

TELEGRAPHIC ADDRESS: { "SMARASED"  
OR  
"DESARAMS" } COLOMBO

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F. J. & G. DE SARAM

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AND NOTARIES PUBLIC  
( COMMENCED 1841 )

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YOUR REF :

*Colombo*

3rd January, 1997.

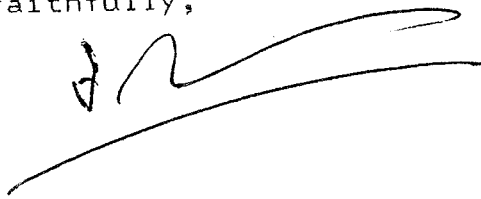
Nihal S. Ameresekere Esq.,  
167/4, Sri Vipulasena Mawatha,  
COLOMBO - 10.

Dear Sir,

D.C. COLOMBO CASE NO. 4413/SPL

We refer to previous correspondence and send you herewith a copy of the Settlement Agreement issued by the Special Presidential Commission (with annexure marked "A") for your purposes.

Yours faithfully,



Encl:

c.c.to:

K. Kanag-Isvaran Esq.,  
President's Counsel,  
No.104, Isipathana Mawatha,  
COLOMBO - 5.

INQUIRY NO. 1/95

Deputy Solicitor-General A R C Perera has filed a Motion dated 9.5.95 together with a copy of Agreement No. 1 dated 28.6.95 entered into between the -

- (1) Secretary, Ministry of Finance,
- (2) Mitsui & Co. Ltd., Japan,
- (3) Taisei Corporation, Japan, and
- (4) Hotel Developers (Lanka) Ltd.,

and has sought a ruling from the Special Presidential Commission on the question whether this Commission would have any objection to the settlement of a civil dispute between the said Parties by making payments to the Japanese Parties in accordance with the said Agreement. The repayment schedule is attached to the Agreement as Annexure 'A'.

By the said Agreement, the amounts due on the loan Agreements entered into by the said Mitsui & Co. Ltd., and Taisei Corporation with Hotel Developers (Lanka) Ltd., guaranteed by the Government of Sri Lanka and the amounts due on the Construction Agreement and the Furniture & Fittings and Equipment Agreement entered into by the aforesaid Parties have been adjusted and rescheduled for payment.

We have given our very careful consideration to this application, having particular regard to the specific matters that have been referred to this Commission by Her Excellency the President by Warrant dated 1st February, 1996. According to the schedule to the Warrant, the specific matter that has been referred to this Commission relating to Hotel Developers (Lanka) Ltd., is as follows:-

"Matters relating to the Hilton Project and acts of commission and omission by the Government and Public Bodies in connection therewith."

The Japanese parties namely, Mitsui & Co. Ltd., and Taisei Corporation are not Parties noticed by this Commission to show cause and are, therefore, not "Parties" to the Inquiry relating to this matter presently pending before this Commission.

Having given our careful consideration to the contents of the Agreement which is attached to the Motion, we are unanimously of the opinion that the settlement of this matter by making payments to Mitsui & Co. Ltd., and Taisei Corporation in the manner set out in the Agreement, would in no way prejudice the Proceedings pending before this Commission relating to the Hilton Hotel Project - i.e. Inquiry No. 1/95 and this settlement would in no way debar this Commission from inquiring into the matters set forth in the

aforesaid Warrant. In our view, no Court or Commission ought to stand in the way of parties who are desirous of settling their disputes by entering into a settlement. It is apposite in this context to refer to the Dicta of Lord Mansfield who remarked that all men ought to be permitted to settle their disputes and differences and buy their peace without prejudice to them should the offer not succeed - (Taylor on Evidence Section 795) Vide the decision in Hoghton Vs. Hoghton 2 W & T 849.

We, therefore, see no objection to this course of action being adopted by the Parties to this Agreement.

Sgd/ P R P Perera  
Chairman

Sgd/ H S Yapa  
Commissioner

Sgd/ F N D Jayasuriya  
Commissioner.

Encl: Annexure 'A'

10th May, 1996.

## ANNEXURE "A"

REFERRED TO AT CLAUSE 4 OF AGREEMENT NO. 1

## REPAYMENT SCHEDULE

Unit: Japanese Yen

Year	Capital Due	Annual Capital Capital Repayment	Interest Rate 5.25% p.a.	Annual Interest (Year 1 - 15)	Total Annual Payment	Date of Payment
Year 0	7,834,177,841	0		0		
Year 1	7,834,177,841	522,278,522	5.25%	411,294,337	933,572,859	1st July 1998
Year 2	7,311,899,319	522,278,522	5.25%	383,874,714	906,153,236	1st July 1997
Year 3	6,789,620,797	522,278,522	5.25%	356,455,092	878,733,614	1st July 1998
Year 4	6,267,342,275	522,278,522	5.25%	329,035,469	851,313,991	1st July 1999
Year 5	5,745,063,753	522,278,522	5.25%	301,615,847	823,894,369	1st July 2000
Year 6	5,222,785,231	522,278,522	5.25%	274,196,225	796,474,747	1st July 2001
Year 7	4,700,506,709	522,278,522	5.25%	246,776,602	769,055,124	1st July 2002
Year 8	4,178,228,187	522,278,522	5.25%	219,356,980	741,635,502	1st July 2003
Year 9	3,655,949,665	522,278,522	5.25%	191,937,357	714,215,879	1st July 2004
Year 10	3,133,671,143	522,278,522	5.25%	164,517,735	686,796,257	1st July 2005
Year 11	2,611,392,621	522,278,522	5.25%	137,098,113	659,376,635	1st July 2006
Year 12	2,089,114,099	522,278,522	5.25%	109,678,490	631,957,012	1st July 2007
Year 13	1,566,835,577	522,278,522	5.25%	82,258,868	604,537,390	1st July 2008
Year 14	1,044,557,055	522,278,522	5.25%	54,839,245	577,117,767	1st July 2009
Year 15	522,278,533	522,278,533	5.25%	27,419,623	549,698,156	1st July 2010
Total		7,834,177,841		3,290,354,697	11,124,532,538	

PM  
