



The Corporation of Hamilton

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Fuerst a part of
Guarantee*

Draft 04/21/14

GUARANTY

GUARANTY, dated as of [], 2014, made by the Corporation of Hamilton (the "Guarantor"). Except as otherwise defined herein, terms used herein and defined in the Loan Agreement (as defined below), shall be used herein as so defined.

RECITALS

Par-La-Ville Hotel & Residences Ltd., a limited liability company organized and existing under the laws of Bermuda (the "Borrower"), intends to borrow an amount not exceed \$[18,000,000] (the "Loan"), pursuant to the Credit Agreement dated [], 2014 (the "Loan Agreement") between the Borrower and Mexico Infrastructure Finance LLC (the "Lender").

NOW, THEREFORE, in consideration of the foregoing and other benefits accruing to the Guarantor, the receipt and sufficiency of which are hereby acknowledged, the Guarantor hereby agrees with the Lenders as follows:

Section 1. The Guaranteed Obligations. The Guarantor, irrevocably and unconditionally, guarantees the performance of the obligations of the Borrower for the full and prompt payment when due (whether by acceleration or otherwise) of the principal of and interest on the Loan issued under the Loan Agreement (all such principal and interest, subject to a maximum of \$18,000,000, collectively, the "Guaranteed Obligations"). The Guarantor understands, agrees and confirms that the Lender may enforce this Guaranty up to the full amount of the Guaranteed Obligations against the Guarantor without proceeding against the Borrower or against any other guarantor under any other guaranty covering the Guaranteed Obligations. The Guarantor irrevocably and unconditionally promises to pay such Guaranteed Obligations to the Lender, on demand, in Dollars. This Guaranty shall constitute a guarantee of payment and not of collection. This Guaranty will not be discharged except upon termination of this Guaranty.

Section 2. Notice of Acceptance, Presentment, Demand, etc. The Guarantor hereby waives notice of acceptance of this Guaranty and notice of any liability to which it may apply, and waives presentment, demand of payment, protest, notice of dishonor or nonpayment of any such liability, suit or taking of other action by the Lender against, and any other notice to, any party liable thereon (including such Guarantor or any other guarantor).

Section 3. Obligations Absolute, Irrevocable and Unconditional. The obligations of the Guarantor under this Guaranty are absolute, irrevocable and unconditional and shall remain in full force and effect without regard to, and shall not be released, suspended, discharged, terminated or otherwise affected by, any circumstance or occurrence whatsoever, including, without limitation, any invalidity, irregularity or unenforceability of all or part of the Guaranteed Obligations or of any security therefor. This Guaranty is a primary obligation of the Guarantor. The obligations of the Guarantor under this Guaranty shall be general, senior, direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall rank at least *pari passu*, without any preference or priority of payment, with all other present and future senior, unsubordinated and unsecured indebtedness of the Guarantor. The Guarantor has pledged and hereby pledges its full faith and credit for the due and punctual payment of all amounts due in respect of its obligations hereunder. The Guarantor's obligations hereunder shall inure to the benefit of and shall be enforceable by any assignee of the rights of the Lender pursuant to the Loan Agreement.

Section 4 Obligations Not Affected. The obligations, covenants, agreements and duties of the Guarantor under this Guaranty shall in no way be affected or impaired by reason of the happening from time to time of any of the following:

(a) the release or waiver, by operation of law, of the performance or observance by the Borrower of any express or implied agreement, covenant, term or condition relating to the Loan Agreement to be performed or observed by the Borrower;

(b) the voluntary or involuntary liquidation, dissolution, sale of any collateral, receivership, insolvency, bankruptcy, or other similar proceedings affecting the Borrower or any of the assets of the Borrower;

(c) any invalidity of, or defect or deficiency in, the Loan Agreement;

(d) any failure on the part of the Borrower to pay to the Guarantor the fee required pursuant to Section [] of the Loan Agreement;] or

(e) to the extent permitted by law, any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a guarantor, it being the intent of this Section 4 that the obligations of the Guarantor hereunder shall be absolute, irrevocable and unconditional under any and all circumstances.

