delayed.]¹⁴

OR

7.2 [This deed or the benefit hereof may be assigned by the Beneficiary and/or the Agent an unlimited number of times without the consent of the Contractor or the Employer to:

- (a) the Provider;
- (b) the Funders (as defined in the Project Agreement);
- (c) any step-in entity or novatee of the Funders (as defined in the Project Agreement) under any direct agreements with TCIG and with the Employer;
- (d) any entity replacing the Provider in relation to the whole or any part of the Works or the completed Works;

and to any other person with the consent of the Contractor, such consent not to be unreasonably withheld or delayed.]¹⁵

7.3 Neither the Contractor or the Sub-Contractor may assign or transfer or otherwise dispose of any of their rights or obligations under this deed without the prior written consent of the Beneficiary.

8 **Governing law and Jurisdiction**

8.1 This deed shall be governed in accordance with the laws of The Turks and Caicos Islands.

8.2 Any action, suit, proceeding or dispute in connection with this deed shall be finally settled under the ICC Arbitration Rules by a 3-member tribunal panel in accordance with the ICC Arbitration Rules. The place of the arbitration shall be deemed to be Paris, notwithstanding that hearings may be conducted in TCI or other locations in accordance with the ICC Arbitration Rules. The language of the arbitration shall be English.

9 **Due Amounts**

¹⁴ In TCIG Warranty only.

¹⁵ In Funder, Employer and Provider warranties only.

9.1 When sums are due and payable to the Sub-Contractor under the Sub-Contract and remain unpaid for a period of 7 days after they are due ("Due Amount") the Sub-Contractor shall send a notice (a "Due Amount Notice") to the Beneficiary (copied to the Agent) detailing the total of the Due Amount and when it became payable. The Sub-Contractor shall update the information in the Due Amount Notice on a weekly basis until the Due Amount is fully paid.

9.2 Nothing in clause 9.1 shall impose an obligation on the Beneficiary or the Agent to pay any Due Amount.

10 **[Warranties]**

The parties agree that the TCIG Warranty and the Employer Warranty shall have no effect on this deed or the interpretation hereof or in anyway whatsoever or howsoever arising affect the rights and remedies of the Beneficiary hereunder.]¹⁶

11 **Counterparts**

This deed may be executed in one or more counterparts. Any single counterpart or a set of counterparts executed, in either case, by all the parties shall constitute a full original of this deed for all purposes.

IN WITNESS WHEREOF [SUB-CONTRACTOR], [BENEFICIARY] [and JOHNSTON INTERNATIONAL LIMITED] have caused their respective common seals to be hereunto affixed and this Deed has been duly executed by [SUB-CONTRACTOR], [BENEFICIARY] [and JOHNSTON INTERNATIONAL LIMITED] on the date of this document.

The Common Seal of [SUB-CONTRACTOR])
was duly affixed to this Deed and the same)
was delivered in the presence of:)

Director

Director/Secretary

Executed as a deed by [BENEFICIARY])

¹⁶ In Funder and Provider Warranties only.

acting by:

)

Authorised Signatory

Authorised Signatory

The Common Seal of **JOHNSTON**)
INTERNATIONAL LIMITED was duly)
affixed to this Deed and the same was
delivered in the presence of:

Director

Director/Secretary]¹⁷

¹⁷ Include Contractor execution provisions in Employer & Funder Warranties only.