Section 5. Waiver. The Guarantor waives, with respect to itself and its obligations hereunder, any right (except as shall be required by applicable law and cannot be waived) to require the Lenders to proceed against the Borrower or any other party or pursue any other remedy whatsoever in the power of the Lender. The Guarantor waives any defense based on or arising out of any defense of the Borrower or any other party, other than payment in full of the Guaranteed Obligations, including, without limitation, any defense based on or arising out of the disability of the Borrower or any other party, or the enforceability of the Guaranteed Obligations or any part thereof from any cause, or the cessation from any cause of the liability of the Borrower other than payment in full of the Guaranteed Obligations. The Lender may, at its election, exercise any other right or remedy it may have against the Borrower or any other party, or any security, without affecting or impairing in any way the liability of the Guarantor hereunder except to the extent the Guaranteed Obligations have been paid.

Section 6. Covenants.

(a) The Guarantor shall (i) obtain and maintain in full force and effect all approvals, authorizations, permits, consents, exemptions and licenses and will take all other actions which may be necessary for the continued validity and enforceability of the obligations of the Guarantor pursuant to this Guaranty and (ii) take all necessary and appropriate governmental and administrative action (including without limitation by making all necessary budget appropriations) in order for the Guarantor to be able to make all payments to be made by it under this Guaranty.

Section 7. Amendment. Neither this Guaranty nor any provision hereof maybe changed, waived, discharged or terminated except with the written consent of the Guarantor and the Lenders.

Section 8. Set Off. In addition to any rights now or hereafter granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence of an event of default under the Loan Agreement, the Lender is hereby authorized at anytime or from time to time, without presentment, demand, protest, or other notice of any kind to the Guarantor or to any other person, any such notice being hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special) and any other indebtedness at any time held or owing by any such person (including without limitation by branches and agencies of such person wherever located) to or for the credit or the account of the Guarantor against and on account of the obligations of the Guarantor to any such person under this Guaranty, irrespective of whether or not any such Person shall have made any demand hereunder and although said obligations, or any of them, shall be contingent or unmatured.

Section 9. Notices. All notices and other communications hereunder shall be mailed, hand delivered, couriered or facsimiled and confirmed to the parties hereto at their addresses specified below:

If to the Guarantor:

Corporation of Hamilton
17 Church Street
Hamilton HM 11, Bermuda
Attention: Rt. Wor. Graeme P. Outerbridge
Fax No.: (441) 292-6918

If to the Lender:

Mexico Infrastructure Finance LLC
1691 Michigan Ave. Suite 240
Miami Beach, FL 33139
Attention: Chief Financial Officer
Fax No.: (305) 508-6706

Section 10. No Discharge. If claim is ever made upon the Lender for repayment or recovery of any amount or amounts received in payment or on account of any of the Guaranteed Obligations and any of the aforesaid payees repays all or part of said amount by reason of (a) any judgment, decree or order of any court or administrative body having jurisdiction over such payee or any of its property or (b) any settlement or compromise of any such claim effected by such payee with any such claimant (including the Guarantor), then and in such event the Guarantor agrees that any such judgment, decree, order, settlement or compromise shall be binding upon it notwithstanding any revocation hereof, and the Guarantor shall be and remain liable to the aforesaid payees hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by any such payee. It is the intention of the Lender and the Guarantor that the Guaranteed Obligations hereunder shall not be discharged (whether pursuant to any bankruptcy law or comparable legislation or otherwise) except by the Borrower's of the Guarantor's indefeasible performance of such obligations and then only to the extent of such performance.

Section 11. Governing Law: Jurisdiction.

(a) THIS GUARANTY SHALL BE GOVERNED BY, AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

(b) The Guarantor irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York and any court sitting in Bermuda, and any appellate court from any thereof, in any suit, action or proceeding arising out of or relating to this Agreement (a "Related Proceeding") and the Guarantor hereby irrevocably agrees that all claims in respect of any Related Proceeding may be heard and determined in such New York State

or federal court or any court sitting in Bermuda. The Guarantor hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of any Related Proceeding and any objection to any Related Proceeding whether on the grounds of venue, residence or domicile. The Guarantor hereby agrees that a final judgment in any Related Proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or any other manner provided by law.

(c) The Guarantor hereby irrevocably designates, appoints and empowers CT Corporation System (the "Process Agent"), with its offices currently located at 111 Eighth Avenue, New York, New York 10011, as its designee, appointee and agent to receive, accept and acknowledge for and on its behalf, and in respect of its property, service of any and all legal process, summons, notices and documents which may be served in any Related Proceeding. If for any reason such designee, appointee and agent shall cease to be available to act as such, the Guarantor agrees to designate a new designee, appointee and agent in New York City on the terms and for the purposes of this provision satisfactory to the Lender. The Guarantor hereby agrees that such service may be made by U.S. registered mail or by delivering by hand a copy of such process to the Guarantor in care of the Process Agent at the address specified above for the Process Agent (and the Guarantor hereby agrees that such service will be effective upon the receipt of such process by the Process Agent), and the Guarantor hereby authorizes and directs the Process Agent to accept on its behalf such service. The Guarantor hereby agrees that failure of the Process Agent to give notice to the Guarantor or failure of the Guarantor to receive notice of such service of process, shall not affect in any way the validity of such service on the Process Agent or the Guarantor. The Guarantor hereby covenants and agrees that it shall take any and all reasonable action, including the execution and filing of any and all documents, that may be necessary to continue the designation of the Process Agent in full force and effect, and to cause the Process Agent to continue to act as such. In addition, the Guarantor hereby agrees that none of its agreements described in this or the preceding paragraph shall affect the right of any party to serve legal process in any other manner permitted by law or affect the right of any party to bring any suit, action or proceeding against any other party or its property in the courts of other jurisdictions.

(d) To the extent that the Guarantor has or hereafter may acquire any immunity (sovereign or otherwise) from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, the Guarantor hereby irrevocably agrees not to claim and will irrevocably waive such immunity in respect of any Related Proceeding.

(e) Without limitation to the foregoing, with respect to the contractual liability of the Guarantor to perform its respective obligations (including payment obligations) under this Guaranty, with respect to itself or its property, the Guarantor: (a) agrees that the execution, delivery and performance by it of this Guaranty constitute private and commercial acts done for private and commercial purposes; (b) agrees, to the

extent it or any of its revenues, assets or properties shall be entitled, with respect to any claim, counterclaim or dispute of any kind or nature whatsoever arising out of or in any way relating to this Guaranty at any time brought against it or any of its revenues, assets or properties, or with respect to any suit, action or proceeding at any time brought solely for the purpose of enforcing or executing any judgment in any court to any immunity from suit, from the jurisdiction of any such court, from attachment prior to judgment, from attachment in aid of execution of judgment, from execution of a judgment or from any other legal or judicial process or remedy, and to the extent that in the jurisdiction of any such court there shall be attributed such an immunity, not to claim and irrevocably waives such immunity to the fullest extent permitted by the laws of such jurisdiction (including, without limitation, the Foreign Sovereign Immunities Act of 1976 of the United States and the laws of Bermuda); (c) to the extent it or any of its revenues, assets or properties shall be entitled, in any jurisdiction, to any immunity from setoff, banker's lien or any similar right or remedy, and to the extent that there shall be attributed, in any jurisdiction, such an immunity, hereby irrevocably agrees not to claim and irrevocably waives such immunity to the fullest extent permitted by the laws of such jurisdiction with respect to any claim, suit, action, proceeding, right or remedy arising out of or in connection with this Guaranty.

Section 12. Waiver of Jury Trial. THE GUARANTOR HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 13. Payment in Dollars. The obligation of the Guarantor to make payment in US Dollars of any Guaranteed Obligations due hereunder shall not be discharged or satisfied by any tender, or any recovery pursuant to any judgment, which is expressed in or converted into any currency other than Dollars, except to the extent such tender or recovery shall result in the actual receipt by the Lenders of the full amount of US Dollars expressed to be payable in respect of any such Guaranteed Obligations. The obligation of the Guarantor to make payment in US Dollars as aforesaid shall be enforceable as an alternative or additional cause of action for the purpose of recovery in US Dollars of the amount, if any, by which such actual receipt shall fall short of the full amount of US Dollars expressed to be payable in respect of any such Guaranteed Obligations, and shall not be affected by judgment being obtained for any other sums due under this Guaranty.

Section 14. Counterparts. This Guaranty may be executed in any number or counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed and delivered as of the date first above written.

THE CORPORATION OF HAMILTON

By:

By _____

Name:

Title: